

# Bluesmart Premium Equity

## PROSPECT for public offering of units

The Bluesmart Premium Equity Mutual Fund (the "**Mutual Fund**", the "**Fund**") is an open-ended mutual fund organized and managed by Bluesmart Investments plc (the "**Management Company**")

This prospectus for the public offering of Units in the Fund (the "**Prospectus**") contains the information necessary for potential investors to make an informed decision about whether to invest in Units in the Fund. The Prospectus contains information about the risk profile and investment strategy of the Fund. Potential investors should read the information included in the Prospectus before deciding to invest in Units of the Fund.

**The Financial Supervision Commission (the "Commission", "FSC") has approved this Prospectus by resolution No 170-DF from 26<sup>th</sup> of March 2024, but this does not imply that the Commission approves or disapproves of the investment in the Offer Shares or that it accepts responsibility for the accuracy of the information presented in the Prospectus.**

The members of the Board of Directors of the Management Company are jointly and severally liable for damages caused by false, misleading or incomplete information in the Prospectus. The person referred to in Art. 34, para 1 and 2 of the Accounting Act shall be jointly and severally liable with the members of the Board of Directors of the Management Company for damages caused by false, misleading or incomplete information in the financial statements of the Mutual Fund, and the registered auditor of the Fund for damages caused by the financial statements audited by him.

Risk profile: high risk

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09.10.2024 r.

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**BLUESMART PREMIUM ECUIITY PROSPECTUS**

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**PROSPECT OF Bluesmart Premium Equity**

**I. GENERAL INFORMATION ABOUT BLUESMART PREMIUM EQUITY**

**1. Mutual Fund**

<i>Name:</i>	Bluesmart Premium Equity
<i>BULSTAT UIC:</i>	181100721
<i>Type:</i>	Open-ended
<i>Risk Profile:</i>	high risk
<i>Date of incorporation:</i>	26.03.2024
<i>Duration:</i>	Unlimited
<i>Number and date of entry of the Fund in the FSC Register:</i>	No. 170- ДФ of 26.03.2024
<i>Nominal value per share:</i>	10 (ten) euros
<i>Management Company:</i>	"Bluesmart Investments" AD, UIC 207527256
<i>Address:</i>	City of Plovdiv, bul. Maritsa № 27C, entr. C, ap. 2
<i>Phone:</i>	+359 2 423 98 76
<i>Management Board email address:</i>	contact@bluesmartfunds.com
<i>Electronic page:</i>	www.bluesmartfunds.com
<i>Investment Advisor:</i>	Arton Lena
<i>Depository:</i>	"Eurobank Bulgaria" AD, UIC 000694749
<i>Servicing investment firms</i>	"Adamant Capital Partners AD, UIC: 200413613 "First Financial Brokerage House", UIC: 000694724
<i>Admittance to trading at a trading venue</i>	No

Bluesmart Premium Equity is an open-ended collective investment scheme established and operating in accordance with the requirements of the Act on the Activities of Collective Investment Schemes and Other Undertakings for Collective Investment ("**UCITS Act**"), Ordinance No. 44 and other applicable legislation of the Republic of Bulgaria.

The Fund shall be a separate property for the purpose of collective investment in transferable securities and other liquid financial assets referred to in Art. 38, para 1 of the UCITS Act of cash raised through a public offering of units, which is carried out on a risk-sharing basis by a Management Company. Section XV "Company" of the Law on Obligations and Contracts shall apply to it, with the exception of Article 359, para 2 and 3, Article 360, Article 362, Article 363(c) and (d) and Article 364, to the extent that the law or the Rules of the Fund do not provide otherwise.

The Fund is organised and managed by Bluesmart Investments PLC and has no governing bodies. All actions in relation to the Fund's activities are carried out by the Management Company acting on behalf of the Fund.

The Fund issues units every business day at the request of investors. In exchange for subscribing for units, investors shall provide the Fund with cash, which the Management Company shall invest in various securities and other liquid financial assets referred to in Article 38, para 1 of the UCITS Act, subject to regulatory requirements - in order to ensure a profit for investors.

#### Property. Net Asset Value ("NAV")

The net asset value of the Fund must be at least the euro equivalent of BGN 500 000. This minimum amount must be reached within two years of obtaining the authorisation from the FSC to organise and manage the Fund.

The Fund's assets increase or decrease depending on changes in their net asset value, including as a result of the issuance and redemption of units of the Fund, as well as changes in the value of the investments in the Fund's portfolio and its liabilities.

The Management Company shall segregate its assets from the assets of the Fund and draw up a separate balance sheet for the Fund. The Depositary of the Fund shall maintain records and accounts for the cash and other assets of the Fund that are separate from those for the Depositary's own assets.

If, in any six consecutive months after the expiry of the two-year period referred to above, the average monthly net asset value of the Fund falls below the equivalent of BGN 500 000, the Management Company shall disclose within 10 working days the reasons for this, the measures it will take to attract new investment and the period within which these measures will be implemented and within which the Fund is expected to recover its minimum net asset value. Disclosure shall be made on the Management Company's website, [www.bluesmartfunds.com](http://www.bluesmartfunds.com), and by other appropriate means in view of the established means of conveying information to investors. The MA shall send a copy of the information to the FSC by the end of the business day following the day of disclosure, as well as information on the results of the measures taken by the 10th day of each month until the minimum amount of EUR 500 000 is reached.

#### Type of shares. Rights under the units

The Fund's assets are divided into units. The nominal value of one share of Bluesmart Premium Equity Fund is EUR 10 (ten).

Units of the Fund are acquired at issue value based on the net asset value per unit of the Fund. The number of Fund Units changes as a result of their issuance or redemption. The Mutual Fund may also issue fractional Units if a whole number of Units cannot be issued for the amount invested. Partial units shall be rounded to the fourth decimal place.

Pursuant to § 1, item 4 of the Additional Provisions to the UCITS Act, the units issued by the Fund are financial instruments that express the rights of their holders over the assets of the Fund. The Fund's units are ordinary, freely transferable, registered, dematerialised units. They are registered with the Central Depository and may be offered to the public in the Republic of Bulgaria.

Units in the Fund give their holders equal rights to other investors in Units in the Fund, in proportion to the number of Units held. These rights include:

## PROSPECT OF Bluesmart Premium Equity

- *Right of redemption.* Any Unitholder at any time, during business days and hours, has the right to request that his Units be redeemed by the Fund on the terms and conditions set forth in the Fund's Rules and the Prospectus, except where redemption is suspended in the cases provided by law, the Fund's Rules and this Prospectus. A redemption request may relate to some or all of the Units held by the investor and in the case of a partial redemption, the investor may not be left with less than one whole Unit as a result of the redemption;
- *Right to information.* Each Unitholder of the Fund has the right to receive the public information contained in this Prospectus, the Rules of the Fund, the Fund's Key Information Document, the Fund's latest annual and semi-annual financial statements, and information about the Management Company. The Key Information Document is provided to each potential investor in the Fund free of charge and within a reasonable time before such investor subscribes for Units in the Fund. The Prospectus and the latest published annual and half-yearly financial statements of the Fund shall be made available free of charge on request to any investor who wishes to review their contents for the purpose of making an investment decision.
- *Right to liquidation share.* In the event of liquidation of the Fund, each investor shall be entitled to a portion of the Fund's assets corresponding to the shares held by him. This right may be exercised to the extent that, after satisfaction of the Fund's creditors, there are assets remaining for distribution. In the event that the assets of the Fund which remain after the repayment of all liabilities to its creditors are insufficient to cover the subscription price (issue value) paid by a Unitholder, the Unitholder will suffer a loss on his investment.
- *Right of appeal.* Every investor has the right to lodge a complaint, without payment of a fee, against the acts and omissions of the Management Company and persons providing services to him, including in respect of unit administration activities, investor information requests, net asset value valuation and calculation of price per unit, compliance with legal requirements, maintenance of a register of unit holders, distribution of payments, issue, sale and redemption of units, performance of contracts, record keeping, etc. Upon request, investors shall be provided, free of charge, with information on the conditions and procedures for lodging and addressing complaints. Information on the Complaints Handling Policy of Bluesmart Investments plc is provided free of charge to investors. The Complaints Policy of Bluesmart Investments plc is published on the Management Company's website - bluesmartfunds.com, under the section "Complaints Policy"

### Documents certifying the right of ownership

"Central Depository" JSC shall keep a book of unitholders. At the request of the investor and at his expense, Central Depository JSC may issue him a certification document for the units held by him.

### Liquidation of the Fund

The Fund shall be liquidated:

- by resolution of the competent corporate body of the Management Company;
- after withdrawal of the Management Company's authorisation for the organisation and management of the Fund;

### PROSPECT OF Bluesmart Premium Equity

- where no new management company has been selected to manage the Fund and/or the Fund has not merged with or into another collective investment scheme or its investment division within three months of the Management Company's licence being revoked, liquidated or declared insolvent;
- in the cases and according to the procedure of art. 363, b. "a" and "b" of the Law on Obligations and Contracts.

Within 14 days of the occurrence of grounds for liquidation of the Fund, the MA shall apply to the FSC for approval of the liquidation of the Fund. The liquidation of the Fund shall be carried out in accordance with Ordinance No. 44 and other applicable legislation. Upon the liquidation of the Fund, the following provisions of the Commercial Companies Law ("CCL") shall apply respectively to the liquidator's obligations and the protection of the Fund's creditors - Art. 267, Art. 268, para. 1 and para 3, Art. 270, Art. 271 and Art. 273 of the Commercial Companies Code, with the functions of the management body pursuant to Art. 270(2) and Art. 272(4) of the Commercial Companies Code being performed by the Management company.

#### Conversion of the Fund

By decision of the Management Company, the Fund may participate in a transformation by merger with or into another collective investment scheme or its investment division, after approval of the transformation by the Financial Supervision Commission. Such merger or acquisition may be effected either with a collective investment scheme domiciled in Bulgaria or cross-border with a collective investment scheme of another EEA State, in accordance with the requirements of UCITS Act and Ordinance No. 44.

On the conversion taking effect, the converting fund shall be wound up without liquidation and all its assets and liabilities shall be transferred to the receiving fund, whether existing or newly created. The unit-holders of the dissolved fund shall become unit-holders in the receiving fund and the exchange of units shall be based on a pre-calculated exchange ratio and, where applicable, may involve the payment of a sum of money not exceeding 10% of the value of the new units.

## 2. Management company

<i>Name:</i>	Bluesmart Investments AD
<i>UIC:</i>	207527256
<i>Registered office and management address:</i>	Plovdiv, bul. Maritsa № 27C, entr. C, ap. 2
<i>Phone:</i>	+359 2 423 98 76
<i>E-mail address:</i>	contact@bluesmartfunds.com
<i>Electronic page:</i>	www.bluesmartfunds.com
<i>Date of incorporation:</i>	19.09.2023 г.
<i>Duration:</i>	unlimited
<i>Decision of the FSC to issue a license to operate as management company:</i>	No. 794-UD of 10.08.2023.

#### Information on the activities of the MA

"Bluesmart Investments" AD has a Licence to operate as a management company No. 71-

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UD dated 20.09.2023, issued on the basis of the Decision of the Financial Supervision Commission No. 794-UD dated 10.08.2023.

The Management Company is obliged to manage the Fund's activities in the following areas - investment management, provision of administrative services, distribution and marketing of the Fund's units. The Management Company shall invest the monies raised by the Fund in accordance with its investment objectives and policy.

In the sale and redemption of Units, the Management Company shall calculate the issue value and redemption price of the Units of the Fund under the control of the Depositary, keep the books, maintain and preserve records and perform all other similar duties in accordance with the terms and conditions for the issue and sale of Units, the terms and conditions for the redemption of Units and the circumstances in which redemption may be suspended, the terms and conditions for the calculation of the issue value and redemption price. The Management Company manages the overall marketing activities of the Fund and carries out all other activities necessary in connection with the lawful operation and termination of the Fund.

### Other collective investment schemes managed by Bluesmart Investments AD

As of the date of this Prospectus, the Management Company does not manage any other collective investment schemes.

### Names and positions in the company of the members of the administrative, management and supervisory bodies of the Management Company

The Company has a one-tier management system and its activities are managed by a Board of Directors consisting of seven individuals:

Arton Lena - Executive Director;

Ilian Tsenkov - Executive Director;

Petar Andreevski - Member of the Board of Directors;

Andriyana Popovska - Member of the Board of Directors;

Mario Gorgiev - Member of the Board of Directors.

Rupert Strobl - Member of the Board of Directors

Alma Osmančević - Member of the Board of Directors

As at the date of this Prospectus, the members of the Board of Directors have no other activities outside the Company that are significant to the business of Bluesmart Investments plc other than the following:

1. Arton Lena:
  - Managing Director of WVP Fund Management Tirana SH.A, REPUBLIC OF Albania;
  - Member of the Board of Directors of WVP Penzisko drushtvo AD Skopje, REPUBLIC OF North Macedonia;
2. Ilian Tsenkov - there are no activities outside the company that are significant for the activities of Bluesmart Investments AD;
3. Peter Andreevsky:
  - Member of the Board of Directors and CEO of WVP Fund Management Skopje, R. North Macedonia;
  - Member of the Supervisory Board of WVP Fund Management a.d. Beograd, Republic of Serbia;

## PROSPECT OF Bluesmart Premium Equity

- Non-executive member of the Board of Directors of WVP Fund Management Banja Luka, REPUBLIC OF Bosnia and Herzegovina
  - Member of the Supervisory Board of WVP Penzisko drushtvo AD Skopje, REPUBLIC OF North Macedonia;
  - Member of the Supervisory Board of Replek AD, Republic of North Macedonia;
  - Attorney of WVP GmbH, Republic of Austria;
  - Member of the Board of Directors of WVP Fund Management Podgoritsa, Republic of Montenegro
4. Mario Gorgiev:
- Chairman of the Board of Directors of WVP Penzisko drushtvo AD Skopje, Republic of North Macedonia;
5. Andriana Popovska:
- Executive Board Member of WVP Fund Management AD Skopje, Republic of North Macedonia;
  - Managing Director of WVP Fund Management AD Banja Luka, Republic of Bosnia and Herzegovina
6. Rupert Strobel
- Managing Director of WVP GmbH, Republic of Austria;
  - Managing Director of WVP Immobilien GmbH, Republic of Austria;
  - Chairman of the Supervisory Board of AFB AG, Republic of Austria;
  - Chairman of the Supervisory Board of WVP a.d., Republic of Serbia;
  - Member of the Board of Directors of WVP Fund Management AD Banja Luka, Republic of Bosnia and Herzegovina;
  - Member of the Board of Directors of WVP ndermjetesim ne sigurime Sh.A. Tirana, Republic of Albania
  - Chairman of the Board of Directors of WVP Fund Management Tirana SH.A, Republic of Albania;
  - Chairman of the Board of Directors of WVP Fund Management Podgoritsa, Republic of Montenegro
  - Executive Director of DOO za zastupanje u osiguranju 'WVP' Budva, Republic of Montenegro;
  - Chairman of the supervisory board of WVP Penzisko Drustvo AD Skopje, R. North Macedonia
7. Alma Osmancevic
- Managing Director of AFB AG, Republic of Austria

### Subscribed and paid-up capital

The share capital of Bluesmart Investments AD is BGN 780 000, divided into 780 000 dematerialised shares with a nominal value of BGN 1 each. The capital is subscribed and paid up by the shareholders of the company.

### Details of the Remuneration Policy at Bluesmart Investments PLC

The remuneration policy at Bluesmart Investments AD is based on the principles of promoting prudent and effective management of the Management Company's risks, not encouraging the assumption of risks that are inconsistent with the Fund's risk profile and rules and not affecting the performance of the Management Company's duty to act in the best interests of the Fund and its investors. The Remuneration Policy is published on the website of Bluesmart Investments plc [www.bluesmartfunds.com](http://www.bluesmartfunds.com) and a paper copy is available free of charge on request.

### **3. Investment Consultant**



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The investment decisions in the management of the assets of Bluesmart Premium Equity Fund will be made by Arton Lena, Managing Director of the Management Board and investment consultant, holding certificate No. 562-IC dated 20.07.2023. issued by the FSC for the acquired right to act as an investment consultant.

### 4. Depositary Details of the Depositary

<i>Name:</i>	<b>"Eurobank Bulgaria AD</b>
<i>UIC:</i>	000694749
<i>Registered office and management address:</i>	Sofia City, 260 Okolovrasten Road str., Republic of Bulgaria
<i>Telephone (fax):</i>	+359 2 816 6215; fax +359 2 988 8191
<i>Electronic address (e-mail):</i>	<a href="mailto:custody@postbank.bg">custody@postbank.bg</a>
<i>Electronic page:</i>	<a href="http://www.postbank.bg">www.postbank.bg</a>

### Material terms of the contract with the Depositary

Pursuant to the contract concluded between the Management Company acting on behalf of the Fund, on the one hand, and the Depositary, on the other hand, the latter will provide the Fund with the following basic services:

- (a) custody of the Trust Fund monies;
- (b) make all payments in the name and on behalf of the Fund;
- (c) keeping book-entry securities held by the Fund in a sub-account of/in the Depositary's register with the Central Depository JSC, BNB or another institution;
- (d) custody of the Fund's available securities;
- (e) holding the Fund's financial instruments traded abroad (foreign securities);
- (f) the safekeeping of certifications for book-entry securities and other documents of the Mutual Fund;
- (g) the performance of other services specified in the contract or for which the Depositary is obliged by law or agreed by the parties to the contract for depository services.

The Depositary shall hold the assets of the Fund, both financial instruments and cash, in accordance with legal requirements and shall not be liable to its creditors in respect of financial instruments and cash held on behalf of the Fund. The Depositary may not, under any circumstances, block the assets of the Fund on claims directed against the Management Company, whether or not such claims are from a third party. The Depositary shall hold, record and account for the Fund's assets, both financial instruments and cash, off-balance sheet without including them on its balance sheet.

The Depositary shall hold and account for the assets of the Fund - both financial instruments and cash - separately from its own assets, from the assets of the Management Company and from the assets of its other clients under depository services agreements.

The Depositary shall have general control over the issuance (sale) and redemption of the Fund's Units and the collection and use of the Fund's proceeds to be in accordance with the law and the Rules thereof, and shall see that the Management Company's remuneration is calculated and paid in accordance with the law and the Rules of the Fund. The Depositary shall ensure that the value of the units of the collective investment scheme is calculated by the Management Company in accordance with the law and the Rules for the valuation of the

## PROSPECT OF Bluesmart Premium Equity

portfolio and for the determination of the net asset value of the Fund.

The Fund shall pay to the Depositary for its activities under the Agreement a fee in an amount set forth in an appendix to the Agreement, as well as fees and commissions for transfers of shares and bonds and other types of services in accordance with a fee schedule forming part of the Agreement.

The agreement with the Depositary is concluded for a term of 1 /one/ year, and shall come into force and effect only upon receipt of due approval of the Depositary by the Deputy Chairman of the Financial Supervision Commission in charge of the Investment Supervision Department (the "Deputy Chairman"). If, within ninety (90) calendar days prior to the expiration of the term of the Agreement, neither party expresses in writing a desire to terminate or modify the Agreement, it shall be deemed automatically extended for the same term and on the same terms.

The contract with the Depositary may be terminated under the following conditions:

1. By mutual agreement of the parties expressed in writing;
2. Unilaterally by either party, with three months' written notice;
3. Upon termination of the Fund;
4. In the event of termination, revocation of the license or bankruptcy of the Management Company, in which case the contract will be terminated only with respect to the Management Company, and the Depositary will assume the obligations of the Management Company for the period allowed by law - i.e. under the terms of Art. 26, para 3 of the UCITS Act;
5. Upon revocation of the Depositary's license or bankruptcy;
6. In the event of withdrawal by the FSC of the permission issued for the organization and management of the Fund;
7. In the case of a modification of the Depositary's license, such as excluding or limiting certain activities necessary for the performance of depository services;
8. Where a party fails to perform a material obligation under the contract for a reason for which it is responsible, the party in default may terminate the contract in writing by giving the other party a reasonable period of time in writing to perform the relevant obligation, with a warning that, on expiry of the period, the contract will be deemed to have been terminated for the future.

The contract with the Depositary shall be entered into subject to the requirements and restrictions set out in the law and the Rules of the Fund. The contract with the Depositary may not contravene the Rules and regulations. In the event of a conflict between the Regulations and the Depositary Agreement, the provisions of the Regulations shall apply.

The terms of the agreement with the Depositary may not be unilaterally changed by the Depositary or the Management Company. Any modification of the agreement shall be subject to the approval of the Deputy Chairperson in writing. In the event of termination of the agreement, the Depositary shall transfer the assets of the Fund held by it and all necessary documents to a new Depositary appointed by the Management Company and approved by the Deputy Chairman.

### Conflicts of interest

As at the date of this Prospectus, the Management Company is not aware of any circumstances which may give rise to conflicts between the interests of the Fund, the Management Company and the Depositary.

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Notwithstanding the foregoing, the Management Company and the Depositary have implemented in their internal organisation rules for the identification, monitoring and management of conflicts of interest in accordance with the requirements of applicable law.

### Custodial activities delegated by the Depositary to others

1. Bank of New York Mellon, Belgium - custody and administration of financial instruments other than Eurobonds of over 100 pass-through entities;
2. Eurobank Ergasias S.A., Greece - storage and administration of financial instruments in the Greek and Cypriot markets;
3. Citibank, Romania - storage and administration of financial instruments on the Romanian market;
4. Clearstreambanking, Luxembourg - storage and administration of Eurobonds in over 80 markets;
5. Stopanska Banka AD - Skopje, Macedonia - storage and administration of financial instruments on the North Macedonia market.

### Obtaining additional information

The management company shall provide investors, free of charge, on request, with up-to-date information on the identification details of the Depositary, a description of its duties and any conflicts of interest that may arise and a description of any custody functions delegated by the Depositary, a list of the persons to whom functions have been delegated or redelegated and any conflicts of interest that may arise from that delegation

## **5. Accounting dates**

The Management Company is obliged to submit to the Financial Supervision Commission and the public the following reports on the Fund's activities:

- o Annual Report, within 90 days of the end of the fiscal year;
- o A six-month report covering the first six months of the financial year, within 30 days of the end of the reporting period.

By 31 March of each year, the Board of Directors of the Management Company shall draw up a financial statement and a report on the activities of the Fund for the previous calendar year and submit it to the registered auditor selected by the Management Company for verification.

The management company is obliged to submit to the Commission by the 10th day of the month following the reporting month a monthly balance sheet and information on the volume and structure of investments in the Fund's portfolio by issuer and type of securities and other financial instruments.

## **6. Auditors**

For 2024 the selected audit company is Mazars OOD with UIC 204638408 and with headquarters and address – Sofia city, 3 Moskovska Str.

## **7. External consultants**

As at the date of this Prospectus, the Management Company does not use the services of

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external advisers who provide advice under contract and whose fees are paid out of the assets of the Fund.

### 8. Distributors

The management company may appoint distributors to advertise and distribute units of the fund in any jurisdiction where the units are authorised for sale.

### 9. Paying Agents (new – 26.08.2024)

The fund has notified for marketing of its units in other countries. The countries as well as the facilities in regard to art. 92 of Directive (EU) 2019/1160 and the functions they perform are listed below:

#### Austria

Erste Bank der oesterreichischen Sparkassen AG – contracted 3<sup>rd</sup> party service provider – paying agent and tax representative

Mag. (FH) Sabine Adametz  
Am Belvedere 1, 1100 Vienna, Austria  
foreignfunds0696@erstegroup.com  
+43 (0)5 0100 9 - 12149  
+43 (0)5 0100 – 12149

The paying agent is responsible for the following tasks in Austria:

- Process subscription, redemption and repurchase orders and make other payments to unitholders relating to the units of the UCITS
- Provide investors with information on how orders can be made and how redemption and repurchase proceeds are paid
- Facilitate the handling of information and access to procedures and arrangements referred to in Article 15 of Directive 2009/65/EC relating to investors' exercise of their rights
- Make the information and documents required pursuant to Chapter IX of Directive 2009/65/EC available to investors
- Provide investors with information relevant to the tasks that the facilities perform in a durable medium
- Act as a contact point for communicating with the competent authorities

### 10. Delegating Functions to Third Parties (new – 18.07.2024)

The Management Company may enter into an agreement to delegate to third parties the functions of accounting services, as well as the functions of determining the net value of the Fund's assets, including the determination of the issue price and the redemption price of the units of the Fund.

These third parties must have the necessary technical and organizational capabilities and qualified employees to perform the delegated functions and actions in accordance with the requirements of the applicable legislation. As of the date of the current prospectus, the management company has entered into an agreement with which it has delegated functions for accounting services, as well as functions for determining the net value of the Fund's assets, including the determination of the issue value and the redemption price of a share of the Fund to a third party person - "Veles Account" EOOD, EIK 200820961, with registered office and address: st. Vazrazhdane district, Inz. Ivan Ivanov, 70, entrance B, fl. 3., Sofia

## II. INVESTMENT INFORMATION

### 1. Investment objectives and investment policy. Constraints.

**Prospective investors should read this section in order to assess whether bluesmart premium equities' investment objectives, strategy and policies are aligned with their own investment objectives.**

#### Investment objectives

The main objectives of the Mutual Fund are to achieve adequate returns for the Unitholders in the Fund, i.e. to increase the value of the Unit over a long period of time at high risk and to provide liquidity to the Unitholders' investments. are to increase the value of the Unitholders' investments by realising the maximum possible return at high risk and to provide liquidity to the Unitholders' investments.

The Mutual Fund's investment strategy provides for the realization of capital gains on securities as well as dividend/equity income. An active portfolio management strategy of financial instruments and cash will be applied to achieve the investment objectives.

There is no certainty that the Fund will achieve its investment objectives.

The recommended holding period for investments in the Fund is 5 years, in view of the Fund's risk and return characteristics, investment objectives and policies, and expenses. This product is designed for medium-term investing; investors should be prepared to hold their investment for at least 5 years, although they may liquidate their investment at any time or hold it longer. Early liquidation of an investment in Fund shares may result in less favorable results than an investor would receive if he or she held his or her investment in Fund shares for at least the recommended holding period.

#### Investment strategy and policy

In order to achieve the Fund's investment objectives, the Management Company shall invest the Fund's proceeds predominantly in liquid equities and tradable rights admitted to trading on foreign regulated markets, and will seek to achieve global diversification. Under normal market conditions, the Fund will invest up to 100% of its assets in equities of issuers primarily domiciled in developed countries and predominantly with a market capitalisation in excess of €10 billion. For reasons of diversification, the management company may invest up to 10% of the Fund's assets in units or shares of other collective investment schemes, including exchange traded funds, established primarily in developed countries. At certain times, when there is volatility in the markets and when a downward trend in prices is expected, the Management Company may reduce the Fund's exposure to equities by leaving a portion of the portfolio in cash, deposits or other liquid assets up to 15% in order to absorb the negative effects. In exceptional circumstances (e.g. when orders to subscribe for shares of a particularly large value are received, etc.), the proportion of liquid assets referred to in the preceding sentence

## PROSPECT OF Bluesmart Premium Equity

in the Fund's portfolio may temporarily exceed 15%, taking into account the interests of investors in the Fund.

### Composition and structure of the Fund's portfolio, categories of assets in which the Fund invests

The mutual fund invests only in the following asset categories:

1. Shares in companies, tradable rights and other securities equivalent to shares in companies admitted to or traded on a regulated market within the meaning of Article 152 of MiFID or traded on another regulated market in the Republic of Bulgaria - **up to 10% 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 within the meaning of Article 152 of MiFID or traded on another regulated market in a Member State, as well as admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, which is included in the list of regulated markets of third countries under Article 38, para 3-5 of the UCITS Act approved by the Commission and/or listed in the table below - **up to 100% of the Fund's assets;**
3. Shares and units of other collective investment schemes, including exchange-traded funds, primarily investing in the assets referred to in item 2 and authorised under Directive 2009/65/EC and/or of another collective investment undertaking which meets the requirements of Article 4, para 2 and Article 38, para 1, item 5 of the UCITS Act, whether or not it is domiciled in a Member State, provided that, in accordance with the statutes or rules of those collective investment schemes, they may invest in aggregate no more than 10 per cent of their assets in other collective investment schemes - **up to 10 per cent of the Fund's assets;**
4. Recently issued shares, if the terms of the issue include an obligation to seek admission and to be admitted within a period not exceeding one year from their issue to trading on the official market of the Bulgarian Stock Exchange or on another official market of another stock exchange or other regulated market, functioning regularly, recognized and publicly accessible, included in the list of regulated markets of third countries under Article 38, para 1, item 3-5 of the UCITS Act , approved by the Commission - **up to 10% of the Fund's assets;**
5. Deposits in banks, payable on demand or subject to a right to withdraw at any time and with a maturity date of not more than 12 months, provided that the bank is domiciled in the Republic of Bulgaria or in another Member State, and if domiciled in a third country, provided that it complies with rules and is subject to supervision which the Commission, on a proposal from the Vice-President, has determined to be equivalent to those under European Union law - **up to 15% of the Fund's assets;**

Markets in third countries (in addition to those listed in the list of regulated markets from third countries under Article 38, para 1, item 3-5 of the UCITS Act approved by the Commission) in which the Fund may invest are:

Country	Market
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### PROSPECT OF Bluesmart Premium Equity

Australia	Australian Securities Exchange
United Kingdom	London Stock Exchange
Canada	Toronto Stock Exchange
China	Shanghai Stock Exchange Shenzhen Stock Exchange
Mexico	Bolsa Mexicana de Valores
New Zealand	New Zealand Exchange
Norway	Oslo Bors ASA
United States of America	NYSE Chicago Stock Exchange, NASDAQ
Hong Kong	Hong Kong Stock Exchange
Switzerland	Swiss Exchange
South Korea	Korea Stock Exchange
Japan	Tokyo Stock Exchange

The mutual fund will not invest in derivative financial instruments and will not use efficient portfolio management techniques (repo transactions). The Mutual Fund may not acquire precious metals and certificates thereon.

#### Investment restrictions

The following are the restrictions applicable to the Fund's investments pursuant to the ICRMDIA and the Fund Rules.

1. The Fund may not invest more than 5 per cent of its assets in transferable securities issued by one person, except for item 3;
2. The Fund may not invest more than 20 per cent of its assets in deposits in a single person referred to in Article 38, para 1, item 6;
3. The Fund may invest up to 10 per cent of its assets in transferable securities issued by a single person only provided that the aggregate value of the investments in the persons in each of which the Fund invests more than 5 per cent of its assets does not exceed 40 per cent of the Fund's assets. The restriction in the first sentence shall not apply to deposits in credit institutions subject to prudential supervision;
4. Notwithstanding items 1 and 2, the Fund may not combine investments in transferable securities issued by a single person and deposits with that person where, as a result of such combination, the aggregate value of such investments would exceed 20 per cent of its assets;
5. Persons belonging to the same group for the purpose of preparing consolidated financial statements in accordance with recognised accounting standards shall be treated as a single entity for the purposes of applying the limitations in items 1 to 4;
6. The total value of investments in securities issued by a group may not exceed 20 per cent of the value of the Fund's assets;
7. The Mutual Fund may not acquire more than:
  1. ten per cent of the non-voting shares issued by one person;
  2. twenty-five per cent of the shares of a collective investment scheme authorised

## PROSPECT OF Bluesmart Premium Equity

under Council Directive 2009/65/EC and/or another collective investment undertaking which meets the requirements of Article 4, para 1 of the UCITS Act, whether or not domiciled in a Member State;

8. The management company may invest up to 10 per cent of the Fund's assets in the units of a collective investment scheme, including an exchange-traded fund, authorised to operate under Council Directive 2009/65/EC or another collective investment undertaking which meets the requirements of Art. 4, para 1 of the UCITS Act, having its registered office in Bulgaria, in another Member State or in a third country and meeting the requirements of Art. 38, para 1(5) of the UCITS Act, subject to the additional conditions and limits for the total amount of such investments set out above. The Management Company shall not invest the Fund's assets in the units of collective investment schemes, including exchange-traded funds authorised under Council Directive 2009/65/EC or other undertakings for collective investment which meet the requirements of Art. 4, para 1 of the UCITS Act, established in Bulgaria, in another Member State or in a third country and meeting the requirements of Art. 38, para 1(5) of the UCITS Act which levy management fees in excess of 2 per cent per annum. The Management Company shall not invest the assets of the Fund in units of other collective investment schemes or other collective investment undertakings managed directly or by delegation by the Management Company or by another company with which the Management Company is linked by common management or control or by a significant direct or indirect holding.

9. The restrictions on transferable securities do not apply where subscription rights are exercised arising from securities that form part of the Fund's assets.

The Fund will not replicate the composition of an index and accordingly will not make use of the enhanced diversification limits set out in Article 46 of the UCITS Act.

In the event of a breach of the investment restrictions for reasons beyond the Fund's control or as a result of the exercise of subscription rights, the Fund must notify the Commission within 7 days of discovering the breach, providing information on the reasons for the breach and the measures taken to remedy it. Information on the measures taken shall not be provided if

the infringement has been rectified by the time the notification is submitted. As a matter of priority, but no later than six months from the occurrence of the breach, the assets shall be brought into compliance with the investment restrictions through sale transactions, taking into account the interest of the unitholders.

### Rules for the use of income

The Fund will not distribute the income earned as dividends to Unitholders. Dividends paid on Units in which the Fund is invested, as well as capital gains realized on trading in Units in the Fund, will be reinvested for the benefit of Unitholders of the Fund in accordance with the Fund's investment objectives, strategies, policies and restrictions.

### Use of derivative financial instruments and techniques for efficient portfolio management (repos)

The mutual fund will not invest in derivative financial instruments and will not use efficient portfolio management techniques (repo transactions).

In this regard, the Fund will not receive or provide collateral in connection with OTC derivative transactions and the application of efficient portfolio management techniques



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(repo transactions) and accordingly will not apply specific rules for the management of such collateral and the provision for potential losses associated with its use, within the meaning of Article 48a of Ordinance No. 44 and the European Securities and Markets Authority Guidelines on Exchange Traded Funds (ETFs) and UCITS issues (ESMA/2014/937 EN).

### Liquidity requirements

The structure of the assets and liabilities of the Mutual Fund must also meet the following requirements:

- Not less than 70 per cent of the investments in assets referred to in Art. 38, para 1 of the UCITS Act must be in assets with a market price;
- The Fund shall have minimum liquidity at all times as follows:
  - Cash (including deposits with credit institutions referred to in Art. 38, para 1, item 6 of the UCITSDII Act), securities and shares of collective investment schemes referred to in Article 38, paragraph 1, item 5 of the UCITSDII Act with a market price, and short-term receivables - in the amount of not less than 100 per cent of the weighted current liabilities;
  - Cash (including deposits with credit institutions referred to in Article 38, para 1, item 6 of the UCITS Act and securities - not less than 70 per cent of the weighted current liabilities, excluding liabilities related to participation in the capital increase of public companies.

In the event of a breach of the requirements of the preceding paragraphs, the Mutual Fund shall immediately take measures to bring liquidity into compliance with regulatory requirements, including by borrowing, in the cases provided for in the Rules of the Fund and applicable law, and/or by taking other permissible and appropriate measures, taking into account the interests of investors and the liquidity needs of the Fund.

### Other restrictions

In managing the Mutual Fund, the Management Company will comply with all applicable regulatory requirements and restrictions, including those imposed by decisions of the Commission and the Deputy Chairman.

The Management Company and the Depositary, when acting on behalf of the Fund, may not grant loans or secure or guarantee third party liabilities with the assets of the Fund.

In carrying out its investment activities, the Management Company, acting on behalf of the Fund, may not sell assets that the Fund does not own.

The Management Company and the Depositary, when acting on behalf of the Fund, may not borrow money, except as provided by applicable law. Borrowing shall only take place with the prior authorisation of the FSC up to 10% of the Fund's assets if the following conditions are simultaneously met:

- The loan is for a period not exceeding three months and is necessary to cover the redemption obligations of the Fund's units;
- The terms of the loan agreement are no less favourable than the usual market terms.

The Management Company may not invest the assets of the Mutual Fund in the voting shares of an issuer such that the acquired interest in such shares would enable the Management Company or the members of its management or control bodies, jointly or severally, to exercise significant influence over the issuer within the meaning of Article 49(1)

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of the UCITS Act.

### 2. Risk profile of Bluesmart Premium Equity.

Prospective holders of Bluesmart Premium Equity Fund units should be aware of the risks inherent in its activities and make an informed decision to invest in the Fund's units based on their individual investment objectives, risk tolerance and investment horizon.

It is important to be aware that an investment in Mutual Fund Units is not a bank deposit and is therefore not guaranteed under the Bank Deposit Insurance Act or by any other type of guarantee. The value of Units may be subject to fluctuations due to the composition or management techniques of the Fund's investment portfolio. The Fund's past performance (level of returns) has no relationship to its future performance and is not a suitable indicator for making a decision to invest in Units of the Fund.

#### Risk profile of Bluesmart Premium Equity

The risk associated with investing in units of the Fund is the possibility that the actual return on investment may be different from the expected return. In general, the risk is correlated to the realisation of a loss of part or even all of the investment made

To the extent that the Fund's investment policy provides for its assets to be invested primarily in equities, an investment in shares of Bluesmart Premium Equity Fund involves a high degree of risk taking.

#### Description of the main risks related to the activity and investment portfolio of Bluesmart Premium Equity Fund, which are borne directly or indirectly by investors through the acquisition of the Fund's shares

Bluesmart Premium Equity Fund is exposed to various types of risk with respect to its operations that impact its results. The principal risks associated with the structure and management of the Fund's portfolio that investors will bear when investing in Bluesmart Premium Equities are:

##### Market risk

The possibility of realizing losses due to adverse changes in security prices, market interest rates, foreign exchange rates, etc. This market risk affects the Fund's net asset value, which will also fluctuate as a result of changes in the market prices of the stocks and other securities in which the Fund is invested. A variety of factors affect the market price of certain stocks (e.g., financial statements revealing a decrease in the earnings of the company issuing the stock; the loss of a major customer; a large lawsuit filed against the company; a change in regulations in a particular industry). Not all such factors can be foreseen.

##### Extreme market movements

The market price of financial instruments in which the Fund is invested may fluctuate due to changes in the economic and market environment, central bank monetary policy, issuer business activity, the sector in which the issuer operates and supply and demand in the securities market.

##### Interest rate risk

Interest rate risk is the possibility that the value of a security will decline as a result of rising interest rates. In general, rising interest rates adversely affect the prices of equities and fixed income instruments such as fixed coupon bonds.

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### Currency risk

The risk of a decrease in the value of an investment in a security or deposit denominated in a currency other than the lev and the euro due to a change in the exchange rate between that currency and the lev or the euro.

### Price risk

Risk associated with investments in equities or other equity securities - the risk that the value of an investment in a security will decline if market price levels change adversely.

### Liquidity risk

Risk associated with the possibility of losses or foregone profits from forced or compulsory asset sales in adverse market conditions (such as low demand in the presence of oversupply).

### Regulatory risk

The Management Company and/or the Fund and its investment objectives and policies may be affected by future changes in applicable law or its interpretation and application. Such changes may prevent or significantly limit the ability of the Management Company, acting on behalf of the Fund, to invest in certain instruments or in certain jurisdictions. This may prevent the Fund from fulfilling its investment objectives and policies. Aligning and maintaining the Fund's operations with a changed regulatory environment may result in an increase in the Fund's expenses and/or require a change to the Fund's Rules. All of this may affect the value of the Fund's shares.

### Credit risk

Credit risk exists in relationships with counterparties in exchange and over-the-counter transactions and manifests itself in two varieties - counterparty risk and settlement risk. The former relates to the possibility of counterparty default in OTC transactions. This risk is minimised in the Fund's operations given that it invests primarily in financial instruments traded on regulated markets. Settlement risk relates to the possibility that on the settlement date the Fund may not receive counterparties' cash or financial instruments from a counterparty after it has fulfilled its obligations under a given transaction to that counterparty.

### Risk of concentration

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

### Operational risk

It is associated with the possibility of losses due to errors or imperfections in the organisation's system, insufficiently qualified staff, adverse external events of a non-financial nature, including legal risk.

### Systemic risks

Systemic risks depend on general fluctuations in the economy and markets in general. The Fund cannot influence systemic risks, but it does take them into account. Risks arising from the political and economic environment, the occurrence of situations of an exceptional nature, such as acts of war, disasters and accidents, may have consequences that are difficult to predict and may have a material adverse effect on the Fund's operations, the value of positions in its portfolio or the value of its holdings.

### Political risk

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To the extent that the Fund may invest a portion of its assets in issuers domiciled in developing countries, it should be noted that emerging markets are more exposed to risks associated with political change, social instability and changes in the business climate, which may negatively impact the economies of these countries and therefore the value of investments in them, including the value of the Fund's investments.

### Sustainability risks

Sustainability risks are events or conditions of an environmental, social or governance nature that, if they occur, could have a material adverse impact on the value of investments. Pursuant to Article 3 of Regulation (EU) 2019/2088, the Management Company has adopted and implemented a policy to integrate sustainability risks into the investment decision-making processes for all collective investment undertakings managed by the Management Company, including the Fund.

To the extent that sustainability risks may affect the market value of investments, the Management Company takes them into account when making investment decisions, as well as any other risks affecting the market value of investments. Sustainability risks are part of the overall risk matrix that the Management Company produces for each investment, which includes relevant risks that affect the value of the investment, including political risks, credit risks, market risks, sector risks, risks of a subjective nature. The management company does not specifically document the consideration of sustainability risks in its investment decision-making processes. The consideration of the impact of sustainability risks on the value of investments and the integration of these risks into investment decision-making processes is absolutely within the subjective professional judgement of the relevant portfolio manager or investment adviser responsible for the investment decision.

For the consideration of sustainability risks in investment decision-making processes, information sources are used to which the Management Company has access, which may be of a general nature or specialized ones of a subscription type.

In the event that the Management Company identifies a specific sustainability risk that is atypical for the relevant investment and/or, in the opinion of the relevant Portfolio Manager or Investment Adviser responsible for the investment decision, is material to the market value of an investment, that specific risk is given additional weight in the investment decision. This is done at a subjective level - entirely within the subjective professional judgement of the relevant portfolio manager or investment adviser, without being explicitly documented.

### Information in relation to Article 4 of Regulation (EU) 2019/2088

Although it applies the policy described above, the Management Company does not take into account the adverse impacts of investment decisions on sustainability factors within the meaning of Article 4(1)(b) of Regulation (EU) 2019/2088. The reasons for this are as follows:

- At this stage, considering the adverse impacts of investment decisions on sustainability factors will limit the ability to achieve better returns and diversification for investors in actively managed collective investment schemes such as the Fund.
- Taking into account the adverse impacts of investment decisions on sustainability factors within the meaning of Article 4 of Regulation (EU) 2019/2088 will result in a significant expenditure of resources (human, managerial and financial) for the Management Company without resulting in any expected and measurable increase in revenues in the medium or even long term. Management's priority is to ensure the financial stability, capital adequacy and operating profitability of the Management Company. As such, taking into account the adverse impacts of investment decisions on sustainability factors is not compatible with these objectives at this stage.

## PROSPECT OF Bluesmart Premium Equity

- At this stage, the Management Company has not identified any tangible demand from investors falling within the target group of the Management Company's clients, for whom the consideration of adverse impacts of investment decisions on sustainability factors is a priority and takes precedence over good risk diversification and investment returns.
- At this stage, there are not sufficiently reliable and uniform standards for measuring the impacts on sustainability factors arising from the activities of potential issuers in the various target markets in which the Management Company may invest on behalf of the Fund, which is of a nature to create an incomplete picture for potential investors as to the relevance of different investments to the various sustainability factors.

Notwithstanding that it does not currently consider the adverse impacts of investment decisions on resilience factors, the Management Company will conduct an ongoing review of legal requirements and client preferences and, when the reasons for not considering these factors are removed, will analyse and assess whether considering the adverse impacts on resilience factors would contribute to providing better investment decisions for potential investors in the Fund.

**Finally, investors should note that the value of the Fund's units and the income from them may decline, returns are not guaranteed and investors bear the risk of not recovering their investment in full.**

### 3. Asset valuation rules

The current Portfolio Valuation and Net Asset Value Determination Rules of Bluesmart Premium Equity Fund are attached to and form an integral part of this Prospectus.

### 4. Characteristics of the typical investor targeted by an investment in Bluesmart Premium Equity Fund

Investment in the Fund is intended for persons who:

- Are willing to take high investment risk in order to realize higher income;
- They wish to have safe and quick liquidity without distorting the income achieved from the investment;
- Are willing to invest cash for the long term;
- They want to diversify the risk of their own portfolio;
- They want their money to be managed by professional managers.

The Management Company considers that the shares of Bluesmart Premium Equity Fund are suitable for Bulgarian and foreign individuals, commercial companies and institutions that wish to invest part of their funds in the financial markets, in a diversified product, structured mainly by shares of issuers, established mainly in developed countries, at a high level of risk and the possibility of achieving higher returns. The Fund may not be suitable for investors who plan to withdraw their funds before the fifth year of their investment.

## III. ECONOMIC INFORMATION

### 1. Tax regime

This section discusses the general tax treatment applicable to the Mutual Fund and to investors in respect of their income from transactions in the Fund's Units under the tax legislation in force at the date of this Prospectus.

## PROSPECT OF Bluesmart Premium Equity

The information contained in this section does not constitute and should not be construed as tax advice. It is in the interests of Unitholders and all potential investors to consult appropriate tax experts on these and other tax matters, including the tax effect depending on their particular situation.

### Corporate taxation of the Mutual Fund

The mutual fund is not subject to corporate income tax.

### Taxation of the income of unitholders of the Fund

The net income generated by a Mutual Fund increases the net asset value of the Fund and, accordingly, the value of its Units. Since the Fund does not distribute income to investors, investors could realize a capital gain by redeeming their Units or by disposing of those Units to a third party.

### Taxation of the income of unitholders of the Fund

#### *Taxation of resident individuals*

Income from the disposal of financial instruments of domestic individuals is not taxable. Such income also includes income from transactions with units of collective investment schemes traded on a regulated market in Bulgaria, as well as income earned under the terms and conditions of the procedure for the redemption of collective investment schemes that are admitted to public offering in Bulgaria or in another member state of the European Union ("EU") or a state part of the European Economic Area ("EEA"), including the Fund.

This means that the income that Unitholders in the Fund realise on the redemption of these Units is tax-free.

#### *Taxation of domestic and foreign legal entities*

Local and foreign legal entities which operate from a place of business or derive income from a source in the Republic of Bulgaria shall, when determining their tax financial result:

- o reduce their accounting result by any gain on the disposal of units in the Fund, determined as the positive difference between the sale price and the documented cost of acquiring those units; and
- o increase their accounting profit or loss by any loss on the disposal of units in the Fund determined as the negative difference between the sale price and the documented cost of acquisition of those units.

Profit/loss includes the result of transactions with units in collective investment schemes concluded on a regulated market in Bulgaria, or transactions under the terms and conditions and the procedure for redemption of collective investment schemes that are admitted to public offering in Bulgaria or in another EU Member State or EEA State, including the Fund.

This means that redemption of units in the Fund is tax neutral with respect to the holders of such units.

Income from disposals of financial instruments, such as redemptions of units in the Fund, is not subject to withholding tax.

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### Taxation of foreign individuals

Income (realized capital gain) from transactions with units in the Fund received from third country individuals who are not considered residents of Bulgaria or persons established for tax purposes in an EU Member State or another EEA State is subject to a final tax of 10% on taxable income.

### Other important information

Foreign individuals who are holders of units in the Fund should note that where there is a double taxation treaty between the Republic of Bulgaria and the relevant foreign country of their habitual residence, the provisions of the aforementioned treaty shall prevail over Bulgarian domestic law. In such cases, a statutory procedure for the application of treaties for the avoidance of international double taxation of income and wealth should be applied in respect of foreign persons.

Individuals who hold shares should also note that the following types of share acquisitions are non-taxable:

- o acquisition by gift between relatives in the direct line and between spouses; and
- o acquisition by inheritance from the surviving spouse and lineal descendants.

## **2. Fees ( commissions ) on subscriptions and redemptions of Bluesmart Premium Equity Fund units - costs borne by investors**

Subscription and redemption fees are intended to cover the costs of issuing (issuing) and redeeming units, and are included in the issue price and redemption price payable by the investor.

### Fees upon enrolment

Investors in the Fund are subject to a maximum subscription fee of 5%. The management company acting on behalf of the Fund may set the subscription fee at less than the maximum amount. In determining the issue value, the applicable subscription fee shall be charged on the applicable net asset value of the Fund per 1 (one) Unit.

All pension funds managed by the same pension insurance company, as well as all collective investment schemes and other collective investment undertakings managed by the same management company, shall be considered as "one investor".

The management company may apply underwriting costs (subscription fee), depending on the amount invested, in the following ranges:

<b><i>Amount invested</i></b>	<b><i>Fee upon enrolment</i></b>
Up to 14.999 euros	Up to 5.00%
EUR 15.000-24.999	Up to 4.50%
25.000 - 49.999 euros	Up to 4.00%
50.000 - 99.999 euros	Up to 3.50%
100.000 - 249.999 euro	Up to 3.00%
250.000 - 499.999 euros	Up to 2.50%
500.000 - 999.999 euros	Up to 2.00%
1.000.000 - 2.499.999 euro	Up to 1.50%

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Over 2.500.000 EUR (incl.)

Up to 1.00%

The management company may reduce or waive the subscription fee altogether where units of the Fund are subscribed for as a result of the offering of life insurance products with an investment component linked to units of the Fund (so-called *unit linked products*) or if the investor is a bank, collective investment scheme, insurance company, supplementary pension fund or other institutional investors.

Investors in the Fund have the right at any time to request the redemption of all or part of their units. In such cases, investors are entitled to reinvest an amount equal to the redemption proceeds without being charged an additional subscription fee for such investment. In the event that an investor redeems all of his Units and if, within a period of 60 months (without interruption), his Unit balance is 0, he will lose the right after the expiration of 60 months to invest the amount received upon redemption in Units of the Fund without incurring a subscription charge.

#### **Multiannual investment plans**

The Management Company and Distributors may offer investment plans under which the investor commits to invest a certain amount in the Fund, in a minimum amount of EUR 2,500 for the entire period, such investment to be made over a certain period of time, which may not be shorter than 5 years or longer than 25 years (multi-year investment plans).

The management company acting on behalf of the Fund and each individual investor shall determine in a contract between them the duration of the multi-year investment plan, the total amount invested, the frequency and manner of subscription for units in the Fund, as well as any additional parameters of the multi-year investment plan.

"Amount Invested" means the total amount paid by an investor for all orders placed by that investor to subscribe for Units of the Fund. The Invested Amount does not include amounts paid by an investor to subscribe for Units that are subsequently redeemed by the Fund.

When entering into a multi-year investment plan, the Management Company charges investors a subscription fee within the ranges and according to the criteria set out in the table above. The investor shall pay a subscription fee set on the full amount of the multi-year investment plan when the multi-year investment plan is entered into. In the event of subsequent subscription for Units of the Fund pursuant to the Multi-Year Investment Plan, Units of the Fund will be subscribed for at an issue value equal to the Net Asset Value per Unit of the Fund which will be applicable on the date of placing the order for subscription for Units of the Fund subject to the rules set out in the NAV Determination Rules and these Rules. However, the amount of such fee may not exceed one-third of the amount invested in the first year of the multi-year investment plan, provided that in the event that the application of the criteria set forth in Section III, Item 2 - "Fees (Commissions) for Subscription and Redemption of Units of Bluesmart Premium Equity Fund" results in a higher fee amount, the above amount shall not be payable and shall not be carried forward for payment in subsequent periods.

Because the MIP fee is payable at enrollment on the full amount of the MIP, if a MIP is



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terminated before the agreed-upon end date or before the full agreed-upon amount of the MIP has been invested, the amount of the fee paid at enrollment may be greater than what would have been paid in the case of investments made outside of a MIP. In any event, no additional fee shall be charged in the event of early termination of a multi-year investment plan by the investor.

Redemption fees

The Management Company has not set a redemption fee for the redemption of Units by investors in the Fund, therefore the redemption price will be equal to the net asset value of the Fund per 1 (one) Unit.

Other investment costs

Unitholders are responsible for the transaction costs associated with making their investment in the Mutual Fund, such as wire transfer costs, as well as costs associated with the use of additional services such as the issuance of a unit certificate, etc. These costs are not included in the issue value of the Units subscribed for or the redemption price.

**3. Costs or charges to the Fund**

Expenses charged to the Fund (indirect costs to the investor)

These costs are paid out of the assets of Bluesmart Premium Equities and are thus indirectly borne by all Unitholders.

Expenses on behalf of the Fund include the remuneration of the Management Company as well as the following operating expenses:

- o remuneration and fees of investment intermediaries, banks, Central Depository JSC, Depository and other fees related to the investment of the assets of the Mutual Fund and its administration;
- o remuneration of the Depository as specified in the contract with the Depository;
- o remuneration of the auditors for the certification of the annual accounts of the mutual fund;
- o costs of marketing the Fund and contacting investors;
- o the current supervisory, membership and other administrative fees and expenses payable to the Commission, the Central Depository JSC and other state bodies and institutions related to the Fund's activities;
- o other operating costs and fees.

The costs of the initial organization of the Mutual Fund, including professional advisers' commissions, any applicable document review fees for the organization of the Fund paid to the Commission shall be borne by the Management Company.

**4. Annual operating costs of the Fund as % of the annual average NAV (changed – 09.10.2024)**

The following table sets forth the estimated operating expenses of the Bluesmart Premium Equity Fund in the first year after its organization as a percentage of its estimated annual average net asset value:

Type of expense	% of the Fund's annual average NAV (p.a.)
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Remuneration of the Management company	1,50%
Remuneration of the Management company for results achieved	none
Other operating expenses (forecast)	0,47%
Total operating expenditure (forecast)	1,97%

Pursuant to the Bluesmart Premium Equity Rules, the Management Company, at its sole discretion, may waive a portion of the consideration.

Included in the "Other Operating Expenses" category are major foreseeable operating expenses such as: the Depositary's remuneration, fees and charges of investment intermediaries, banks and the Central Depositary plc, other similar expenses related to the investment of the Fund's assets; the auditors' remuneration for the certification of the annual financial statements of the Mutual Fund, the costs of advertising and marketing the Fund, investor contacts, licensing fees and ongoing supervision, membership and similar fees payable to the Commission, the Exchange and the Central depository AD, as well as other government institutions related to the fund's activities, etc..

The Fund's annual operating expenses may not exceed 5% of the Fund's annual average NAV.

#### **5. The policy on direct and indirect operating costs and fees resulting from the use of efficient portfolio management techniques.**

The Management Company will not use efficient portfolio management techniques in managing the Fund.

#### **IV. COMMERCIAL INFORMATION**

##### **1. Terms and conditions for the issue and redemption of shares**

Except in the case of temporary suspension of issuance and/or redemption, the Management Company calculates daily an issue value at which investors may subscribe for units of the Fund. The Issue Value is determined on the basis of the NAV per Unit calculated in accordance with the method described below in the Prospectus.

Investors may subscribe for shares of the Fund at the office of Bluesmart Investments AD at the address of Plovdiv, Blvd. Maritsa № 27C, entr. C, ap. 2, every working day from 09:00 to 17:30, tel.: +359 2 423 98 76, contact person Iliyan Tsenkov.

The minimum value of an order for subscription of shares, respectively the minimum amount to be paid by the investor when placing an order for subscription of shares, is 30 (thirty) euros.

Subscription for units of the Fund is carried out as follows:

- o *Placing an order to subscribe for shares*

Investors shall submit an order for subscription of units containing the requisites as required by the applicable legislation (a specimen of the order may be obtained at the office of the Management Company), in person, through a proxy or a licensed investment intermediary/bank servicing the investor.

Orders to subscribe for Units are accepted every business day between 9:00 a.m. and 4:00 p.m. (T-Day) at the office of the Management Company. The Management Company shall execute the order for the purchase of Units up to the amount remitted

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by the investor less subscription expenses, which shall be divided by the determined price per Unit based on the issue value announced on the nearest day following the day on which the order is placed. The 'nearest day following the day on which the order for subscription of units is placed' means the first day following the day on which the order for subscription of units is placed on which a new redemption price is fixed.

Orders to subscribe for Units accepted between 4:01 p.m. and 5:30 p.m. on Day "T" shall be deemed to have been placed on the next business day (Day "T+1").

In case the order is submitted through a proxy, the latter shall also submit an express notarized power of attorney authorizing him/her to perform management and disposal actions with securities and a declaration that he/she does not deal in securities on a professional basis. These requirements shall not apply where the application is made through a servicing investment intermediary/bank.

- o *Payment of the cash for the subscribed shares*

On placing the order for subscription of Units, the monies for the subscription of Units shall be deposited/transferred to a special account with the Depository in the name of the Fund.

- o *Implementation of the order*

Orders to subscribe for Units of the Fund shall be executed on the business day following the date of submission, but not later than 7 days from the date of submission of the order.

The subscription order shall be executed at the price per share determined for the day following the date of submission of the order. The order shall be executed up to the amount paid by the investor divided by the determined issue value per unit, the number of units purchased being rounded to the nearest whole number, and a fractional unit shall be issued against the balance of the amount paid, in accordance with the procedure laid down in the rules of the Central Depository JSC.

- o *Order confirmation*

The Management Company shall provide confirmation of order execution at the earliest opportunity, but no later than the end of the business day following order execution.

- o *Order withdrawal*

The investor may withdraw (cancel) the submitted order for the purchase of shares of the Fund no later than 4:00 p.m. on the day of its submission.

### 2. Terms and conditions for redemption of shares and circumstances under which redemption may be suspended

### 3. Terms and conditions for redemption of shares and circumstances under which redemption may be suspended

#### Terms and conditions for redemption of shares

Except in the case of temporary suspension of redemption, the Management Company shall calculate a redemption price on a daily basis at which investors may redeem their shares of the Fund. The redemption price is determined on the basis of the NAV per Unit calculated in accordance with the method described below in the Prospectus.

Bluesmart Investments AD redeems the units of the Mutual Fund at the expense of the Fund. Investors may submit orders for redemption of their shares at the office of Bluesmart Investments AD at the address of the Company: Plovdiv, Blvd. Maritsa № 27C, entr. C, ap. 2, from 09:00 to 17:30, tel.: +359 2 423 98 76, contact person: Iliyan Tsenkov;

The minimum value of an order for redemption of shares is EUR 100 (one hundred). If the value of the units held by the investor is less than EUR 100 (one hundred), he may sell them back in one order. If, after the execution of a redemption order, the investor would own less

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than one whole unit, the redemption order shall be placed for all units held by the investor.

The redemption of shares of the Fund is carried out as follows:

- *Placing an order for redemption of shares*

Investors shall submit an order for redemption of units containing the requisites as required by the applicable legislation (a specimen of the order may be obtained at the office of the Management Company), in person, through a proxy or a licensed investment intermediary/bank servicing the investor.

Orders for redemption of Units are accepted every business day between 9:00 a.m. and 4:00 p.m. (T-Day) by the Management Company. The Management Company shall redeem the Units of the Fund at a price equal to the redemption price announced on the nearest day following the day on which the redemption order is placed. The "nearest day following the day on which the redemption order is placed" means the first day following the day on which the redemption order is placed on which a new redemption price is set.

Orders for redemption of Units accepted between 4:01 p.m. and 5:30 p.m. on a "T" Day shall be deemed to have been placed on the next Business Day ("T+1" Day). In case of placing an order through a proxy, the latter is required to submit an explicit notarized power of attorney authorizing him/her to carry out management and disposal actions with securities and a declaration that he/she does not carry out transactions with securities on a professional basis. These requirements shall not apply where the application is made through a servicing investment intermediary/bank.
- *Implementation of the order*

Orders for redemption of Fund shares shall be executed on the business day following the date of submission, but no later than 10 days from the date of submission of the order.

The repurchase order shall be executed at the price per share determined for the day following the date of submission of the order.
- *Payment of the amount due*

Orders for the redeemed shares shall be executed the next day, but not later than 10 days from the date of their submission. The amount due shall be paid into a specified bank account.
- *Order confirmation*

The Management Company shall provide confirmation of order execution at the earliest opportunity but no later than the end of the business day following the execution of the redemption order.
- *Order withdrawal*

The investor may withdraw (cancel) the submitted order for redemption of shares of the Fund no later than 4:00 p.m. on the day of its submission.

### Circumstances in which redemption may be temporarily suspended

By decision of the Management Company, the redemption of the Fund's units may be temporarily suspended in exceptional cases if the circumstances so require and the suspension is justified in view of the interests of the unitholders, including in the following cases:

- where, on a regulated market on which more than 20 per cent. of the assets of the Mutual Fund are admitted to or dealt in, dealings are suspended, suspended or restricted - for the period of the suspension or restriction;
- where the assets or liabilities of the Fund cannot be properly valued or the Management Company cannot dispose of the assets of the Fund without prejudice to the interests of the Unitholders - for so long as the impossibility lasts;

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- when a decision is taken to terminate or transform by merger or acquisition the collective investment scheme under the conditions and in accordance with the procedure of Chapter Fourteen of the UCITS Act;
- in the event of termination of the contract with the Depositary due to its culpable conduct, revocation of the Depositary's operating license or imposition of other restrictions on its activities that make it impossible to perform its obligations under the Depositary Services Agreement or may harm the interests of the Fund's unitholders - for the minimum required period, but not more than 2 months;

The Management Company shall immediately suspend the issue of Units in the event that redemption of Units of a Mutual Fund is suspended. In such cases, the suspension of issuance shall be for the duration of the temporary suspension of redemption, respectively for the period by which the temporary suspension of redemption of Units has been extended.

The Management Company shall notify the Commission and the relevant competent authorities of all Member States in which the Fund's Units are offered (if any, other than Bulgaria) and the Depositary of the suspension of redemption or extension of the suspension of redemption by the end of the business day. The Management Company shall notify the Unitholders of the suspension of redemption or the extension of the suspension of redemption, as the case may be, promptly after taking a decision thereon by publication on the website of the Management Company. In the event that an extension of the temporary suspension of the redemption of Units is required, the Management Company shall notify the Commission and the Depositary not later than 7 days before the expiry of the period originally set. If the suspension period is shorter than seven days, including in cases where redemptions have been suspended for technical reasons, the Management Company shall make the notifications referred to in the preceding sentence by the end of the business day preceding the date on which redemptions should have been resumed. Orders placed after the last announcement of the redemption price before the start date of the suspension period shall not be executed. The management company shall reimburse investors who have placed orders to purchase units to their bank account by the end of the business day following the day on which the decision to suspend the issue of units is taken.

The redemption shall be resumed by the Management Company upon the expiry of the period specified in the decision to suspend the redemption, respectively in the decision to extend the suspension of redemption. Notification of the resumption shall be made as described in the preceding paragraph by the end of the business day preceding the resumption. The issue value and redemption price of the Units in the Fund applicable after the resumption of redemptions shall be announced on the day preceding the resumption.

### **3. Conditions and procedure for calculating the issue value and the redemption price of the shares**

#### Method and frequency of calculation of the issue value and redemption price of the units

The issue value and redemption price of units of the Fund shall be calculated in euro each business day, except in cases where the issue and/or redemption of units is temporarily suspended.

Procedure for determining the Fund's net asset value, net asset value per unit, issue value and redemption price:

- by 11:00 a.m. on the day "T+1" following the day "T" for which the valuation is made,

### PROSPECT OF Bluesmart Premium Equity

the Management Company receives from the Central Depository JSC information on the transactions for subscription and redemption of units with completed settlement and on the number of units of the Fund in circulation;

- o between 11:00 and 12:00 on a "T+1" day the following takes place:
  - assets and asset values are determined in accordance with the Fund's NAV determination rules;
  - the accounting of all transactions of the Fund and the revaluation of assets and liabilities;
  - determine the net asset value, the net asset value per unit and decide on the issue value and redemption price of the Fund's units.

The NAV per Unit is determined by dividing the NAV of the Fund by the number of Units outstanding at the time of such determination.

The Issue Value is equal to the NAV per Unit increased by the issue (issuance) fee in the appropriate amount set out above in Section III. Economic Information, item 2 Fees (commissions) for subscription and redemption of Bluesmart Premium Equity Fund Units - costs borne by investors.

The redemption price is equal to the NAV per unit

- o as of 12:00 p.m. on the "T+1" day following the "T" day for which the valuation is prepared, the calculated NAV, NAV per Unit, Issue Price and Redemption Price of the Units of the Fund and all information relevant to the determination thereof, including the number of Units issued and redeemed with settlement completed, shall be sent to the Depositary;
- o by 12:40 p.m. on the "T+1" day following the "T" day for which the valuation is being prepared, confirmation is awaited from the Depositary as to the correctness of the NAV, NAV per Unit, Issue Price and Redemption Price of the Units of the Fund so calculated (corrections to discrepancies will be made if any are found);
- o At 1:00 p.m. on day "T+1", the process of determining the NAV and determining the issue value and redemption price of the Fund's Units applicable for that day is completed.

#### Frequency, place and manner of publication of the issue value and redemption price of the shares

By the close of business on the day on which the NAV per Unit is calculated, the issue value and redemption price of the Units of the Mutual Fund. The Management Company shall announce these data on the website of the Management Company. The issue value and redemption price shall be calculated and announced in euro.

If an error is made in the calculation of the net asset value per unit that results in an overstatement of the issue price or an understatement of the redemption price by more than 0.5% of the net asset value per unit, Bluesmart Investments AD is obliged, at the expense of the Fund, to reimburse the difference to the investor who purchased units at an inflated issue value within 10 days of the discovery of the error, unless the investor was in bad faith.

In the event of an error in the calculation of the net asset value per unit that results in an understatement of the issue value or an overstatement of the redemption price by more than

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0.5 per cent of the net asset value per unit, the Management company shall reimburse the Fund at its own expense within 10 days of the discovery of the error. The amount due is the difference between the actual issue value and the under-issue value for the Fund's units purchased by investors.

**V. PLACES WHERE FURTHER INFORMATION ON THE FUND CAN BE OBTAINED**

Investors can find the Rules of the Fund, the Prospectus, the Key Information Document, the annual and semi-annual financial statements and the current NAV, issue value and redemption price of the Fund in Bulgarian and English language free of charge at the address of Bluesmart Investments AD -Plovdiv, Blvd. Maritsa № 27C, entr. C, ap. 2, tel. +359 2 423 98 76, from 9:00 a.m. to 6:00 p.m. every working day, as well as in English language at the paying agents' locations (page 12, section 9. of the Prospectus) and on the website of the Management Company - [www.bluesmartfunds.com](http://www.bluesmartfunds.com), section Documents.

Upon request, investors may obtain free of charge a paper copy of the Prospectus, the main information document and the latest annual and semi-annual financial statements of the Fund at the registered office of Bluesmart Investments AD:Plovdiv, Blvd. Maritsa № 27C, entr. C, ap. 2, tel. +359 2 423 98 76, from 9:00 to 18:00 every working day.

Investors can obtain further information about the Fund at the Management Company's registered office from 9:00 to 18:00 every working day.

***Drafted Prospectus:***

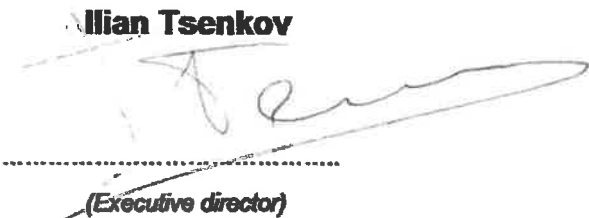
Arton Lena

Ilian Tsenkov

The undersigned, as representatives of the Management Company, by their signatures affixed on 09.10.2024, declare that the Prospectus complies with the requirements of the law.

***For the Management Company Bluesmart Investments AD, acting on behalf of a Mutual Fund 'Bluesmart Premium Equity':***

**Arton Lena**  
  
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(Executive director)

**Ilian Tsenkov**  
  
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(Executive director)