

# UBB ExpertEase Prospectus

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Public open-ended umbrella fund (the “**Umbrella Fund**”) under Bulgarian law divided in feeder sub-funds (the “**Sub-Funds**”) with a variable number of units opting for investments complying with the conditions of Directive 2009/65/EC - UCITS

This prospectus consists of:

- Information concerning the Umbrella Fund
- Information concerning the Sub-Funds

This prospectus (the “**Prospectus**”) contains the information necessary for potential investors to make an informed decision on whether to purchase units in the Sub-Funds of the Umbrella Fund. The Prospectus contains information about the risk profile and the investment strategy of each Sub-Fund. Potential investors are advised to familiarise themselves with the information included in the Prospectus prior to making an investment in units in any particular Sub-Fund.

Members of the Board of Directors of management company KBC Asset Management N.V. shall be jointly liable for the damages caused by untrue, misleading or incomplete data in the Prospectus, respectively – for part of the information therein. Person under art. 34, paragraphs 1 and 2 of the Accountancy Act shall be jointly liable with the members of the Board of Directors of the management company for damages caused by untrue, misleading or incomplete data in the financial statements of common fund UBB ExpertEase and the statutory auditor – for damages caused by the audited financial statements.

09.12.2021

# I. General information concerning the Umbrella Fund

## A. Introduction of the Umbrella Fund

### Name

UBB ExpertEase

### Legal form

Common (contractual) fund registered with the BULSTAT Register under unified identification code 177477645.

### Date of establishment

The Umbrella Fund and its Sub-Funds are established (organised) in accordance with Bulgaria's Activities of Collective Investment Schemes and Other Undertakings for Collective Investment Act ("**ACISOUICIA**") and its delegated legislation by virtue of decision of KBC Asset Management N.V. ("**KBC AM**" or the "**Management Company**") dated 11.08.2020, decision dated 20.11.2020 for adoption of amended and supplemented prospectus and amended and supplemented rules and other documents of the Umbrella Fund, decision dated 11.01.2021 for adoption of amended and supplemented prospectus and amended and supplemented rules and other documents of the Umbrella Fund, as well as Decision № 87-DF of the Financial Supervision Commission ("**FSC**") dated 18.02.2021 approving the establishment and management of the Umbrella Fund and the Sub-Funds.

The Umbrella Fund and the Sub-Funds are deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of their registration with the FSC's register maintained in accordance with article 30 (1), item 4 of the Financial Supervision Commission Act.

### Life

The Umbrella Fund and the Sub-Funds are established for an unlimited period of time.

### Status

The Umbrella Fund is an umbrella undertaking for collective investment in transferable securities ("**UCITS**") established in accordance with ACISOUICIA and consisting of ten investment compartments – the Sub-Funds. The Sub-Funds are feeder Sub-Funds within the meaning of article 67 of ACISOUICIA and invest at least 85% of their assets in units of a certain number of investment compartments ("**Master Sub-Funds**") of Horizon N.V., an open-ended investment company duly incorporated and existing under the laws of Belgium, having its seat and registered office at Havenlaan 2, B-1080, Brussels, Belgium, and managed by KBC AM ("**Horizon**" or the "**Master Umbrella Fund**"). For each Master Sub-Fund there are two feeder Sub-Funds, with units in the one denominated in Euro (EUR), investing in the corresponding Institutional F share BG class of the respective Master Sub-Fund, denominated in Euro, and in the other denominated in Bulgarian lev (BGN), investing in the corresponding Institutional F share BG class of the respective Master Sub-Fund, denominated in Bulgarian lev.

In the relationship between the investors, each Sub-Fund shall be viewed as a separate pool of assets. Investors have rights only with respect to the assets of, and return from, the Sub-Fund in which they have invested. The liabilities of each individual Sub-Fund are covered only by the assets of that Sub-Fund.

### List of Sub-Funds

The Sub-Funds of the Umbrella Fund and the respective Master Sub-Funds they feed into are listed in the table below

	Sub-Fund Name	Master Sub-Fund name	Additional information available on page
1.	UBB ExpertEase Defensive Balanced (EUR) ISIN BG9000004218	Horizon KBC ExpertEase Defensive Balanced Institutional F share BG class in EUR ISIN BE6324083714	42-50
2.	UBB ExpertEase Defensive Balanced (LEVA) ISIN BG9000003210	Horizon KBC ExpertEase Defensive Balanced Institutional F share BG class in BGN ISIN BE6324084720	51-59
3.	UBB ExpertEase Defensive Tolerant (EUR)	Horizon KBC ExpertEase Defensive Tolerant	60-68

	ISIN BG9000005215	Institutional F share BG class in EUR ISIN BE6324087756	
4.	UBB ExpertEase Defensive Tolerant (LEVA) ISIN BG9000006213	Horizon KBC ExpertEase Defensive Tolerant Institutional F share BG class in BGN ISIN BE6324086741	69-77
5.	UBB ExpertEase Dynamic Balanced (EUR) ISIN BG9000008219	Horizon KBC ExpertEase Dynamic Balanced Institutional F share BG class in EUR ISIN BE6324090784	78-86
6.	UBB ExpertEase Dynamic Balanced (LEVA) ISIN BG9000007211	Horizon KBC ExpertEase Dynamic Balanced Institutional F share BG class in BGN ISIN BE6324088762	87-95
7.	UBB ExpertEase Dynamic Tolerant (EUR) ISIN BG9000009217	Horizon KBC ExpertEase Dynamic Tolerant Institutional F share BG class in EUR ISIN BE6324092806	96-104
8.	UBB ExpertEase Dynamic Tolerant (LEVA) ISIN BG9000010215	Horizon KBC ExpertEase Dynamic Tolerant Institutional F share BG class in BGN ISIN BE6324091790	105-113
9.	UBB ExpertEase Highly Dynamic Tolerant (EUR) ISIN BG9000012211	Horizon KBC ExpertEase Highly Dynamic Tolerant Institutional F share BG class in EUR ISIN BE6324094828	114-122
10.	UBB ExpertEase Highly Dynamic Tolerant (LEVA) ISIN BG9000011213	Horizon KBC ExpertEase Highly Dynamic Tolerant Institutional F share BG class in BGN ISIN BE6324093812	123-131

## B. Service providers to the Umbrella Fund

### Management Company

#### *Information regarding the management company of the Umbrella Fund. Information regarding the Management Company's Bulgarian branch through which the Umbrella Fund will be managed*

The Umbrella Fund is managed by KBC Asset Management NV, a limited liability company established under the laws of the Kingdom of Belgium, with seat and registered address in Brussels 1080, Havenlaan 2, registered with the Register of Legal Entities Brussels, identification No. 0469.444.267, through KBC Asset Management – KLON (the "**Branch**"), a branch of a foreign legal entity, established under the laws of Bulgaria, with seat and registered address in Sofia 1463, Triaditsa district, 89B Vitosha Blvd., Millennium Center, 6th floor, registered with the Bulgarian Commercial Register and the Register of Non – Profit Legal Entities at the Registry Agency with UIC (EIK) 205422541

#### *Date of incorporation of the Management Company. Date of incorporation of the Branch*

KBC AM was incorporated on 30 December 1999. The Branch was registered on 4 December 2018.

#### *Life of the Management Company. Life of the Branch*

KBC AM and the Branch are established for an unlimited period of time.

#### *List of the UCITS for which the Management Company has been appointed*

Name	Country of establishment	Identification number (VAT number)
Fivest	Belgium	BE0443669981
Generation Plan	Belgium	BE0725850109
Horizon	Belgium	BE0449441283
IN.flanders Employment Fund	Belgium	BE0472677634
IN.focus	Belgium	BE0469444267
KBC Eco Fund	Belgium	BE0446922055
KBC Equity Fund	Belgium	BE0443681463
KBC Index Fund	Belgium	BE0443670377
KBC Institutional Fund	Belgium	BE0445684118
KBC Master Fund	Belgium	BE0451407811
KBC Multi Interest	Belgium	BE0448688049
KBC Multi Track	Belgium	BE0473012877
KBC Participation	Belgium	BE0877703807
KBC Select Immo	Belgium	BE0454712244
Optimum Fund	Belgium	BE0882423054
Perspective	Belgium	BE0559798678
Plato Institutional Index Fund	Belgium	BE0477637995

Pricos	Belgium	BE0469444267
Pricos Defensive	Belgium	BE0469444267
Pricos SRI	Belgium	BE0469444267
Sivek	Belgium	BE0444662252

**List of the UCITS which are managed by KBC AM through the Branch**

<b>Name</b>	<b>Country of establishment</b>	<b>Identification number</b>
UBB Platinum Bond	Republic of Bulgaria	131562537
UBB Platinum Euro Bond	Republic of Bulgaria	175882207
UBB Balanced Fund	Republic of Bulgaria	131326575
UBB Premium Equity	Republic of Bulgaria	131562547
UBB Patrimonium Land	Republic of Bulgaria	175527149
UBB Global Pharm Invest	Republic of Bulgaria	175882221
UBB Global Child Fund	Republic of Bulgaria	176999341
UBB Global Growth	Republic of Bulgaria	177002602
UBB Global Dividend	Republic of Bulgaria	177002577

**Names and positions of the directors of the management company and of the natural persons to whom the executive management of the management company has been entrusted**

The Management Company is managed by a Board of Directors consisting of eleven members. The Board of directors is composed of six non-executive members, including the Chair of the Board of Directors and five non-executive directors, as well as five members with executive functions – managing directors.

The day-to-day management of the activity of the Management Company and the making of strategic decisions are assigned to an Executive Committee composed of the five managing directors of KBC AM. The Executive Committee shall have a chairman elected from among its members. The activity of the Executive Committee is monitored and controlled by the Board of Directors.

The table below contains the names and functions of the members of the Board of Directors of KBC AM.

KBC AM:

<b>Name</b>	<b>Title</b>	<b>Mandate</b>
Johan Daemen	<i>Non-Executive Director</i>	
Katrien Mattelaer	<i>Non-Executive Director</i>	
Pierre Konings	<i>Non-Executive Director, independent member of the Board of Directors</i>	
Stefan Van Riet	<i>Non-Executive Director</i>	
Wouter Vanden Eynde	<i>Non-Executive Director, independent member of the Board of Directors</i>	
Peter Andronov	<i>Chairman of the Board of Directors</i>	

Johan Lema	<i>Managing Director, Chair of the Executive Committee</i>	<i>Natural person to whom the executive management of the management company has been entrusted</i>
Chris Sterckx	<i>Managing Director, member of the Executive Committee</i>	<i>Natural person to whom the executive management of the management company has been entrusted</i>
Frank Van de Vel	<i>Managing Director, member of the Executive Committee</i>	<i>Natural person to whom the executive management of the management company has been entrusted</i>
Klaus Vandewalle	<i>Managing Director, member of the Executive Committee</i>	<i>Natural person to whom the executive management of the management company has been entrusted</i>
Jürgen Verschaeve	<i>Managing Director, member of the Executive Committee</i>	<i>Natural person to whom the executive management of the management company has been entrusted</i>

As of the date of this Prospectus, the main activities performed by the individuals entrusted with the management of KBC AM in other companies are as follows:

<b>Name</b>	<b>Role in the Management Company</b>	<b>Name of the company in which the person carries out significant activity</b>	<b>Country and identification of the Company</b>	<b>Company address</b>	<b>Position held in the Company</b>
Johan Daemen	Non-Executive Director	CSOB Pojist'ovna a.s.	CZ-45534306	Masarykovo nam. 1458 CZ 53218 Pardubice	Member of the Management Board
		K&H Biztosító Zrt	HU-01-10-041919	Lechner Ödön fasor 9 1095 Budapest	Member of the Management Board
		KBC Group Re SA	LU-1989 2201 172	5 Place de la Gare 1616 Luxembourg	Member of the Management Board
		CSOB Poist'ovna a.s.	SK-31325416	Polus Millnium Tower II, Vajnorska 100/B SK 820 09 Bratislava	Chairman of the Management Board
		DZI - Life Insurance EAD	BG-121518328	89B „Vitosha“ Blvd. Sofia 1463	Member of the Supervisory Board
		DZI - General Insurance EAD	BG-121718407	89B „Vitosha“ Blvd. Sofia 1463	Member of the Supervisory Board
Jürgen Verschaeve	Managing director, member of the Executive committee	KBC Fund Management Ltd	IE-450585	Sandwith Street D02 X489 Dublin 2	Director
Pierre Konings	Non-Executive Director	Capricorn Cleantech Fund Investments	BE-0449330992	Lei 19/16 3000 Leuven	Member of the audit committee
		E-CAPITAL II	BE-888512080	Avenue de Tervueren 273 1150 Woluwe-Saint-Pierre	Chairman of the Board
		Immosem	BE-406916384	Mechelsesteenweg 177 2540 Hove	Managing Director
		PARTICIPATIEFONDS - Brussel (Brupart)	BE-553556828	Rue de Stassart 32 1050 Ixelles	Manager
		Agentschap Buitenlandse Handel	BE-0858355275	Montoyerstraat 3 1000 Brussel	Manager
		Brussels Waarborgfonds	BE-0266998636	Stassartstraat 32 1050 Brussel	Manager

		Stichting tegen kanker	BE-0873268432	Leuvensesteenweg 479 1030 Brussel	Manager
		Vocatio	BE-0876268504	Beenhouwersstraat 53 1000 Brussel	Manager
		BRUSOC	BE-0464908627	de Stassartstraat 32 1050 Elsene	Manager
		Verbond van Ondernemingen te Brussel	BE-0408227567	Louizalaan 500 1050 Brussel	Manager
		VOLWASSENENON DERWIJS TALEN EN INFORMATICA VAN DE KAMER VOOR HANDEL EN NIJVERHEID VAN BRUSSEL	BE-0456087268	Louizalaan 500 1050 Brussel	Manager
Johan Lema	Managing director, Chairman of the Executive committee	KBC Asset Management SA	LU-21746841	4, Rue du Fort Wallis L-2714 Luxembourg	Chairman of the Board
		KBC Asset Management Participations	LU-2010 22 20979	4, Rue du Fort Wallis L-2714 Luxembourg	Chairman of the Board
		KBC Fund Management Ltd	IE- 450585	Sandwith Street D02 X489 Dublin 2	Chairman of the Board
		K&H Alapkezero Zrt (K&H Fund Management)	HU-11556495-4-41	Lechner Ödön fasor 9 1095 Budapest	Chairman of the Board
		CSOB Asset Management, a.s., investiční společnost	CZ- 25677888	Radlická 333/150 150 57 Prague 5	Chairman of the Board
		ASSOCIATION BELGE DES ASSET MANAGERS - BELGISCHE VERENIGING VAN ASSET MANAGERS	BE-567779996	Aarlenstraat 82 1040 Brussel	Chairman
		everyoneINVESTED	BE-0745660279	Havenlaan 2 1080 Brussel	Manager
Katrien Mattelaer	Non-Executive Director	Simba Toys Benelux (voorheen: Simba-Dickie Belgium)	BE-432406994	Moeskroensesteenweg(Aal) 383C 8511 Kortrijk	Manager
		UCO	BE-457983322	Doorniksewijk(Kor) 49 8500 Kortrijk	Manager
		VOBIS FINANCE	BE-428597666	Doorniksewijk(Kor) 49 8500 Kortrijk	Manager
		Bareldam SA	LU-169.943	Avenue de la liberté 25 1931 Luxembourg	Manager
		Stichting ANDRIES - VAN LOUWE	BE-537172538	Lovelddreef(HEU) 15 9070 Destelbergen	Manager
		BELGIAN INTERNATIONAL CARPET CO	BE-426620153	Vlamingstraat 12 8560 Wevelgem	Manager
		Vlerick Investeringsmaatschappij	BE-0466459439	Doorniksewijk 49 8500 Kortrijk	Manager
		M HKA	BE-0431750859	Leuvenstraat 32 2000 Antwerpen	Independent Director
		Pana Ventures	BE-0746856745	Priester Schurrsstraat(Kor) 2 Stratenplan	Manager

				8500 Kortrijk	
Peter Andronov	Chairman of the Board of Directors	"KBC Groep" in het Nederlands, "KBC Groupe" in het Frans, "KBC Group" in het Engels en "KBC Gruppe" in het Duits	BE-403227515	Avenue du Port 2 1080 BRUXELLES - BRUSSEL	Managing Director
		KBC Bank	BE-462920226	Avenue du Port 2 1080 BRUXELLES - BRUSSEL	Managing Director
		KBC Insurance NV	BE-403552563	Professor Roger Van Overstraetenplein 2, 3000 Leuven	Managing Director
		CSOB Poistovna a.s.	SK - 31 325 416	Žižkova 11 Bratislava 811 02	Director
		CSOB Bank	CZ-25677888	Radlicka 333/150, Praha 150 57	Director
		KBC Insurance NV, Irish Branch	IE-296630	Sandwith Street 2 Dublin	Director
		University of National and World Economy	-	-	Member of the board of trustees
		K&H Bank Zrt	HU-10195664-4-44	Vigado ter 1 1051 Budapest	Chairman of board of directors
		K&H Biztosító zrt	HU-0000005	Lechner Ödön fasor 9 1095 Budapest	Chairman of board of directors
		KBC Bank Ireland Plc	IE-8F86824G	Sandwich Street 2 Dublin	Director
		Sofia University "St. Kliment Ohridsky"	-	-	Member of the board of trustees
		United Bulgarian Bank AD	BG-000694959	89B „Vitosha“ Blvd. Sofia 1463	Chairman of the supervisory board
		"Borika" AD	BG-201230426	Bul. Tzar Boris III, № 41, Sofia 1612	Chairman of board of directors
		DZI - Life Insurance EAD	BG - 121518328	89B „Vitosha“ Blvd. Sofia 1463	Chairman of the supervisory board
		DZI - General Insurance EAD	BG - 121718407	89B „Vitosha“ Blvd. Sofia 1463	Chairman of the supervisory board
Chris Sterckx	Managing director, member of the Executive committee	K & H Investment Fund Management	HU-01-10-043736	Lechner Ödön fasor 9 1095 Budapest	Manager
		BeAMA	BE-0567779996	Aarlenstraat 82 1040 Brussel	Member of the Board of Directors
Frank Van de Vel	Managing director, member of the Executive committee	Arcade Finance plc	IE-96549081	Riverside One, Sir John Rogerson's Quay D2 Dublin	Director
		Amethyst Structured Finance plc	IE-9573745G	Riverside One, Sir John Rogerson's Quay D2 Dublin	Director
		Beechwood Structured Finance plc	IE-9573810O	Riverside One, Sir John Rogerson's Quay D2 Dublin	Director
		Brookfields Capital plc	IE-9573753F	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director



		Eperon Finance plc	IE-9573962O	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Espaccio Securities plc	IE-9573762G	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Greenstreet Structured Financial Products plc	IE-9573774N	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Nimrod Capital plc	IE-9573422F	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Opal Financial Products plc	IE-9573778V	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Profile Finance plc	IE-9573439W	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Recolte Securities plc	IE-9573785S	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Silverstate Financial Investments plc	IE-9573430E	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Vespucci Structured Financial Products plc	IE-9573742A	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Vidago Capital plc	IE-9573795V	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Voyce Investments plc	IE-9573420B	4th floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Waterford Capital Investments plc	IE-9573805V	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Waves Financial Investments plc	IE-9573416K	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Vermillion Protective Bond Portfolio Plc	IE-9573958A	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
		Ipanema Capital p.l.c.	IE-3409868EH	4th Floor, Hanover Building, Windmill Lane D2 Dublin	Director
Stefan Van Riet	Non-Executive Director	Van Bauwel & Co	BE-0404500688	Bisschopstraat 70 2060 Antwerpen	Managing Partner
		De Berk	BE-0891253321	Van Gamerenlei 18 2930 Brasschaat	Manager
Wouter Vanden Eynde	Non-Executive Director	Not applicable	Not applicable	Not applicable	Not applicable
Klaus Vandewalle	Managing director, member of the	Not applicable	Not applicable	Not applicable	Not applicable

	Executive committee				
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### **Names and positions of the management and other key personnel of the Branch**

Katina Peycheva	Branch manager	<i>Natural person to whom the management of the Branch has been entrusted</i>
Patrick van Loij	Deputy branch manager	<i>Natural person to whom the management of the Branch has been entrusted</i>

The Branch manager of the Branch – Mrs. Katina Peycheva is also a member of the Management Board of the Bulgarian Association of Management Companies and Chairwoman of the Finance and Accounting Committee at the Association.

The Deputy branch manager, Mr. Patrick van Loij does not have any activities outside his duties as a Deputy branch manager of the Branch.

### **Identity of the statutory auditor of the Management Company**

The statutory auditor of KBC AM is PriceWaterhouseCoopers België, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Gregory Joos, company auditor and recognized auditor.

### **Subscribed capital of the Management Company stating the paid-up element**

The issued share capital of KBC AM amounts to 35.754.192 Euros. The share capital is fully paid up.

### **Remuneration policy**

KBC AM has designed and implements a remuneration policy which is consistent with and promotes sound and effective risk management by having a business model which by its nature does not promote excessive risk taking that is inconsistent with the risk profile or the units in the Sub-Funds nor impair compliance with KBC AM's duty to act in the best interests of each of the Sub-Funds. KBC AM's remuneration policy is consistent with the business strategy, objectives, values and interests of KBC AM, the Branch, the Umbrella Fund, its Sub-Funds and the unitholders and includes measures to avoid conflicts of interest.

KBC AM's remuneration policy applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of KBC AM, the Branch or each of the Sub-Funds. In line with the provisions of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast) (the "**UCITS Directive**"), as transposed in Belgian law, KBC AM applies its remuneration policy and practices in a way and to the extent that is proportionate to its size, its internal organisation and the nature, scope and complexity of its activities. Where KBC AM delegates investment management functions in respect of any Sub-Fund, it will ensure, in accordance with the requirements of ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive (Ref.: ESMA/2016/575), that:

- the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under said guidelines; or
- appropriate contractual arrangements are put in place to ensure that there is no circumvention of the remuneration rules set out in those guidelines.

Details of the remuneration policy of KBC AM including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, will be available in Bulgarian at <https://www.ubbam.bg/uploads/files/page/10222.pdf> and a paper copy will be made available free of charge upon request by an investor.

## **Distributor**

KBC AM and United Bulgarian Bank AD, which is registered under UIC (*ENIK*) 000694959 with the Commercial Register and Register of Non-Profit Legal Entities with the Registry Agency and is fully licensed investment intermediary, which performs investment and ancillary services under applicable legislation (the “**Distributor**”) have concluded on 20<sup>th</sup> of November 2020 an addendum to the Distribution Agreement dated 5<sup>th</sup> December 2018 (the Distribution Agreement so amended by the addendum, the “**Distribution Agreement**”), pursuant to which the Distributor has been appointed as a distributor of the Umbrella Fund and its Sub-Funds.

### **Principal activities of the Distributor:**

According to the Distribution Agreement the Distributor is obliged against remuneration to provide a chain of offices, which to serve as points of sale and to ensure in any other way the distribution of the units in the Umbrella Fund and its Sub-Funds on the territory of Republic of Bulgaria. When performing its duties as a distributor of the Umbrella Fund and its Sub-Funds, the Distributor is authorised to receive purchase orders and redemption orders by the investors and unitholders in the Sub-Funds and to process payments related therewith, to enter into agreements (contracts) with the latter as regards the subscription and redemption of units in the Sub-Funds, to receive complaints, as well as to provide the necessary information regarding the Umbrella Fund and its Sub-Funds, including the Key Investor Information Documents of the relevant Sub-Funds, which the investors and unitholders are entitled to receive according to the legislation in force, the incorporation rules of the Umbrella Fund (the “**Umbrella Fund Rules**”) and this Prospectus. When concluding agreements (contracts) with investors regarding subscription and redemption of units in the Sub-Funds (including when concluding contracts for systematic investment (Systematic Investment Plan - SIP), as specified below in this Prospectus), the Distributor acts in its own name and on behalf of the relevant Sub-Fund.

In addition, the Distributor maintains registers of the unitholders in the Sub - Funds and keeps detail records of the clients' orders as per the applicable legislation.

## **Custodian**

The Management Company has selected as a custodian (depository) of the Umbrella Fund and its Sub-Funds (the “**Custodian**” or “**Depository**”) United Bulgarian Bank AD, which is registered under UIC (*ENIK*) 000694959 with the Commercial Register and Register of Non-Profit Legal Entities with the Registry Agency. The Custodian has a full banking license granted by Bulgarian National Bank on 19.11.1992 with last amendment of the banking license approved with Order ПД 22 – 2250/ 16.11.2009 r. of Bulgarian National Bank.

### **Contact details of the Custodian**

*Telephone:* +359 2 811 3868; +359 2 811 3750

*E-mail:* CustodyServicesUBB@ubb.bg

*Seat and Headquarters address:* 89B Vitosha Blvd, Millennium Center, Triaditsa District, 1463, Sofia, Republic of Bulgaria

*To the attention of:* Custody services Unit, Market and Investment Banking Directorate

### **Custodian's activities**

According to the Depositary Agreement entered between the Custodian and the Management Company, acting on behalf of the Umbrella Fund and its Sub-Funds (the “**Depositary Agreement**”), and the legislation in force, the Custodian shall act as a custodian and depository of the Sub-Funds and will keep their assets, including shall:

- (i) Ensure that the issuance, sale, redemption and cancelation of the units in the Sub-Funds are made in accordance with the legislation in force and the rules of the Umbrella Fund.
- (ii) Ensure that the net asset value of the units in the Sub-Funds is calculated in accordance with the legislation in force and the rules of the Umbrella Fund;
- (iii) Make regular reconciliations between the accounts kept with the Management Company and the Custodian for the assets of the Sub-Funds, and, in the cases specified in article 37a of ACISOUCA, with the accounts kept with the respective sub-custodian;
- (iv) Ensure that the transfers of the funds in favor of the Sub-Funds arising out of transactions with their assets will be made within the customary timeframe and on customary terms;
- (v) Ensure that the income of the Sub-Funds will be distributed in accordance with the legislation in force and the rules of the Umbrella Fund;

(vi) Report to the Management Company at least monthly for the assets under custody and operations made therewith, including by submitting confirmation to the Management Company on the assets under custody until 5th day of the next month;

(vii) Monitor the cash flows of the Sub-Funds, including by checks whether all payments made by investors or on their behalf in relation to the purchase of units in a Sub-Fund, are received and accounted under accounts, which are either opened in the name of the respective Sub-Funds, in the name of the Management Company, acting on its behalf, or in the name of the Custodian, acting on behalf of the Sub-Fund; or are opened with a central bank or another bank (including licensed in the Republic of Bulgaria, in member state of the European Union or in a member state of the European Economic Area or licensed in a third country); and are managed in accordance with the rules, specified in the next item below;

(viii) Manage the funds of the Sub-Funds, and:

- Maintain the bank accounts and information about the accounts separately, as to allow for separation of the assets of each Sub-Funds from the assets of the other Sub-Funds, as well as the assets of the Sub-Funds from the assets of the other clients of the Custodian and from its proprietary assets;
- Accurately keep information of the accounts of the Sub-Funds;
- Undertake the necessary measures to ensure that all funds of the Sub-Funds, which are transferred to a third person for safekeeping are kept in individual accounts or in accounts separated from all cash accounts of the person, in the name of which the assets of the Sub-Funds are kept. Where cash accounts are opened in the name of a custodian, acting on behalf of a Sub-Fund, funds of the respective third person and proprietary funds of the custodian may not be transferred to these cash accounts;
- Introduce proper internal organisation and undertake the necessary measures to minimise the risk of loss as a result of misuse, fraud, poor management or improper accounting policies, including due to negligence.

(ix) Check the fee of the Management Company to be calculated in accordance with the legislation in force and the rules of the Umbrella Fund;

(x) Assist the Sub-Funds in receiving information regarding the participation at the general meeting of shareholders in the Master Sub-Funds and in other issuers, in which the Sub-Funds have made investments and shall provide other assistance in accordance with the Depositary Agreement and the legislation in force.

The assets of the Sub-Funds are placed in custody with the Custodian as follows:

a) For financial instruments that may be held in custody:

The Custodian will hold in custody all financial instruments that may be registered in a financial instrument account, under financial instrument account with the Custodian, as well as all other financial instruments that can be physically delivered to the Custodian. The Custodian will ensure that all financial instruments that can be registered in a financial instrument account, will be registered under separate financial instruments accounts, opened and maintained by the Custodian in accordance with the rules set forth in item (viii) above in the name of the Management Company, acting on behalf of the respective Sub-Fund, so that it can be clearly ascertained at all times that they belong to the respective Sub-Fund.

b) For other assets:

The Custodian will verify that the respective Sub-Fund is the owner of the assets by checking, based on information or documents provided by the Management Company and, where appropriate, of available external proofs, whether the respective Sub-Fund has ownership. The Custodian will maintain at all times an up-to-date register of the assets for which it has checked whether they are owned by the Umbrella Fund and its Sub-Funds.

The Custodian is not liable for its obligations to its creditors with the assets of the Umbrella Fund.

The Custodian shall act independently and solely to the benefit of all unitholders. In case of loss of any financial instruments kept under custody, the Depositary shall transfer back to the Umbrella Fund the same financial instruments or its monetary equivalent without undue delay. Nonetheless, the Custodian will not be held liable for the loss, if it is able to prove that the loss is due to an occurrence or event beyond its control, which could not have been prevented.

The Custodian shall be liable before the Management Company and the unitholders for any other damages suffered because of negligence or willful misconduct its employees or officers in the performance of the obligations of the Custodian under the applicable legislation.

The delegation of functions according to article 37a of ACISOU CIA to a third person does not exculpate the Custodian from the responsibility specified in this Prospectus and the rules of the Umbrella Fund. The responsibility of the Custodian cannot be excluded or limited by an agreement and any agreement entered into in breach of this rule is null and void.

The unitholders can hold the Custodian responsible either directly or indirectly through the Management Company, unless this will lead to the payment of double indemnification, or to unfair treatment of the unitholders.

### **Requirements for the Custodian**

The Custodian must comply with all relevant requirements of ACISOU CIA, the secondary legislation on its implementation and the applicable European Union legislation. The Depositary shall not be one and the same person with the Management Company. The Custodian cannot carry out activities for the Umbrella Fund or for the Management Company, acting on its behalf, which may lead to a conflict of interests between the Umbrella Fund, the unitholders, the Management Company and the Custodian, unless there is a functional and hierarchical separation between the functions performed by the Custodian for the Umbrella Fund and the other functions of the Custodian and/or unless the conflict of interests are adequately identified, managed, monitored and disclosed to the investors in the Sub-Funds. See additional details on the conflict of interest rules applied by the Custodian in subsection *Conflict of interest* below.

### **Custody tasks delegated by the custodian**

The Custodian, having in mind that all or almost all of the assets of the Sub-Funds, except the funds held under bank accounts, will comprise units in the corresponding Master Sub-Funds, is going to delegate the safekeeping services to KBC Bank NV, a licensed credit institution duly incorporated and existing under the laws of Belgium, having its seat and registered office at Havenlaan 2, B-1080, Brussels, Belgium, as a sub-custodian. The units in the corresponding Master Sub-Funds, which will be owned by the Sub-Funds, will be held in 10 separate sub-accounts (per the respective Sub-Funds) in KBC Bank NV.

UNITED BULGARIAN BANK AD has selected KBC Bank NV as a sub-custodian, since the units in the corresponding Master Sub-Funds, which will be owned by the Sub-Funds, are not registered in Clearstream Banking Luxembourg and KBC Bank NV can provide proper safekeeping of these assets and meet all requirements of the European Union and Bulgarian legislation.

### **List of sub-custodians and sub-sub-custodians**

KBC Bank NV

### **Conflicts of interest**

Group link as per the meaning of Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries (“**Regulation (EU) 2016/438**”) exists between KBC AM, the Custodian and the custodian of the Master Umbrella Fund as all of these companies are part KBC Group, Belgium. Notwithstanding that link conflict of interest has not appeared since:

1. KBC AM, the Custodian and the custodian of the Master Umbrella Fund have put in place policies and procedures ensuring that: a) they identify all conflicts of interest arising from that link if such conflicts appear; b) take all reasonable steps to avoid those conflicts of interest.
2. KBC AM and the Custodian ensure that: a) where the management body of the Management Company and the management body of the Custodian are also in charge of the supervisory functions within the respective companies, at least one third of the members or two persons, whichever is lower, on the management body of the Management Company and on the management body of the Custodian shall be independent as per the meaning of art. 24 (2) of Regulation (EU) 2016/438; b) where the management body of the Management Company and the management body of the Custodian are not in charge of the supervisory functions within the respective companies, at least one third of the members or two persons, whichever is lower, on the body in charge of the supervisory functions within the Management Company and within the Custodian shall be independent as per the meaning of art. 24 (2) of Regulation (EU) 2016/438.

In case however such conflict of interest referred potentially appear and cannot be avoided, which is not very likely to happen having in mind the above stated, the Management Company and the custodians shall manage, monitor and disclose such conflict of interest (if it appears) in order to prevent adverse effects on the interests of the Sub-Funds and of the investors in the Sub-Funds.

### **Substitution of the Custodian. Rules for protection of the interests of unitholders**

According to ACISOU CIA and the Depositary Agreement the substitution of the Custodian is allowed only after approval by the Deputy Chairperson of the FSC in charge of the Investment Supervision Division. The Depositary Agreement can be terminated and the Custodian substituted:

- a) Upon mutual written consent of the parties to the Depositary Agreement;
- b) Unilaterally by either of the parties with a three-month written notice;

- c) Upon termination of the Umbrella Fund;
- d) Upon withdrawal of the authorization of the Management Company to run the Umbrella Fund;
- e) Upon withdrawal of the license or insolvency of the Custodian;
- f) Upon imposition of a coercive measure on the Custodian;
- g) Upon amendment of the license of the Custodian resulting in a restriction for the Custodian to perform certain activities, which are inherent in the rendering of custody services.

In accordance with the above list, the Depositary Agreement can be terminated by the Management Company, acting on behalf of the Umbrella Fund, with a three-month written notice, and appoint a new custodian of the Umbrella Fund, after the approval of the substitution of the Custodian, granted by the Deputy Chairperson of the FSC in charge of the Investment Supervision Division.

The Management Company is required to file with the FSC all necessary documents for obtaining of approval of the substitution of the Custodian as soon as possible after it discovers that the Custodian no longer meets the requirements of ACISOUCIA for a depositary of the Umbrella Fund.

The Depositary Agreement sets out a special procedure, including on the terms and conditions for transfer of the assets of the Umbrella Fund and Sub-Funds to another custodian, in case of substitution of the Custodian and subject to the approval of the Deputy Chairperson of the FSC in charge of the Investment Supervision Division. The transfer of the assets to the new custodian must occur within 5 to 10 days as of the obtaining of the approval for the substitution of the Custodian. The substitution of the Custodian will be made in a way, which guarantees that the custody services will be provided to the Umbrella Fund without interruption.

### ***Declaration for the provision of updated information upon request***

The Management Company, on behalf of the Umbrella Fund, declares that it will provide updated information on the Custodian, its functions, the potential conflicts of interest and the delegated functions by the Custodian to third persons, including the updated list of sub-custodians and sub-sub custodians, upon request by investors or potential investors in units of the Sub-Funds.

### ***Information Sharing Agreement between the Custodian and the custodian of the Master Umbrella Fund***

In accordance with the applicable legislation the Custodian and the custodian of the Master Umbrella Fund have entered into an Information Sharing and Irregularities Reporting Agreement (the “**Custodian Information Sharing Agreement**”). Pursuant to the Custodian Information Sharing Agreement, the custodian of the Master Umbrella Fund and the Custodian undertook to: exchange information and documents which must be shared between the two custodians in accordance with the legislation in force; coordinate their involvement in relation to the procedure for calculating the net asset value of the Sub-Funds and Master Sub-Funds, including any measures appropriate to protect against the activities of market timing, and the processing of instructions on behalf of the Sub-Funds to purchase, subscribe or request the repurchase or redemption of shares in the corresponding Master Sub-Funds, and the settlement of such transactions, including any arrangement to transfer assets in kind; and to coordinate their procedures and share all relevant information deemed necessary for the proper execution of accounting year-end.

In addition, by virtue of the Custodian Information Sharing Agreement the custodian of the Master Umbrella Fund will be obliged to immediately inform the competent regulator of the Master Umbrella Fund, the Umbrella Fund and the Custodian of any irregularities it detects in relation to the Master Umbrella Fund in the course of carrying out its functions and which may have a negative impact on the Sub-Funds, including:

- errors in the net asset value calculation of the Master Sub-Funds;
- errors in transactions for or settlement of the sale, issue, repurchase or redemption of shares in the Master Sub-Funds undertaken on behalf of the Sub-Funds;
- errors in the payment or capitalisation of income arising from the Master Sub-Funds, or in the calculation of any related withholding tax;
- breaches of the investment objectives, policy or strategy of the Master Sub-Funds of a nature which would require the custodian of the Master Umbrella Fund to notify the breach to its competent regulator or investors in the Master Sub-Funds;
- breaches of investment and borrowing limits of the Master Sub-Funds; and
- any regulatory investigation or fines against the Master Umbrella Fund which could impact the Master Sub-Funds and consequently the Sub-Funds.

When providing such notices, the custodian of the Master Umbrella Fund shall also inform the Custodian how the Master Umbrella Fund or its management company has resolved or proposes to resolve the issue.

## Statutory auditor of the Umbrella Fund

The statutory auditor of the Umbrella Fund (the “**Auditor**”) is **PRICEWATERHOUSECOOPERS AUDIT OOD**, a limited liability company, with seat and registered address at 9-11 Maria Luiza Blvd, Sofia, Bulgaria, registered under UIC (*ЕНК*) 121499387 with the Commercial Register and Register of Non-Profit Legal Entities with the Registry Agency. The Auditor is registered with the Institute of Certified Public Accountants under registration No 085.

### *Principal activities of the statutory auditor*

The Auditor checks whether the financial statements of the Umbrella Fund are a true and fair presentation of the financial situation of the Umbrella Fund and its Sub-Funds and whether the annual report is in line with the financial statements.

The Auditor is obliged to inform the FSC without undue delay for any circumstances and decisions in relation to the Umbrella Fund, which it finds out during the audit of the financial statements of the Umbrella Fund, which may lead to:

- Significant breach of the applicable legislation for the Umbrella Fund;
- Risk for the continuous operation of the Umbrella Fund;
- A refusal to certify the financial statements or the expression of reservations.

The Auditor has entered into an Information Sharing Agreement with the auditor of the Master Umbrella Fund, pursuant to which *inter alia* rules for exchange of information between the two auditors have been set in relation to the terms and conditions for provision of the audit report of the auditor of the Master Umbrella Fund and information about irregularities found in the auditor report of the auditor of the Master Umbrella Fund to the Auditor.

Based on the provided information, the Auditor considers in its audit report in relation to the financial statements of the Umbrella Fund the audit report of the auditor of the Master Umbrella Fund, as well as includes in its report information about irregularities found in the auditor report of the auditor of the Master Umbrella Fund and their impact on the activity of the Umbrella Fund.



## C. Corporate information

### Assets of the Umbrella Fund and the Sub-Funds

The net asset value of each of the Sub-Funds of the Umbrella Fund shall be at least BGN 500,000 (or the equivalent in Euro, as applicable for the EUR Sub-Funds, as defined below).

This minimum amount shall be reached within two years of KBC AM obtaining an approval for establishment and management of the Umbrella Fund and shall be maintained at all times thereafter. If the net asset value of a Sub-Fund fails to reach BGN 500,000 (or the equivalent in Euro, as applicable for the EUR Sub-Funds, as defined below) within this period or for 6 consecutive months the average monthly net asset value of such Sub-Fund falls thereafter below BGN 500,000 (or the equivalent in Euro, as applicable for the EUR Sub-Funds, as defined below), KBC AM shall, within 10 business days, disclose the reasons for this, the measures it will take to attract new investments, and the deadline within which these measures will be implemented and within which the affected Sub-Fund is expected to recover the minimum amount of its net asset value. The abovementioned period of 10 business days shall start running from the expiry of the initial two-year period, respectively from the expiry of 6 consecutive months referred to in the preceding sentence.

The disclosure shall be made on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (*[Asset Management]*) and on the website of the Branch under [www.ubbam.bg](http://www.ubbam.bg) (*[ExpertEase]*) as well as by way of other appropriate means in view of the established means of communicating information to investors. The Branch shall submit to the FSC a copy of the information by the end of the business day following the day of its disclosure, and information regarding the results of the measures undertaken by the 10th day of each month until the minimum amount of BGN 500,000 is reached.

The Umbrella Fund's assets increase or decrease according to the change in the net asset value of each of the Sub-Funds, including as a result of the issuance and redemption of units in each of the Sub-Funds and of the fluctuations in the net asset value of the Sub-Funds' investments in their corresponding Master Sub-Funds.

KBC AM separates its assets from the assets of the Umbrella Fund and compiles a separate balance sheet for the Umbrella Fund and its Sub-Funds. The custodian bank of the Umbrella Fund maintains records and accounts for the cash and other assets of each of the Sub-Funds which are separate from its own assets.

### Balance sheet date

The financial year of the Umbrella Fund coincides with the calendar year and ends on 31 December.

The Branch submits to the FSC and the public:

- an annual audited financial report of the Umbrella Fund and its Sub-Funds within 90 days of the end of the financial year, prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS).
- a semi-annual financial report for the first 6 months of the financial year, within 30 days of the end of the reporting period.

The Branch submits to the FSC by the 10th day of the month following the reporting period monthly balance and information on the volume and structure of the investments in the portfolio of each Sub-Fund by issuers and types of securities and other financial instruments. This information is not made public and serves only supervisory purposes of the FSC.

By the 10th day of each month, the Branch publishes on its website under [www.ubbam.bg](http://www.ubbam.bg) (*[ExpertEase]*) and the Distributor publishes on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (*[Asset Management]*) summarised information on:

- the structure of portfolio of each Sub-Fund as of the last date of the previous month, which contains at least data on the percentage of each Sub-Fund's assets invested in financial instruments and/or cash;
- the types of derivative instruments used, the main risks connected with the underlying assets of the derivative instruments, the quantitative restrictions and applied methods for risk assessment connected with the derivative instruments.

### Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds

#### Characteristics of the units in the Umbrella Fund and Sub-Funds

The Umbrella Fund is divided in ten Sub-Funds. Pursuant to § 1, item 4 of the Additional Provisions to the ACISOUCIA the units issued by each Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the respective Sub-Fund's assets.



The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria. In the relationship among investors, each Sub-Fund shall be viewed as a separate pool of assets. Investors have rights only with respect to the assets of, and return from, the Sub-Fund in which they have invested. The liabilities of each Sub-Fund are covered only by the assets of that Sub-Fund.

The units in Sub-Funds UBB ExpertEase Defensive Balanced (LEVA); UBB ExpertEase Defensive Tolerant (LEVA); UBB ExpertEase Dynamic Balanced (LEVA); UBB ExpertEase Dynamic Tolerant (LEVA); and UBB ExpertEase Highly Dynamic Tolerant (LEVA) are denominated in Bulgarian leva (BGN) (the “**LEVA Sub-Funds**”) and have a nominal value of BGN 10 each.

The units in Sub-Funds UBB ExpertEase Defensive Balanced (EUR); UBB ExpertEase Defensive Tolerant (EUR); UBB ExpertEase Dynamic Balanced (EUR); UBB ExpertEase Dynamic Tolerant (EUR); and UBB ExpertEase Highly Dynamic Tolerant (EUR) are denominated in Euro (EUR) (the “**EUR Sub-Funds**”) and have a nominal value of EUR 10 each.

The number of units issued by each Sub-Fund is not limited and can fluctuate depending on the issuance of new units and the redemption of existing units. Each Sub-Fund can issue whole and partial units.

### **Subscription of units. Contributions**

Other than within the Initial Subscription Period, as specified below, the units are issued on the basis of the net asset value (“**NAV**”) of the respective Sub-Fund and are subscribed against a cash contribution of each investor in a certain amount (the investment amount). The number of units that each investor acquires is determined by the investment amount of each investor divided by the issue price per one unit in a Sub-Fund, calculated for the respective day. If the investment amount does not allow the subscription of a round number of units, the investor can also acquire a fraction of a unit in which case the fraction of a unit would be cut to the fourth decimal place.

Investors can subscribe units in Sub-Funds only against contributions in cash. The minimum subscription amount for units in LEVA Sub-Funds is BGN 10 and for EUR Sub-Funds – EUR 10. When a subscription order is placed, the value of the order is divided by the issue price per unit in the respective Sub-Fund. The Sub-Funds may issue only units or fractions of units the issue price of which has been paid in full.

### **Transfer of units**

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

The secondary transfer of units issued by a Sub-Fund and held by individuals and legal entities shall follow the terms and conditions of the applicable legislation. Sale and purchase transactions shall be entered into and/or settled through licensed investment firms. The transfer of units issued by a Sub-Fund by way of donation and inheritance shall be carried out through a licensed investment firm operating as a registration agent. Such transfers shall have effect following their registration to the transferee’s account/sub-account maintained in Central Depository AD.

### **Unit form and unit certificates**

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor’s request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

Investors can find more information on the units issued by each Sub-Fund in Part II *Information concerning the Sub-Funds* of this Prospectus.

### **Rights provided by the units in the Sub-Funds**

The units in each individual Sub-Fund of the Umbrella Fund give their owners equal rights to the rights of the other unitholders in that Sub-Fund, proportional to the number of units held. Each such unit provides its holder with the right to a respective portion of the assets of an individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

All units in the Sub-Funds of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

### **Right to liquidation proceeds**

Each holder of units in a Sub-Fund of the Umbrella Fund is entitled to a part of the assets of the respective Sub-Fund, which corresponds to the units held thereby, upon liquidation of that Sub-Fund and/or the Umbrella Fund. This right may be exercised insofar as after the satisfaction of all creditors of the respective Sub-Fund, there are assets left for distribution. Where the assets of a Sub-Fund, which remain after repayment of all obligations to the creditors of that Sub-Fund, are insufficient to repay the subscription price paid by any given unitholder, the latter will sustain a loss on her or his investment.

### **Redemption right**

Each unitholder in a Sub-Fund has the right to request that her or his units are redeemed by KBC AM to the benefit of the respective Sub-Fund unless the redemption is suspended in accordance with this Prospectus and the Umbrella Fund Rules. The redemption request may relate to part or all of the units held by the investor.

The redemption right cannot be exercised by an investor in part, but only in full, if a partial redemption would result in the investor holding less than one full unit in a Sub-Fund.

### **Information right**

Each unitholder in a Sub-Fund of the Umbrella Fund has the right to receive the public information contained in this Prospectus, the Umbrella Fund Rules, the Key Investor Information Documents of each Sub-Fund, the latest annual and semi-annual financial statements of the Umbrella Fund, as well as information on KBC AM and the Branch and the prospectus and the latest annual and semi-annual financial statements of the Master Umbrella Fund (in the latter case, only in the English language).

A Key Investor Information Document shall be provided to each potential investor in a Sub-Fund of the Umbrella Fund free of charge and within a reasonable timeframe before such investor subscribes units in such Sub-Fund.

The Prospectus and the latest published annual and semi-annual financial statements of the Umbrella Fund and the prospectus and the latest annual and semi-annual financial statements of the Master Umbrella Fund (in the latter case, only in the English language) shall be provided free of charge to any investor who wishes to familiarize himself with their contents, with a view of making an investment decision.

### **Right to lodge a complaint**

Investors have the right to file complaints free of charge against actions and omissions of KBC AM, the Branch and their third party service providers, including with regard to the unit administration activities (including legal and accounting services related to asset management), investor information requests, net asset valuation and unit price calculation, compliance with legal requirements, keeping a book of unit holders, distribution of payments, issuance, sale and redemption of units, performance of contracts, record keeping, etc. Upon request, investors shall be provided with free information on the terms and conditions for lodging and addressing complaints.

Investors can find further information on the procedure for filing complaints in subsection *Information on the filing of complaints* of section *Additional Information* of this Prospectus and on the website of the Branch under [www.ubbam.bg](http://www.ubbam.bg) ([Contacts]).

### **Registration of the units in the Umbrella Fund and Sub-Funds**

Upon subscription, the units of a unitholder in a Sub-Fund of the Umbrella Fund are registered to a client sub-account opened with the account (register) of the Distributor in Central Depository AD. Investors may transfer their units in Sub-Funds of the Umbrella Fund from one custodian to another in accordance with the applicable law. Investors can find further information on the procedure for redemption of units in a Sub-Fund and the transfer of investment between different Sub-Funds of the Umbrella Fund in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of this Prospectus.

### **Liquidation of the Umbrella Fund or a Sub-Fund. Liquidation procedure**

The Umbrella Fund, respectively one or more of its Sub-Funds shall be liquidated:

- by resolution of the competent corporate body of KBC AM;
- upon revocation of the authorisation of KBC AM for organization and management of the Umbrella Fund or one or more of its Sub-Funds;
- when within three months after the revocation of the license, winding-up or declaration of insolvency of KBC AM no new management company has been chosen to manage the Umbrella Fund or one or more of its Sub-Funds and/or such funds have not been merged with or into another UCITS or an investment compartment thereof;
- in the case of liquidation of the Master Umbrella Fund or one or more of its Master Sub-Funds, unless the FSC approves investment of at least 85% of the assets of the Umbrella Fund/Sub Fund in the units of another master UCITS or the amendment of the Umbrella Fund Rules in order to enable the Umbrella Fund/Sub Fund to convert into a UCITS/sub-fund of UCITS which is not a feeder fund/sub-fund;
- In the case of transformation of the Master Umbrella Fund or one or more of its Master Sub-Funds, unless the FSC issues one of the following approvals to the Umbrella Fund/Sub-Funds:
  - to continue to be a feeder UCITS/feeder sub-fund of the Master Umbrella Fund/Master Sub-Fund or another UCITS resulting from the transformation of the Master Umbrella Fund/Master Sub-Fund;

- to invest at least 85% of its/their assets in units of another master UCITS not resulting from the transformation;
  - to amend the Umbrella Fund Rules in order to convert into UCITS/sub-fund of UCITS, which is not a feeder fund/sub-fund;
- in the cases and in accordance with art. 363, lit. "a" and "b" of the Law on Obligations and Contracts

Within 14 days of occurrence of ground for liquidation of the Umbrella Fund or one or more of its Sub-Funds, KBC AM shall file with the FSC an application for approval of the respective fund's liquidation. The liquidation of the Umbrella Fund and/or its Sub Funds shall be governed by Ordinance No 44 dated 20.10.2011 on the requirements towards the activities of collective investment schemes, management companies, national investment funds and the persons managing alternative investment funds ("**Ordinance No 44**") and the other applicable legislation.

Upon termination of the Umbrella Fund and/or its Sub-Fund the following provisions of the Commercial Act ("**CA**") shall apply *mutatis mutandis* with regard to the obligations of the liquidator and the protection of the fund's creditors – article 267, article 268 (1) and (3), article 270, article 271 and article 273 of the CA, where the functions of a governing body pursuant to article 270 (2) and article 272 (4) of the CA shall be fulfilled by KBC AM. Until the redemption of units is temporarily suspended, the unitholders can offer their units for redemption by the Umbrella Fund (further information on the applicable redemption process can be found in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of this Prospectus; further information on the suspension of redemption can be found in section *Suspension of the redemption of units in the Umbrella Fund and Sub-Funds* of this Prospectus). Furthermore, unitholders have the right to a share in the liquidation proceeds from the liquidation of the Umbrella Fund and/or its Sub-Fund (further information on the rights attached to the units of Sub-Funds of the Umbrella Funds can be found in section *Rights provided by the units in the Sub-Funds* of this Prospectus).

### **Transformation (merger) of the Umbrella Fund or a Sub-Fund. Transformation procedure**

Upon a decision of KBC AM, the Umbrella Fund or one or more of its Sub-Funds may be transformed by way of merger with or into another UCITS or an investment compartment thereof, including another Sub-Fund, subject to approval of the merger by the Financial Supervision Commission. Such merger can take place both with UCITS based in Bulgaria, as well as on a cross-border basis with UCITS from another European Economic Area state in accordance with the requirement of ACISOUCA and Ordinance No 44.

A merger can be affected only after its approval by the FSC and the publication of a merger notification to the unitholders, containing detailed information on the merger background, process and effects for the unitholders and their investment in the Umbrella Fund and its Sub-Funds.

After being notified of a planned merger of the Umbrella Fund or its Sub-Fund thereof with or into another UCITS, unitholders shall have no less than 30 days to request the redemption of their units or, where possible, exchange of their units with units of another Sub-Fund or collective investment scheme with similar investment objectives, managed by KBC AM or by another management company to whom KBC AM is closely related, without owing any fees other than the fees required to cover the costs for early termination of investments, in order to release funds to meet the unitholder's requests for redemption or exchange of units.

Once the merger takes effect, the merging Umbrella Fund or Sub-Fund shall be dissolved without liquidation and shall transfer all its assets and liabilities to a receiving – existing or newly established – fund or sub-fund in exchange of units of the receiving entity issued to the remaining unitholders of the Umbrella Fund or Sub-Fund. The exchange of units shall be executed based on a precalculated exchange ratio and – where applicable – may include the payment of a cash amount not exceeding 10% of the value of the units provided to the unitholders of the Umbrella Fund or Sub-Fund.

In accordance with the applicable law and following a respective decision by KBC AM, the Umbrella Fund or its Sub-Funds may also take part in a – domestic or cross-border – merger as the receiving entity, subject to approval by the FSC and/or the competent authorities supervising other UCITSs taking part in the merger.

### **Listing on a regulated market or another organized marketplace**

The units in the Sub-Funds of the Umbrella Fund are not admitted to trading and are not traded on a regulated market or another organized marketplace within the European Economic Area or in a third country. As at the date of this Prospectus there are no plans for submitting an application for their admission to trading on such venues.

### **Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds**

The management of the Umbrella Fund and the Sub-Funds, including the control over the general organization of issuing (selling) and redeeming units in the Sub-Funds is carried out by KBC AM through the Branch. KBC AM acting through the Branch, organizes the activity on issuance (sale) and redemption of the units at the expense of the respective Sub-Fund by entrusting the sale and redemption of units of the Sub - Funds to the Distributor and its network of offices where orders for subscription and redemption of units are accepted and contact is made with investors and unit-holders. In this

regard, the Distribution Agreement with the Distributor is in place (see additional information on the duties of the Distributor as a distributor of the units in the Sub-Funds in section "*Distributor*" above).

The purchase and redemption orders of units in the Sub-Funds are accepted by employees of the Distributor every business day (namely day T) within the working hours with clients of the Distributor.

Orders placed by 17:00 on day T are executed at an issue/redemption price valid for that day, which is calculated on the next business day (being day T+1).

The purchase and redemption orders of units in the Sub-Funds submitted after 17:00 on day T are executed at the issue/redemption price valid for the next business day (namely day T + 1), which is determined on the following business day thereafter (namely day T + 2).

### **Rules for issuance (sale) of units**

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained in the following manners:

- in person, at the place of submitting the order - without paying additional costs;
- by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper.
- On mobile device, by using the Distributor's app on Android and iOS (ОББ Мобайл) for orders executed using the Distributor's app for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer, for which purpose the following actions are performed:

### **Submission of an order in a branch of the Distributor**

When submitting a purchase order for units in a Sub-Fund (namely day T) in a Distributor's branch (office) within the working hours with clients of the Distributor, if the investor does not have a current account in the bank, such should be opened for him. Otherwise, purchase orders through a Distributor's branch cannot be submitted.

Potential investors in units of the Sub-Funds should keep in mind that subscription orders and redemption orders in relation to units in the Sub-Funds may only be filed with the Distributor, and KBC AM, operating through the Branch, does not offer another channel for subscription and redemption of units in the Sub-Funds. Therefore, potential investors in units in the Sub-Funds should have in all cases an open current account with the Distributor to be able to place orders for subscription of units in the Sub-Funds.

On this account the investor can deposit and withdraw money at any time, from any office of the Distributor, including making payments with it. The investor is obliged to ensure cash on his account, sufficient to fulfil the order. The collected amounts (by issue value) are accumulated in a special account opened with the Distributor, from which they are transferred on the same or the next business day at the latest to the respective account of the Sub-Fund in the Depository, as the investors owe respective fees according to Distributor's Tariff (if any).

The request for this can be made personally by the investor or by a person authorized by him (respectively his legal representative).

At the time of submission of the order (day "T"), the funds required to pay for the issue value of the subscribed units and the bank fees of the Distributor (if any), the specified account is blocked in favor of the Sub-Fund until the execution of the order (respectively concluding a transaction). The order is executed, up to the blocked amount on the account, taking into account the bank fees due to the Distributor (if any), except when the submitted order is below the minimum amount of investment.

The investor can submit an order for cancellation until 17:00 on the same business day (ie day "T"), after which the purchase order becomes irrevocable according to the current legislation. For orders placed after 17:00 on day "T", cancellation orders are accepted until 17:00 on the next working day (day "T + 1"). Then, the order for subscription of units shall be considered irrevocable.

After determining the issue value for a unit of a Sub-Fund, the account of the investor who placed an order for subscription (if the order is submitted in the office of the Distributor), is bound by the amount requested in the order amount, which is divided by the price determined for one unit of this Sub-Fund. If against the imported amount can not be issued an integer number of units, the investor acquires a partial share, such as the number purchased shares is determined to the fourth decimal place. If the investor has stated in the contract that he wishes to acquire an integer number of units, there may be a balance of the amount paid, which is refunded within 3 days from the date of execution of the order to the account of the investor.

When placing an order for subscription of units, the investor may limit the number of units he wishes to acquire. In case the requested / transferred amount allows for the acquisition of a larger number of units from the one specified in the restriction, the order is executed up to the amount of the restriction and the order for refunds.

The investor can deposit and withdraw money from the opened account at any time, from any branch of the bank, including using it for any payments. The investor is obliged to ensure that he has sufficient funds in his account for the execution of the order. The collected funds (at issue price) are accumulated in a special account, opened at the Distributor, from which on the same or at the latest on the next business day they are transferred to the respective Sub-Fund's account at the Custodian.

In case of absence, confusion or contradiction between the requisites of the order and / or necessary applications to it or non-compliance with the necessary conditions for the purchase of units in the Sub-Fund, the subscription order is considered for invalid and not running.

The minimum amount of the investment for acquisition of units in the Sub-Fund in BGN is 10 (ten leva), divided of the issue value of one unit. The investor receives confirmation of the transaction as soon as possible, but not later than the end of the first working day following the execution of the contract.

Except when concluding a Systematic Investment Agreement (Systematic Investment Plan - SIP) (please see the following subsection for more details), investors can only place orders in offices of the Distributor.

### **Systematic investment plans**

The Distributor concludes with the investors (natural persons) also an Agreement for Systematic Investment (Systematic Investment Plan - SIP) (a **"SIP Agreement"**), pursuant to which orders for subscription of units issued by a Sub-Fund are periodically executed on dates selected by the respective investor. When concluding a SIP Agreement, the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. For example, the investor chooses to make a cash contribution to a Sub-Fund on a monthly basis on the 25th. The investor may also choose different accounts, from which the cash contribution is collected.

Upon concluding a SIP Agreement, the investor shall be obliged to have at least one current account opened with the Distributor and the funds required for the chosen investment, on the date(s) specified in the SIP Agreement and the required funds to be on his account/s until the execution of the order. The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order(s) under a SIP Agreement is automatically generated on the investment day (s) specified by the investor, whereby the order (s) is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order(s) is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account/s on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account/s, the respective SIP Agreement is automatically terminated.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл). For this purpose, the investor must have previously concluded an Agreement for electronic banking services with the Distributor. By executing the respective SIP Agreement through the app of the Distributor, the investor grants its consent the current account/s indicated by him to be debited up to the amount required for the execution of the orders under the executed SIP Agreement.

The minimum amount of the investment when purchasing units of a LEVA Sub-Fund, for the orders executed based on a SIP Agreement is in the amount of BGN 10 (ten leva). The minimum amount of the investment when purchasing units of a EUR Sub-Fund, for the orders executed based on a SIP Agreement is in the amount of EUR 10 (ten euros).

### **Necessary documents submitted by the investor when submitting an order for units of a Sub-Fund. Identification. Representation.**

The identification of the investor is performed under the conditions for registration and identification of investors in accordance with the internal regulations governing the identification and verification of the identity of the investor and the General Terms and Conditions for Payment Services of the Distributor – UBB (the **"General Terms and Conditions"**). The General Terms and Conditions can be found on the website of UBB - [www.ubb.bg](http://www.ubb.bg), in the section "Tariffs and General Terms and Conditions".

### **Initial Subscription**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Funds, KBC AM through the Distributor will commence an initial subscription procedure (the **"Initial Subscription"**) for subscription of units in the Sub-Funds. Within the Initial Subscription the units in the Sub-Funds will be offered for subscription at their nominal value (the **"Initial Subscription Price"**), i.e. BGN 10 for the LEVA Sub-Funds and EUR 10 for the EUR Sub-Funds. During the Initial Subscription, considering that the Umbrella Funds and the Sub-Funds are still not operational, no NAV, issue price and redemption price of the units in the Sub-Funds will be determined and published.

The Initial Subscription will commence at 9.30 Bulgarian time on the day (the **"Initial Subscription Start Date"**) specified in the Initial Subscription Notice, as defined below, which will not be earlier than the first business day after expiration of seven days after the publication of the Initial Subscription Notice, and will finish at 17.30 Bulgarian time on the first business day after expiration of two months (in which the Initial Subscription Start Date is included) following the Initial Subscription Start Date (the **"Initial Subscription End Date"**). All investors may express non-binding interest for subscription of units in the selected Sub-Fund/s from the Initial Subscription Start Date until the Initial Subscription End Date (the **"Initial Subscription Period"**).

The Initial Subscription will be publicly announced by an initial subscription public notice (the **"Initial Subscription Notice"**), which will be published on the website of the Branch ([www.ubbam.bg](http://www.ubbam.bg)) and on the website of the Distributor



([www.ubb.bg](http://www.ubb.bg) (Asset Management)) at least seven days prior to the Initial Subscription Start Date. The Initial Subscription Notice will contain the necessary information for the Initial Subscription, including as regard the Initial Subscription Period and the formalities which need to be complied with by the prospective investors to subscribe units in the selected Sub-Fund/s and to pay their Initial Subscription Price. Along with the Initial Subscription Notice this Prospectus will be also published on the abovementioned websites of the Branch and the Distributor.

Investors will need to sign the necessary agreements, to place a non-binding expression of interest to subscribe units in the selected Sub-Fund/s with the Distributor and to present the necessary identification documents, as specified in the remaining subsections of this section.

During the Initial Subscription Period no other subscription orders regarding units in the Sub-Funds are accepted.

The Initial Subscription Price must be paid on the first business day following the Initial Subscription End Date (until 17.30 Bulgarian time) (the “**Initial Subscription Price Payment Deadline**”) to a special bank account opened in the name of the selected Sub-Fund with the Custodian, which will be designated in the Initial Subscription Notice.

Investors who placed non-binding expressions of interest to subscribe units in the selected Sub-Fund/s will have the right to withdraw their non-binding expressions of interest until the expiration of the Initial Subscription Period at no cost for the investor.

At 17.30 Bulgarian time on the Initial Subscription End Date, the placed non-binding expressions of interest to subscribe units in the selected Sub-Fund/s, if not withdrawn, will be deemed subscription orders in relation to the units in the Sub-Fund/s designated therein, and the investors must pay the Initial Subscription Price of the subscribed units in the Sub-Fund/s until the Initial Subscription Price Payment Deadline.

All placed subscription orders, in relation to which the Initial Subscription Price of the subscribed units in the Sub-Fund/s is paid until the Initial Subscription Price Payment Deadline, will be filled by KBC AM on the following business day after the occurrence of the Initial Subscription Price Payment Deadline, the units in the selected Sub-Funds will be deemed subscribed by the respective investors, and the units in the Sub-Funds will be issued in the name of the relevant investors. After the subscription orders have been executed, and after the issuance of the units in the Sub-Funds in the name of the relevant investors, the Initial Subscription Price paid by such investors will be available for investments by the Sub-Funds in accordance with their investment policies.

The Initial Subscription will be considered successful, in respect of the relevant Sub-Fund, if non-binding expressions of interest have been submitted for subscription of units in this Sub-Fund amounting to at least EUR 100 000 (one hundred thousand euros), for the EUR Sub-Funds or BGN 200,000 (two hundred thousand leva), for the LEVA Sub-Funds, and the Initial Subscription will be considered successful for all Sub-Funds (i.e. for the entire Umbrella Fund) if non-binding expressions of interest of at least EUR 10,000 000 are submitted (ten million euros) in all Sub-Funds, where in respect of the LEVA Sub-Funds the euro equivalent of the funds to be invested will be taken into account, according to the submitted non-binding expressions of interest, according to the official exchange rate of the Bulgarian National Bank.

If the Initial Subscription is unsuccessful, according to the criteria set out in the previous paragraph, KBC AM may decide not to proceed with the commercialisation of the respective Sub-Fund/s and reject all non – binding expressions of interest made by investors at no cost for such investors. This decision will be publicly announced by a notice published on the website of the Branch ([www.ubbam.bg](http://www.ubbam.bg)) and on the website of the Distributor ([www.ubb.bg](http://www.ubb.bg) (Asset Management)), and appropriate adjustments will be made to this Prospectus and rules and other documents of the Umbrella Fund.

In addition, KBC AM will be entitled to extend the Initial Subscription Period with no more than twenty business days before the Initial Subscription End Date. In this case KBC AM will notify the FSC, the Distributor and the Custodian for the extension of the Initial Subscription Period and will publish a notice for the extension on the web site of the Branch and the web site of the Distributor, specified above.

After expiration of the Initial Subscription Period the issuance and redemption of units in the Sub-Funds will be carried out in accordance with the rules specified in the remaining subsections of this section.

### **Submitting an order in case of inheritance by law**

A redemption order of financial instruments submitted by heirs at law cannot be accepted before the financial instruments have been transferred to the sub-account of the respective persons - heirs by using the services of an investment intermediary acting as a registration agent. After the transfer of the financial instruments to a sub-account of the heir, the heir acquires all the rights / obligations of his predecessor in relation to these instruments.

### **Submitting an order in case of inheritance by will**

A redemption order of financial instruments submitted by heirs by will may not be accepted before the financial instruments have been transferred to the sub-account of the respective persons - heirs by using the services of an investment intermediary acting as a registration agent. After the transfer of the financial instruments to the sub-account of the heir, the heir acquires all the rights/ obligations of his predecessor in relation to these instruments.

### **Remarks**

1. When the legislation in force provides for additional requirements for identification and representation, they shall be fulfilled by the Branch and the Distributor in the activity of issuing (selling) and redemption of units of the Sub-Funds, although they are not explicitly specified in these procedures.
2. In transactions and payments for purchase of units between the respective Sub-Fund and foreign investors, the special rules of the Foreign Exchange Act, the Income Taxes on Natural Persons Act, the Corporate Income Tax Act and other applicable legislation shall be observed relating to those persons.

### **Rules for redemption of units**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of a Sub-Fund is carried out by submitting a written order by the investor (unit-holder in a Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The order is submitted at the points of sale and redemption of units of the Sub-Funds.

The written order must be accompanied with additional necessary documents (annexes), attached thereto. With the redemption order, the investor may request a number or amount for redemption.

After determining the redemption price per unit of a Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order. Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked.

After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Funds' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day, after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00, cancellation orders are accepted until 17:00 on the next business day. After that, orders are considered irrevocable.

In the event that the redemption of units of a Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of said Sub-Fund, by submitting a new order in compliance with the rules, described above.

Only the redemption orders of units in a Sub-Fund which are submitted in accordance with all the requirements described in this section of the Prospectus are subject to execution. When there is a lack of information or there is ambiguity or contradiction between the requisites of the redemption order of units in a Sub-Fund and/ or necessary annexes, attached to it, the order is considered invalid and is not executed. The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order, for which the procedure applicable to confirm completed orders for redemption of units applies. In case the investor was issued a certification document for the units, held by him in the respective Sub-Fund, he shall provide it (in original) as an annex to the above-described documents.

### **Necessary documents submitted by the investor when submitting redemption order for units in a Sub-Fund**

When submitting a cancellation order, only documents on the procedure for identification and representation are presented, which certify that the person has the right to place the order.

If the order is made on behalf of a foreign person and it states that it will benefit from a special tax regime of full or partial tax exemption under a Double Tax Treaty, all documents required by Bulgarian law to prove these grounds shall be attached, including a declaration of the amount of the positive difference between the book value of the units, subject to redemption, and the redemption price. If a foreign person does not submit the necessary documents to prove the grounds for applying the relevant Double Tax Treaty or the declaration under the previous paragraph, the redemption order is still valid, but is executed in compliance with the general tax regime provided for foreign persons.

***Procedure for transfer of units in a Sub-Fund from a client sub-account kept at an investment intermediary to a client sub-account kept at the Distributor and vice versa. Simultaneous sale of units in a Sub-Fund and purchase of units in another Sub - Fund or other collective investment scheme managed by the Branch, and vice versa.***

The investor, its representative or proxy submits to a Distributor's branch, defined as a "point of sale", an order to the Distributor for transfer of the respective units to a sub – account opened with an investment intermediary. For this purpose, documents concerning the identification and representation are submitted. Only orders which are submitted in accordance with all the requirements described in this section of the Prospectus are subject to execution.

When there is a lack of information or there is ambiguity or contradiction between the data in the requisites of the order and/ or the necessary annexes, attached to it, as well as in case it is evident from the submitted documents that there is a defect in taking a corporate decision, in the representative power or in any other necessary condition for the disposal of the units, the order is considered invalid and is not subject to execution. If there are technical or other objective reasons, the order is executed as soon as possible.

Orders for simultaneous sale of units in one Sub-Fund and purchase of units in another Sub-Fund or any other UCITS, also managed by the Branch and vice versa may be submitted only for UCITS or other Sub-Funds for which the nominal value of one unit is calculated in the same currency. Hence, the investor, its representative or proxy may submit before a Distributor's branch an order for simultaneous sale of units of a LEVA Sub-Fund and purchase of units from another LEVA Sub-Fund or a BGN UCITS, also organized and managed by the Branch. The investor, its representative or proxy may also submit to a Distributor's branch an order for simultaneous sale of units of a EUR Sub-Fund and purchase of units from another EUR Sub-Fund or a EUR UCITS, also organized and managed by the Branch.

In the order, the investor indicates the number of units in the respective Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in one Sub-Fund and the purchase of units in another Sub-Fund or UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund from which the units are transferred would be less than 1 (one) number of units of the Sub-Fund, the exchange order should be submitted for units held and the investor should zero his account in the Sub-Fund from which he transfers his units.

When there is a lack of information or there is ambiguity or contradiction between the data in the requisites of the order and/ or the necessary annexes, attached to it, as well as in case it is evident from the submitted documents that there is a defect in taking a corporate decision, in the representative power or in any other necessary condition for the disposal of the units, the order is considered invalid and is not subject to execution. If there are technical or other objective reasons, the order will be executed as soon as possible.

Orders for the simultaneous sale of units in a Sub-Fund and purchase of units in another Sub-Fund or UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. Orders submitted after 17:00 on day T ("the day of submission of the order") are executed at the prices valid for day T + 1, determined on the next business day (day T + 2). For orders submitted after 17:00, cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in a Sub-Fund and purchase of units in another Sub-Fund or UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in a Sub-Fund and purchase of units in another Sub-Fund or UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the respective Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the respective Sub-Funds and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another Sub-Fund or UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

## **Suspension of the redemption of units in the Umbrella Fund and Sub-Funds**

KBC AM by a decision of its competent corporate body will suspend temporarily the redemption of units of some or all Sub-Funds of the Umbrella Fund in exceptional cases, if the circumstances so require and if the suspension is justified in view of the interests of the unitholders, including in the following cases:

- where the conclusion of transactions on a regulated market on which a significant portion of the assets of one or more Sub-Funds are admitted to trading is terminated, suspended or subject to restriction;
- where the assets or liabilities of one or more Sub-Funds cannot be correctly valued or KBC AM may not dispose with them without harming the interests of the unitholders;
- where a decision is taken for the liquidation or transformation through merger or acquisition of the Umbrella Funds or one or more Sub-Funds;
- in the case of termination of the contract with the Custodian due to culpable non-fulfilment of its obligations, revocation of its banking license or imposition of other restrictions on its activity, which make it impossible for the Custodian to fulfil its obligations under the custody contract and may damage the interests of the holders of units of the one or more Sub-Funds;



- in the case where a decision is taken for the liquidation or transformation of the Master Umbrella Fund or a Master Sub-Fund.

In addition, KBC AM may by a decision of its competent corporate body suspend temporarily the redemption of units of some or all Sub-Funds of the Umbrella Fund where the Master Umbrella Fund or one or more of the Master Sub-Funds have suspended temporarily the redemption of their respective units.

In the cases above the Branch shall notify the FSC, the Custodian and the Distributor in its capacity as distributor of the Umbrella Fund of the decision taken by the end of the business day and shall notify them accordingly of the resumption of redemption by the end of the business day preceding the day of the resumption.

When taking a decision to temporarily suspend the redemption of one or more Sub-Funds KBC AM shall also halt immediately the issuance of new units for the period of suspension of redemption, where such period has been set. The reception of orders for the simultaneous redemption of units in a Sub-Fund and subscription of units in another Sub-Fund of the Umbrella Fund shall also be halted if the redemption of units of either Sub-Fund has been suspended.

Where the initial suspension period must be extended the Branch shall notify the FSC and the Custodian of this circumstance no later than 7 days prior to the lapsing of the time period initially set. Where the suspension period is shorter than 7 days, including where the redemption of units has been suspended due to technical reasons, the Branch shall issue the notification under the preceding sentence by the end of the business day preceding the end date of the initial suspension period.

The redemption of units shall be resumed by decision of the competent corporate body of KBC AM following the end of the suspension period determined in the original suspension decision or any subsequent decision on the extension of this period.

The Branch shall notify the unitholders of the decision for suspension of redemption and of the subsequent decision on resumption thereof, immediately after passing such decisions through the website of the Branch [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase) and the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management)).

Orders made after the last publication of a redemption price and before the beginning of the suspension period shall not be executed. The Branch acting through the Distributor shall refund the amounts to the investors, who have submitted subscription orders, on their bank account or at a Distributor's cash desk by the end of the business day, following the day of submitting the orders.

## Rules for the valuation of the assets

The Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds detail the rules and the process for valuation of the assets and liabilities of each Sub-Fund, as well as the method of determining the net asset value and the net asset value distributed per unit of each Sub-Fund. The Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds are attached to this Prospectus and form an integral part of it.

## Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds

### *Calculation of the net asset value, issue price and redemption price*

The net asset value, issue price and redemption price of the units of each Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *Fees and charges, paid by the unitholders of Sub-Funds* of Section H *Fees and charges regarding the Umbrella Fund* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *Fees and charges, paid by the unitholders of Sub-Funds* of Section H *Fees and charges regarding the Umbrella Fund* below. Investors who hold their units in a Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

### *Procedure for calculation of the net asset value, issue price and redemption price*

The NAV of the Sub-fund is determined each day ("day on which valuation is carried out" or day T+1) for the preceding day ("day for which the evaluation is carried out" or day T) in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds, this Prospectus and the applicable legislation.

Portfolio valuation is carried out by the Branch, which determines the NAV of each Sub-Fund and the NAV per unit of each Sub-Fund and calculates the respective issue price and redemption price under the control of the Custodian.

The determination of the NAV, issue price and redemption price for each Sub-Fund is carried out as follows:

1. Until 10:00 hours on the day on which the evaluation is carried out (day T+1) the Branch receives from the Distributor information on the issuance and redemption transactions for each Sub-Fund, which have been settled at the end of day T, as well as on the number of units in circulation of each Sub-Fund at the end of the day T.
2. Between 10:00 and 13:00 hours on day T+1:
  - the fair value of the assets of each Sub-Fund is determined for day T in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds; the data and/or the analysis used for determining the fair value are recorded within the calculation process.
  - the assets of each Sub-Fund are revaluated at their fair value, a balance of the Sub-Funds is prepared and the NAV per unit, the issue price and redemption price of each Sub-Fund is determined for day T.
3. Until 13:00 hours on day T+1 the Branch provides to the Custodian all the information used for the determination of the NAV for each Sub-Fund (including the number of issued and redeemed units with completed settlement), as well as the estimated issue price and redemption price.
4. Until 14:00 hours on day T+1 the Branch receives confirmation from the Custodian for the calculated NAV, issue price and redemption price.
5. The Branch, by 17:00 hours of each respective day T+1, publishes the NAV, issue price and redemption price of the units of each Sub-Fund for day T.
6. The Branch announces to the FSC summary information on the issue and redemption prices of the units of the Sub-Funds twice a month – for the period from the first to the fifteenth day of the month and from the sixteenth day to the end of the month. The obligation to notify shall be fulfilled within three working days from the end of the respective reporting period.
7. When calculating the NAV, issue price and redemption price, the Branch uses appropriate software that allows it to keep accounts of each Sub-Fund separately from its own.
8. All documents and information used to determine the NAV, issue price and redemption price shall be kept by the Branch on paper, magnetic, optical or other technical media for at least 5 years, in a manner that provides access to the information only to authorised personnel. For additional security, the information is stored on a second magnetic medium.

### **Publication of the net asset value**

The net asset value, the issue price and the redemption price of the units of each Sub-Fund for a given day T is published no later than 17:00 hours on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (*Asset Management*) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (*ExpertEase*).

## **Rules for determination and distribution of the income**

The Sub-Funds of the Umbrella Fund do not distribute their accumulated profit as dividend among their unitholders. KBC AM reinvests the profit of each individual Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of each respective Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of each Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

## **Rules on payments in favour of the unitholders of the Sub-Funds**

Payments in favour of the unitholders of the Sub-Funds in connection with redemption orders of units, is carried out by the Branch in favour of the unitholders to an explicitly specified bank account of the unitholder opened with the Distributor. After placing a redemption order of units in a Sub-Fund, the redemption of the units is registered with the Central Depository AD on the following business day, based on the calculated redemption price of the units. After the settlement of the transaction, within 10 days of the registration of the order, payment of the amount under the redemption order of units in the respective Sub-Fund is made to the bank account, which the client has indicated in the order.

## **Places where additional information regarding the Umbrella Fund and the Master Umbrella Fund can be obtained**

### **Ways of receiving the rules and financial statements of the Umbrella Fund and Sub-Funds**

Investors can find the Umbrella Fund Rules, the Prospectus, the Key Investor Information Documents, the annual and semi-annual financial statements and the current NAV, issuance and redemption prices of the Umbrella Fund and its Sub-Funds in Bulgarian language free of charge in all branches of the Distributor during their normal business hours, as well as on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (*Asset Management*) and the website of the Branch under [www.ubbam.bg](http://www.ubbam.bg) (*ExpertEase*). Upon request investors can receive a paper copy of the Prospectus, the Key Investor Information Documents and the latest annual and semi-annual financial statements of the Umbrella Fund and its Sub-Funds free of charge in all branches of the Distributor during their normal business hours.

Investors can receive additional information on the Umbrella Fund and the Sub-Funds in all branches of the Distributor during their normal business hours.

### ***Ways of receiving additional information regarding the Master Umbrella Fund, its Master Sub-Funds and the agreement between the Umbrella Fund and the Master Umbrella Fund***

Investors can find the Prospectus, the Key Investor Information Documents, the latest periodic financial disclosures and the current issuance and redemption prices of the Master Umbrella Fund and the Master Sub-Funds in English and Dutch languages free of charge on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>). Upon request investors can receive a paper copy of the Prospectus and the latest annual and semi-annual financial statements of the Master Umbrella Fund and its Master Sub-Funds free of charge at all branches of the Distributor during their normal business hours.

Additional information on the rules governing the transmission of information and other aspects of the relationship between the Umbrella Fund and the Master Umbrella Fund can be found in Bulgarian language on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the website of the Branch under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).

## **D. Investment objective of the Umbrella Fund and Sub-Funds**

The investment objective of the Sub-Funds of the Umbrella Fund is to invest all or substantially all, but in any event at least 85%, of their assets in corresponding Master Sub-Funds of Horizon, to hold ancillary liquid assets (cash) up to an amount necessary for meeting their ongoing expenses and to have limited derivative positions for risk-hedging purposes.

The investment objective of the Master Sub-Funds is to generate the highest possible return for their shareholders in accordance with their investment policies. This is reflected in their pursuit of capital gains and income. To this end, the assets of each of the Master Sub-Funds are invested, either directly or indirectly via correlated financial instruments.

Investors can find further information on the investment objective, policy, and restrictions of each individual Sub-Fund in Part II *Information concerning the Sub-Funds* of this Prospectus.

### ***Permitted derivatives transactions***

All Sub-Funds may use derivative financial instruments for risk-hedging purposes, including to hedge market risk resulting from the timing difference between the fulfilment of redemption and subscription orders in the respective Sub-Funds and their fulfilment in the corresponding Master Sub-Funds.

In accordance with applicable law, the Sub-Funds can invest in derivative financial instruments, including without limitation futures, which are:

- exchange traded derivative financial instruments, including equivalent cash-settled instruments, which are either:
  - admitted to trading or traded on a regulated market licensed in accordance with Directive 2014/65/EU (MiFID II) in Bulgaria or another EEA state,
  - traded on another regulated market in Bulgaria or another EEA state, which operates regularly and is recognised and publicly accessible; or
  - admitted to trading or traded on an official market of a stock exchange or another regulated market in a third country, included in a list published by the FSC;
- derivative financial instruments traded over the counter (OTC), provided that:
  - their underlying assets are transferable securities and money market instruments admitted to trading or traded on a MiFID II regulated market, financial indices, interest indices, currencies or foreign exchange rates in which a Sub-Funds may invest in accordance with its investment policy;
  - the counterparty to the transaction in such derivative financial instruments is an institution subject to prudential supervision, which meets requirements approved by the FSC;
  - are subject to reliable and verifiable valuation on a daily basis and, at the initiative of KBC AM, may be sold, liquidated or closed by an offsetting transaction at any time at fair value.

The total exposure to derivative instruments of each Sub-Fund may not exceed its net asset value. For this purpose, each Sub-Fund shall calculate its total risk exposure by combining either its own risk exposure to derivative instruments with the actual risk exposure to derivative financial instruments of its corresponding Master Sub-Fund in proportion to the amount of its investment in the Master Sub-Fund, or with the maximum total exposure of the Master Sub-Fund to derivative financial instruments, provided for in its governing documents, in proportion to the amount of its investment in the Master Sub-Fund.

The risk exposure and counterparty risk of each Sub-Fund shall be calculated in accordance with the requirements of

Ordinance No 44 and the Guidelines of the Committee of European Securities Regulators (CESR) on measuring the risk and calculating the total risk exposure and counterparty risk of collective investment schemes (Ref.: CESR / 10-788). The commitment method is used to calculate the total risk exposure.

The use of derivatives on the level of each Sub-Fund does not lead to a material change in the investment objectives of the Sub-Funds or to higher risk profiles of the Sub-Funds than those laid down in the Umbrella Fund Rules, this Prospectus or the governing documents of their corresponding Master Sub-Funds.

In particular, the use of derivatives to hedge the market risk resulting from the timing difference between the fulfilment of redemption and subscription orders in the Sub-Funds and their corresponding Master Sub-Funds, aligns the risk profiles of the Sub-Funds and the Master Sub-Funds. The credit risk of the counterparties to hedging transactions can be managed effectively through the choice of prime financial counterparties and the collection by KBC AM of appropriate collateral (where relevant) in accordance with the Umbrella Fund's collateral policy. Nonetheless, no risk can be fully neutralised so that the Sub-Funds and consequently investors may suffer losses in the event that certain risks connected with transacting in derivatives materialise.

Investors can find more information on the risks connected with the entry into derivatives transactions by KBC AM on behalf of the Sub-Funds in sub-section *Risks resulting from the usage by the Sub-Funds of derivatives for hedging purposes* of section G. *General information on the risk profile of the Sub-Funds* below.

### **Techniques for efficient portfolio management**

KBC AM, when acting on behalf of the Sub-Funds, does not intend to employ techniques and instruments for efficient portfolio management within the meaning of Article 50, paragraph 1 of Ordinance No 44 – repo transactions.

### **Information on the collateral policy**

In the event that KBC AM, acting on behalf of a Sub-Fund, enters into transactions with OTC derivative instruments, KBC AM, acting on behalf of a Sub-Fund, may receive collateral in order to reduce the risk of insolvency of the counterparty to such transaction. Any collateral received for this purpose must comply with applicable law, in particular with regard to the liquidity, valuation, quality of the issuer, the correlation and risk associated with collateral management. In collecting and managing collateral, the Management Company, acting on behalf of the Sub-Funds, shall also take into account the relevant sections of the European Securities and Markets Authority's Guidelines for competent authorities and UCITS management companies (Ref.: ESMA/2014/937). Considering that the investment objectives of the Sub-Funds of the Umbrella Fund are to invest at least 85% of their assets in the respective Master Sub-Funds of Horizon, and in this regard they may have only limited derivative positions for hedging purposes, KBC AM, acting at the expense of the Sub-Funds, does not envisage receiving collateral in amount of and over 30% of the assets of the respective Sub-Funds.

In cases where transactions with OTC financial derivatives are carried out on behalf of a Sub-Fund, any collateral used to reduce the risk exposure to the counterparty shall at all times take into account the following criteria:

- liquidity – assets received as collateral, save for cash collateral, must have high liquidity and be traded on a regulated market or a multilateral trading facility (MTF) with transparent price building, so that they can be sold quickly at a price that is close to their pre-sale valuation;
- valuation – assets received as collateral must be evaluated at least on a daily basis. Assets with high volatility may not be accepted as collateral, unless subjected to a haircut, which is sufficiently conservative;
- high credit rating of the issuer of the assets provided as security;
- correlation – assets provided as security must be issued by an issuer that is not related with the counterparty to the transaction and that is not expected to show strong dependence with the results of the counterparty's activity;
- diversification of collateral – assets received as collateral must be sufficiently well diversified with respect to the geographic location, markets and issuers. The exposure to a given issuer must not exceed 20% of the net asset value of the respective Sub-Fund;
- risks related to the collateral management;
- collateral received must be held by the Custodian;
- upon occurrence of an event of default of the counterparty, KBC AM, acting on behalf of a Sub-Fund, can proceed to liquidating the collateral at any time without notice to the counterparty or its approval;
- assets of non-cash collateral received may not be sold, reinvested or pledged before the occurrence of an event of default of the counterparty;
- the cash collateral can only be deposited with a credit institution under Article 38, paragraph 1, item 6 of ACISOUCA;

KBC AM, acting on behalf of the Sub-Funds, can accept the following types of collateral:

- cash;

- bonds issued or guaranteed by an EEA state or another country party to the Agreement on the Organization for Economic Cooperation and Development, their central banks, their local authorities, the European Central Bank, the European Investment Bank or a public international organization, in which is a member of at least one EEA state, as well as debt securities issued or guaranteed by third countries with a credit rating not lower than investment grade, assigned by a credit rating agency registered or certified under Regulation (EU) 1060/2009.

The Management Company determines the required level of collateralisation in accordance with the counterparty risk limits applicable to the respective Sub-Fund, taking into account the nature and characteristics of the transactions, the counterparty, its creditworthiness and the prevailing market conditions.

The Management Company shall decide on the haircut applicable to an asset received as collateral based on the following factors:

- type of collateral received;
- maturity of the asset provided as collateral (if applicable);
- credit rating of the issuer of the asset provided as collateral (if applicable).

KBC AM can decide on an additional haircut of the collateral provided, if it is denominated in a currency other than the Euro.

Non-cash collateral is kept by the Custodian, on behalf of the Sub-Funds. Assets received as collateral cannot be sold, reinvested or pledged by the Management Company before the occurrence of an event of default of the counterparty to an OTC derivatives transaction. KBC AM, acting on behalf of a Sub-Fund, can sell financial instruments received as collateral, where the counterparty has defaulted on its obligations under the derivatives contract and the terms of the contract give the Sub-Fund such rights.

Cash collateral can be deposited with a credit institution under Article 38, paragraph 1, item 6 of ACISOUICIA.

In the event that KBC AM, acting on behalf of a Sub-Fund, enters into transactions with OTC derivative instruments, KBC AM may also provide collateral on behalf of the Sub-Fund in order to reduce the exposure of the Sub-Fund to the counterparty to the OTC derivatives transaction.

The collateral provided shall be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation. When calculating the risk exposure of the Sub-Fund to the counterparty to the OTC derivatives transaction, the Management Company takes into account the investment and concentration restrictions applicable to the Sub-Fund. The collateral provided on behalf of the Sub-Fund may be taken into account on a net basis only if the Management Company is able to legally enforce netting arrangements with the counterparty to the OTC derivatives transaction on behalf of the Sub-Fund.

### **Use of loans**

KBC AM and the Depositary, when acting on behalf of the Sub-Funds, may not use loans, except in cases and in compliance with the requirements of ACISOUICIA. In this regard, after approval by the FSC, KBC AM and the Depositary, when acting at the expense of Sub-Funds may enter into credit agreements and use loans of up to 10% of the assets of relevant Sub-Fund if the following conditions are simultaneously fulfilled:

- the loan is for a period not longer than three months and is necessary to cover the liabilities on the redemption of the units in the Sub-Fund;
- the terms of the loan agreement comply with the market standard terms.

## **E. Information on the Master Umbrella Fund and the Master Sub-Funds**

### **Short description of the Master Umbrella Fund**

The Master Umbrella Fund – Horizon N.V. – is established in the legal form of a Belgian law limited liability company (*Naamloze Vennootschap*) and has its registered office in Havenlaan 2, B-1080 Brussels, Belgium.

The Master Umbrella Fund is a public open-ended investment company under Belgian law with a variable number of units opting for investments complying with the conditions of the UCITS Directive and is authorised by the Financial Services and Markets Authority in Belgium with code 00260. Horizon's share capital is at all times equal to its net asset value and may not be less than EUR 1 200 000.

Horizon is an umbrella UCITS with various investment compartment (sub-funds), including the Master Sub-Funds, which, as far as its operations and investments are concerned, is governed by the Belgian Law of 3 August 2012 relative to undertakings for collective investment complying with the conditions of Directive 2009/65/EC and the undertakings for investment in receivables.



Horizon has appointed KBC AM as its management company, which is also management company of the Umbrella Fund. Custodian of the Master Fund is KBC Bank NV, a licensed credit institution duly incorporated and existing under the laws of Belgium, having its seat and registered office at Havenlaan 2, B-1080, Brussels, Belgium.

Investors can find further information on the Master Umbrella Fund, its third-party service providers, its organisation, cost and charges structure and its sub-funds, in the Master Umbrella Fund Prospectus (please refer to Section *Ways of receiving additional information regarding the Master Umbrella Fund, Master Sub-Funds and the agreement between the Umbrella Fund and the Master Umbrella Fund* of this Prospectus).

## Short description of the Master Sub-Funds

The Master Sub-Funds – Horizon KBC ExpertEase Defensive Balanced, Horizon KBC ExpertEase Defensive Tolerant, Horizon KBC ExpertEase Dynamic Balanced, Horizon KBC ExpertEase Dynamic Tolerant, Horizon KBC ExpertEase Highly Dynamic Tolerant – are investment compartments of the Master Umbrella Fund. The Master Sub-Funds are established for an unlimited period of time and are not listed on a regulated market or another organized marketplace.

In the relationship between the investors in the Master Umbrella Fund, each Master Sub-Fund is to be viewed as a separate entity, the liabilities of which are covered only by the assets of that Master Sub-Fund. Investors in each Master Sub-Fund have a right only to the assets of and return from the Master Sub-Fund in which they have invested.

For each of the Master Sub-Funds there is one corresponding LEVA Sub-Fund and one EUR Sub-Fund, which invest at least 85% of their assets in units from the respective Institutional F share BG class of the respective Master Sub-Fund. Therefore, the investment objectives, policies, and restrictions of the Master Sub-Funds have direct and significant influence on the investment objectives, policies, and restrictions of their corresponding Sub-Funds.

Investors can find further information on each of the Master Sub-Funds, their investment objectives and policies, including their risk profile in the sections on their corresponding Sub-Funds in Part II *Information concerning the Sub-Funds* of this Prospectus.

## Summary of the agreement between the Umbrella Fund and the Master Umbrella Fund

In accordance with the requirements of ACISOUCA and Ordinance No 44 a master feeder cooperation agreement has been entered into between the Umbrella Fund and the Master Umbrella Fund (the “**Cooperation Agreement**”), pursuant to which the parties have agreed *inter alia* on the following:

- The rules under which the Master Umbrella Fund provides access to information to the Umbrella Fund on activity of the Master Umbrella Fund, including for any delegation to third parties of the investment management or risk management of the Master Umbrella Fund and on its incorporation documents, financial data, prospectus and Key Investor Information Documents of each Master Sub-Fund, as well as for the amendments made thereof;
- The characteristics of the share class of the Master Sub-Funds, in which Sub-Funds will invest;
- The rules that will be followed by the parties to inform each other in the cases of changes in their status, including if the Umbrella Fund ceased or will cease to comply with the requirements for feeder UCITS or the Master Umbrella Fund ceased or will cease to meet the qualifying conditions to be a master UCITS; the management company, the custodian or the auditor of the Master Umbrella Fund or the Umbrella Fund will be replaced or will be replaced any third person to whom investment management and risk management functions are delegated; any amendment to the Master Sub-Funds which relates to the investment objective, investment policy, distribution policy, subscription and redemption orders process, fees or service providers; any planned or proposed winding up, merger or division of any of the Master Sub-Fund, et cetera;
- The rules for coordination the frequency and timing of the net asset value calculation process and the publication of prices of units in the Sub-Funds and the Master Sub-Funds, including policies and procedures that must be applied to prevent malpractices that might reasonably be expected to affect the integrity of the market, such as market timing and late trading;
- The settlement cycles and payment details for subscriptions and redemptions of shares in the Master Sub-Funds and the other necessary dealing arrangements between the Umbrella Fund and the Master Umbrella Fund in this regard;
- The procedure, which will be followed in case of temporarily suspension of subscription and redemption of the shares or units in a Master Sub-Fund or a Sub-Fund;
- The obligations of the parties in relation to the coordination of the production of their periodic financial reports and the audit to be carried out by their statutory auditors;
- The rules on the provision of assistance by the Master Umbrella Fund in the cases of complaints of unitholders

of the Sub-Funds in relation to the Master Sub-Funds.

Upon request, unitholders of the Sub-Funds may receive a paper copy of the Cooperation Agreement in Bulgarian free of charge at all offices of the Distributor, designated as "points of sale", as well as at the office of the Branch.

## Applicable tax legislation to the Umbrella Fund and the Sub-Funds in relation to the investment in the Master Sub-Funds

The Umbrella Fund and its Sub-Funds will not be subject to taxation in the country where the Master Umbrella Fund and Master Sub-Funds are domiciled in relation to their investment in the Master Sub-Funds.

## F. Social, ethical and environmental aspects

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The Sub-Funds of the Umbrella Fund are feeder sub-funds, which invest at least 85% of their assets in corresponding Master Sub-Funds of Horizon. Therefore, certain social, ethical and environmental aspects of the investment policies of each of the Master Sub-Funds have indirect impact on unitholders' investment in the Sub Funds.

The investment policies of each of the Master Sub-funds takes into account certain social, ethical and environmental aspects against which issuers are being assessed. Investments may not be made in, amongst others:

- financial instruments issued by manufacturers of controversial weapon systems that are prohibited by international (and national) law or for which there is a broad consensus that they should be banned. These weapon systems include: cluster bombs and sub-munitions, chemical or biological weapons, anti-personnel mines (including Claymore mines), weapons containing depleted uranium;
- financial instruments issued by manufacturers of weapons containing white phosphorus and nuclear weapons;
- financial instruments issued by companies where there are serious indications that they are perpetrators of, accomplices or accessories to, or stand to benefit from the violation of globally recognised standards of socially responsible investments. The main criteria used cover human rights, employee rights, the environment and anticorruption.

In this way, not only is a purely financial reality represented, but also the social reality of the sector or region. This list of exclusion criteria is not exhaustive. A complete overview of the exclusion criteria can be found at [www.kbc.be/investment-legal-documents](http://www.kbc.be/investment-legal-documents) > *General exclusion policies for conventional funds and funds investing in socially responsible investments*. These exclusion criteria can be modified at any time by the management company.

For the Master Sub-Funds, and in this connection for the Feeder Sub-Funds that invest in these Master Sub-Funds, it should be borne in mind that the investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities.

## G. General information on the risk profile of the Sub-Funds

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The risk associated with investing in financial instruments represent the potential for the actual return on an investment to be different than expected. Generally, risk is the possibility of realising a loss of part or even the whole investment made.

Investors in the Sub-Funds should be informed of the typical risks associated with investing in financial instruments such as the units in the Sub-Funds so that they can determine their risk profile and make investment decisions based on their individual investment objectives, willingness to take risks, etc. Investors can find further information on the risk profile of the targeted investor in each of the Sub-Funds in the respective Section 3 *Risk* of Part II *Information concerning the Sub-Funds* of this Prospectus in relation to each of the Sub-Funds.

**Investors in units of one or more Sub-Funds should be aware that the information set out below does not constitute, nor is it intended to be, any form of legal, tax, investment, or any other type of advice. Investors should seek assistance of their own legal, tax, financial or other consultants – as they deem necessary – in order to understand fully the nature and the risks associated with investing in units issued by funds such as the Sub-Funds.**

### List of risks

The information below is a general overview of the potential risks that the investor could incur. The list of risks relevant

for the Sub-Funds is divided into three categories – Risks resulting from the usage by the Sub-Funds of derivatives for hedging purposes, which are equally relevant for the investment in each Sub-Fund, Risks resulting from the master-feeder structure, which are equally relevant for the investment in each Sub-Fund, and Risks resulting from the underlying investment in a Master Sub-Fund, which may differ depending on the individual risk profile of each Master Sub-Fund underlying their investment in a feeder Sub-Fund.

**The assessment of the risks of each Sub-Fund can be accessed under Section 3 *Risk* of Part II *Information concerning the Sub-Funds* of this Prospectus in relation to each of the Sub-Funds. There, a list of specific risks for the relevant Sub-Fund resulting from its investment in a Master Sub-Fund may be consulted, with an indication of the risk assessment, and a brief justification for the risk assessment.**

### ***Risks resulting from the usage by the Sub-Funds of derivatives for hedging purposes***

The Sub-Funds may engage in derivatives transactions in order to hedge risks associated with their portfolio. Such derivatives may be exchange traded derivatives or OTC derivatives including but not limited to futures, forward contracts, swaps and options. Prices of derivatives are highly volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks.

The proposed financial derivative instruments (“FDI”) which may be used by a Sub-Fund and commercial purpose of same are set out in Part II *Information concerning the Sub-Funds* of this Prospectus in relation to each of the Sub-Funds.

Specific risks associated with the use of FDI are summarised below.

#### ***Substantial Risks are Involved in Trading Financial Derivative Instruments.***

The prices of FDIs, including futures and options prices, may be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, national and international political and economic events or changes in local laws and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, e.g. markets in currencies or interest rates. Such intervention often is intended directly to influence prices and may, together with other factors, cause markets to move rapidly in the same direction.

The use of FDIs for hedging purposes also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of investments being hedged, (2) imperfect correlation between the hedging instruments and the investments or market sectors being hedged which may result in an imperfect hedge of these risks and a potential loss of capital, (3) the fact that skills needed to use these instruments are different from those needed to select the respective Sub-Fund’s other investments, and (4) the possible absence of a liquid market for any particular instrument at any particular time.

In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve significant risks of loss. The low initial margin deposits normally requires to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the underlying contract may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Should this occur, investors could, in certain circumstances, face minimal or no returns, or may even suffer a loss on their investment in that particular Sub-Fund. Also, the ability to use these strategies may be limited by market conditions and regulatory limits and there can be no guarantee that any of these strategies will meet their expected target.

#### ***OTC Markets Risk and Derivatives Counterparty Risk***

Where the respective Sub-Fund acquires investments on OTC markets, there is no guarantee that this Sub-Fund will be able to realise the fair value of such investments as they may have limited liquidity and high price volatility as there is no exchange on which to close out an open position and it may be difficult to assess the value of a position and its exposure to risk.

The participants in OTC derivative markets are typically not subject to the same level of credit evaluation and regulatory oversight as that imposed on members of “exchange-based markets”. A Sub-Fund may have credit exposure to counterparties by virtue of positions in OTC derivative contracts. In addition, a counterparty may not settle a transaction in accordance with its terms and conditions, because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Sub-Fund to suffer a loss. To the extent that a counterparty defaults on its obligation and a Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Sub-Fund’s investment restrictions. Regardless of the measures a Sub-Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Sub-Fund will not sustain losses on the transactions as a result.

#### ***Settlement Risk***

As some of the derivative instruments in which a Sub-Fund may invest may be traded on markets where the trading, settlement and custodial systems are not fully developed, the derivative instruments of a Sub-Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Custodian may not have any liability according to the legislation in force.

#### ***Legal Risk***



Derivative transactions may also carry legal risk in that the use of standard contracts to effect derivative transactions may expose a Sub-Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation. Furthermore, contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in the net asset value, incorrect collateral calls or delay in collateral recovery.

### **Position Risk**

When a Sub-Fund purchases transferable securities, the risk to the Sub-Fund is limited to the loss of its investment. In the case of a transaction involving FDI that Sub-Fund's liability may be potentially unlimited until the position is closed.

### **Correlation Risk**

The prices of derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of derivative instruments may also be subject to change due to supply and demand factors.

### **Loss of favourable performance**

The use of derivative instruments to hedge or protect against market risk may reduce the opportunity to benefit from favourable market movements.

### **Liquidity Risk**

Each Sub-Fund may only enter into OTC transactions with counterparties which are contractually obliged to close out a position on request. However, this is subject to the Sub-Fund being able to enforce the provisions of the relevant contract against the relevant counterparty effectively and promptly. In addition, should the Sub-Fund enforce this contractual right to close out the relevant position, this may result in significant losses.

### **Margin Risk**

A Sub-Fund may be obliged to pay margin deposits and option premia to brokers in relation to futures and option contracts entered into for the Sub-Fund. While exchange traded contracts are generally guaranteed by the relevant exchange, the relevant Sub-Fund may still be exposed to the fraud or insolvency of the broker through which the transaction is undertaken. The Sub-Funds will seek to minimise this risk by trading only through high quality names.

### **EMIR Risk**

European Union Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories as amended (also known as the European Market Infrastructure Regulation, or "EMIR"), which applies to the Umbrella Fund, applies uniform requirements in respect of OTC derivative contracts by requiring certain "eligible" OTC contracts to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of OTC contracts to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational counterparty credit risk in respect of OTC contracts which are not subject to mandatory clearing. Those OTC contracts which are subject to the requirements of EMIR may subject to the relevant Sub-Fund to increased trading costs as a result of new or increased collateral requirements.

### **Risks resulting from the master-feeder structure**

Unless stated otherwise, the risks set out in this category are equally relevant for all Sub-Funds of the Umbrella Fund. Therefore, investors should consider these risks before investing in units of one or more Sub-Funds.

#### **Master-feeder risk**

The risk arising from the fact that the Sub-Funds' performance depends substantially on the investment policy as well as the market trends of individual investments of the corresponding Master Sub-Funds and cannot be determined in advance. Each Sub-Fund will invest all of its assets in the corresponding Master Sub-Fund (excluding any holding of ancillary liquid assets and derivatives) and, accordingly, will not be diversified, but instead will seek to achieve diversification at Master Sub-Fund level.

#### **Concentration risk**

The risk relating to the concentration of substantially all of the assets of the Sub-Funds in shares of the Master-Sub-Funds and, accordingly, will not be diversified. This means that the performance of individual Master Sub-Funds will have a substantial impact on the value of their corresponding Sub-Funds' portfolios. However, the Master Sub-Funds will have diversified portfolios of assets in accordance with their investment policy, thus limiting the concentration risk.

#### **Liquidity risk**

The risk that a position cannot be liquidated in a timely manner at a reasonable price. This means that a Sub-Fund can only liquidate its assets at a less favourable price or after a certain period. This risk exists, e.g. if a Sub-Fund invests its assets exclusively in instruments of its corresponding Master Sub-Fund and redemption orders from a large number of investors are placed simultaneously.

#### **Custody risk**

The risk of loss of assets held in custody as a result of insolvency, negligence or fraud on the part of the Custodian or a sub-custodian.

#### **Operational risk**

The risk of loss of assets due to failure of internal processes/systems, employee failure or misconduct or external events (e.g. natural disasters and humanitarian crisis).

### **Inflation risk**

The risk of economic loss as a result of inflation.

### **Legal risk**

The risk of changes to the legal framework governing the organisation of the Sub-Funds or the investment in units thereof, e.g. change in the applicable tax treatment of the investment.

### **No Investment Guarantee**

The investment in Sub-Funds is not in the nature of a bank deposit and is therefore not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.

### **Market Risk**

Due to the same dealing deadline being applied to both the Sub-Funds and the corresponding Master Sub-Funds, there can be a delay between when subscription or redemption orders are placed in the Sub-Funds and when the corresponding orders are processed in the Master Sub-Funds. This results in an element of market risk in the Sub-Funds which can be mitigated through the use of futures by the respective Sub-Funds (for the risks related to the usage of FDIs, see subsection *Risks resulting from the usage by the Sub-Funds of derivatives for hedging purposes* above).

### **Risks resulting from the underlying investment in a Master Sub-Fund**

The risks set out in this category represent typical risks that investors could incur when investing in non-feeder UCITS such as the Master Umbrella Fund and its Master Sub-Funds. Due to the fact that the Sub-Funds invest at least 85% of their assets in units of their corresponding Master Sub-Funds, unitholders in Sub-Funds are *indirectly* exposed to some or all of these risks, depending on the investment policy and individual risk profile of the Master Sub-Fund underlying their investment in a feeder Sub-Fund.

Investors may consult Section 3 *Risk* of Part II *Information concerning the Sub-Funds* of this Prospectus for an individual assessment of the relevance of each of these risks for the investment in each of the Sub-Funds.

#### **Market risk**

The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio. In an equity fund, for instance, this is the risk that the equity market in question will go down and, in a bond fund, the risk that the bond market in question will fall. The higher the volatility of the market in which a Master Sub-Fund invests, the greater the risk. Such markets are subject to greater fluctuations in return.

#### **Credit risk**

The risk that an issuer or a counterparty will default and fail to meet its obligations towards a Master Sub-Fund. This risk exists to the extent that a Master Sub-Fund invests in debt instruments. Debtor quality also affects the credit risk (e.g., an investment in a debtor with a rating, such as 'investment grade', will pose a lower credit risk than an investment in a debtor with a low rating, such as 'speculative grade'). Changes in the quality of the debtor can have an impact on the credit risk.

#### **Settlement risk**

The risk that settlement via a payment or settlement system will not take place as expected because payment or delivery by a counterparty fails to take place or is not in accordance with the initial conditions. This risk exists to the extent that a Master Sub-Fund invests in regions where the financial markets are not yet well developed. This risk is limited in regions where the financial markets are well developed.

#### **Liquidity risk**

The risk that a position cannot be liquidated in a timely manner at a reasonable price. This means that a Master Sub-Fund can only liquidate its assets at a less favourable price or after a certain period. The risk exists if the respective Master Sub-Fund invests in instruments for which there is no market or a market with only limited liquidity; for example, in the case of unlisted investments. OTC derivatives may also lack liquidity.

#### **Exchange or currency risk**

The risk that the value of an investment will be affected by changes in exchange rates. This risk exists only to the extent that a Master Sub-Fund invests in assets that are denominated in a currency that develops differently from the reference currency of the respective Master Sub-Fund. For instance, a Master Sub-Fund denominated in EUR will not be exposed to any exchange risk when investing in bonds or equities denominated in EUR, but it will be exposed to an exchange risk when investing in bonds or equities denominated in USD.

The assessment of the exchange risk does not take account of the volatility of all currencies in which the assets in portfolio are denominated vis-à-vis the reference currency of the respective Master Sub-Fund.

#### **Custody risk**

The risk of loss of assets held in custody as a result of insolvency, negligence or fraud on the part of the custodian or a sub-custodian.

### **Concentration risk**

The risk relating to a large concentration of investments in specific assets or in specific markets. This means that the performance of those assets or markets will have a substantial impact on the value of the respective Master Sub-Fund's portfolio. The greater the diversification of the Master Sub-Fund's portfolio, the smaller the concentration risk. This risk will, for example, also be higher in more specialised markets (e.g., a specific region, sector or theme) than in widely diversified markets (e.g., a worldwide allocation).

### **Performance risk**

The risk to return, including the fact that the risk may vary depending on the choices made by each Master Sub-Fund, as well as the existence or absence of, or restrictions upon, any third-party security. The risk depends in part on the market risk and on how active the management of the manager is.

### **Capital risk**

The risks to capital, including the potential risk of erosion due to the redemption of shares and the distribution of profit in excess of the investment return. This risk can be limited by loss-mitigation, capital-protection or capital-guarantee techniques.

### **Flexibility risk**

Inflexibility both within the product itself, including the risk of premature redemption, and constraints on switching to other providers. This risk can mean that a Master Sub-Fund is unable to take the desired actions at certain times. It can be higher in the case of UCITS or investments subject to restrictive laws or regulations.

### **Inflation risk**

This risk is dependent on inflation. It applies, for example, to bonds with a long term to maturity and a fixed income.

### **Environmental factors and legal risk**

Uncertainty concerning the changeability of environmental factors (such as the tax regime or amendments to laws or regulations) that could affect how a Master Sub-Fund operates.

### **Derivatives risk**

The Master Sub-Funds may use derivative instruments not only for hedging, but also as an active investment instrument. As a result, some of the abovementioned risks, e.g. concentration risk, can be adversely affected.

## **Synthetic risk and reward indicator and risk profile**

In accordance with applicable law, a so-called synthetic risk and reward indicator has to be calculated for each of the Sub-Funds. This indicator provides a quantitative measure of a sub-fund's potential return and the risk involved, calculated in the currency in which a Sub-Fund is denominated. It is given as a figure between 1 and 7. The higher the figure, the greater the potential return, but also the more difficult it is to predict this return. The possibility to incur losses increases too. The lowest figure does not mean that the investment is entirely free of risk. However, it does indicate that, compared with the higher figure products, this product will generally provide a lower, but more predictable return.

The synthetic risk and reward indicator is calculated in accordance with Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website and the Committee of European Securities Regulators' Guidelines on the Methodology for the Calculation of the Synthetic Risk and Reward Indicator in the Key Investor Information Document (Ref.: CESR/10-673). The methodology for calculating the synthetic risk indicator and return is based on the volatility of the results of past periods (return) of a given (sub) fund.

The synthetic risk and reward indicator is assessed regularly and can therefore go up or down based on data from the past. Data from the past is not always a reliable indicator of future risk and return.

The most recent indicator can be found under the "Risk and reward profile" heading in the Key Investor Information Document, prepared for each of the Sub-Funds.

In addition to the synthetic risk and reward indicator, the Management Company has assigned a product score to each of the Sub-Funds which corresponds to a specific risk profile of each of the Sub-Funds and its target investors. This risk profile can be found in the relevant section 3 "Risk" of Part II "Information on the Sub-Funds" of this Prospectus. The product score has been determined both on the basis of the volatility of the relevant Sub-Fund, as well as in consideration of other factors and the risks listed in Subsection *Risk Description* of this section. Therefore, it is possible that the synthetic risk and reward indicator of two or more of the Sub-Funds will be of the same value, but their risk profile, as listed in this Prospectus, will be different.

## **Comparison between the risk profile and yield of the Sub-Funds and the Master Sub-Funds**

As the Sub-Funds are feeder sub-funds which invests all or substantially all of their assets in shares issued by their

corresponding Master Sub-Funds, may hold ancillary liquid assets (cash) up to an amount necessary for meeting their ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Funds' risk profile is identical to the risk profile of their corresponding Master Sub-Funds. The yield of the Sub-Funds is substantially the same as the yield of their corresponding Master Sub-Funds.

## H. Fees and charges regarding the Umbrella Fund

Fees and charges, divided according to whether they are paid by (1) the unitholders of Sub-Funds, and (2) the relevant Sub-Fund:

1. Fees and charges, paid by the unitholders of Sub-Funds\*:
  - a) One-off fees and charges: relevant for each Sub-Fund issue costs and redemption fee (see section "Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds" above)
  - b) Ongoing/recurrent fees and charges: None

*\* Investors owe other relevant applicable fees and expenses according to the Distributor's Tariff*
2. Fees and charges, paid by the respective Sub-Fund
  - a) One-off fees and charges: Establishment expenses (see below)
  - b) Ongoing/recurrent fees and charges: (i) Management fee charged by KBC AM; (ii) Custodian fee charged by the Custodian; (iii) Other ongoing charges of the Sub-Funds; and (iv) Other ongoing charges of the Master Sub-Funds (see below)

### Establishment Expenses

All fees and expenses relating to the establishment of the Umbrella Fund and Sub-Funds, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and Sub-Funds and the registration of the units for sale will be borne by the Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### Ongoing/Recurrent fees and charges

Each Sub-Fund will pay a management fee to KBC AM for the management of the respective Sub-Fund, which will be as follows:

Sub-Fund	Management Fee
UBB ExpertEase Defensive Balanced (EUR) ISIN BG9000004218	Max. 1.51% per year
UBB ExpertEase Defensive Balanced (LEVA) ISIN BG9000003210	Max. 1.51% per year
UBB ExpertEase Defensive Tolerant (EUR) ISIN BG9000005215	Max. 1.51% per year
UBB ExpertEase Defensive Tolerant (LEVA) ISIN BG9000006213	Max. 1.51% per year
UBB ExpertEase Dynamic Balanced (EUR) ISIN BG9000008219	Max. 1.69% per year
UBB ExpertEase Dynamic Balanced (LEVA) ISIN BG9000007211	Max. 1.69% per year
UBB ExpertEase Dynamic Tolerant (EUR) ISIN BG9000009217	Max. 1.69% per year
UBB ExpertEase Dynamic Tolerant (LEVA)	Max. 1.69% per year

ISIN BG9000010215	
UBB ExpertEase Highly Dynamic Tolerant (EUR) ISIN BG9000011213	Max. 1.83% per year
UBB ExpertEase Highly Dynamic Tolerant (LEVA) ISIN BG9000012211	Max. 1.83% per year

The management fee will be charged only on the portion of the assets of the relevant Sub-Fund, which is invested in financial instruments, other than units in the respective corresponding Master Sub-Fund.

However, potential investors must note that the Management Company, which is also the management company of the Master Umbrella Fund and the Master Sub-Funds, will charge a management fee on the assets of the respective Master Sub-Funds, which are acquired due to investments made by the Sub-Funds in the corresponding Master Sub-Funds. This management fee will be calculated on the basis of the average total net assets of the relevant Master Sub-Fund and will be in the same percentage as shown above in relation to the corresponding Sub-Funds. Therefore, this management fee will be indirectly borne by the respective Sub-Fund as a unitholder in the respective Master Sub-Fund, hence it will be ultimately at the expense of the unitholders in the Sub-Fund. Nonetheless, as mentioned above, the Management Company will not charge a management fee on the assets of the Sub-Funds, which are invested (i.e. being investments) in units of the corresponding Master Sub-Funds, thus avoiding double-charging of the management fee.

In addition, it should be noted that the Sub-Funds do not charge the Sub-Funds fees for issuing and repurchasing the shares of the Sub-Funds as a result of the investments made by the Sub-Funds in them.

Also, potential investors should keep in mind that there are no reimbursable fees or costs to be paid by the Sub-Funds in connection with their investment in the Main Sub-Funds.

Each Sub-Fund will pay a depository service fee to the Depository in the total amount of BGN 2,820 (two thousand eight hundred and twenty levs) per year, where part of the fee due for the respective month will be paid on a monthly basis.

### **Other ongoing charges of the Sub-Funds**

In addition, each Sub-Fund will pay other ongoing charges, which will include:

- Remuneration for the servicing investment firms;
- Audit fees;
- State fees;
- Supervision fees and other regulatory fees paid to the Financial Supervision Commission;
- Other operating fees and expenses;

These fees, calculated on the basis of the average amount of the total assets of the specific Sub-Fund, will not be in the total amount as follows:

Sub-Fund	Other charges
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UBB ExpertEase Defensive Balanced (EUR) ISIN BG9000004218	Max. 0.10% per year
UBB ExpertEase Defensive Balanced (LEVA) ISIN BG9000003210	Max. 0.10% per year
UBB ExpertEase Defensive Tolerant (EUR) ISIN BG9000005215	Max. 0.10% per year
UBB ExpertEase Defensive Tolerant (LEVA) ISIN BG9000006213	Max. 0.10% per year
UBB ExpertEase Dynamic Balanced (EUR) ISIN BG9000008219	Max. 0.10% per year
UBB ExpertEase Dynamic Balanced (LEVA) ISIN BG9000007211	Max. 0.10% per year
UBB ExpertEase Dynamic Tolerant (EUR) ISIN BG9000009217	Max. 0.10% per year
UBB ExpertEase Dynamic Tolerant (LEVA) ISIN BG9000010215	Max. 0.10% per year
UBB ExpertEase Highly Dynamic Tolerant (EUR) ISIN BG9000011213	Max. 0.30% per year until the third anniversary of the Sub-Fund and max. 0.10% thereafter
UBB ExpertEase Highly Dynamic Tolerant (LEVA) ISIN BG9000012211	Max. 0.60% per year until the third anniversary of the Sub-Fund and max. 0.10% thereafter

### Other ongoing charges of the Master Sub-Funds

Investors should further take into account that the Master Sub-Funds bear other ongoing costs and charges in connection with their investments, which are charged on the assets of the respective Master Sub-Funds, acquired due to investments made by the Sub-Funds in the corresponding Master Sub-Funds. Therefore, these costs and charges will be indirectly borne by the respective Sub-Fund as shareholder in the respective Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

The ongoing costs and charges of the Master Sub-Funds, which will be indirectly borne by their corresponding Sub-Funds, include, in addition to management fees, operational and administrative expenses, as follows:

- Administration fee in the amount, listed in the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>;
- Custody fee in the amount, listed in the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>;
- Other costs and charges of the Master Sub-Funds (e.g. state fees, audit fees, etc.) estimated at an amount of up to 0.10% per year;
- Taxes, paid by the Master Sub-Funds in connection with their investments, where required by the respective applicable law;
- Subscription and redemption fees paid by the Master Sub-Funds in connection with their investment in other collective investment schemes made in accordance with their investment objectives and policies, the amount of which depends on the volume of operations made each year.
- Other costs, paid by the Master Sub-Funds in connection with their investment in other collective investment schemes made in accordance with their investment objectives and policies, the amount of which depends on the rules of such other collective investment schemes and the value of the Master Sub-Funds' assets, invested therein.

The precise amount of the ongoing costs and charges paid by each Master Sub-Funds can be found in the annual financial statements of the Master Umbrella Fund (please refer to subsection "Ways of receiving additional information regarding the Master Umbrella Fund, its Master Sub-Funds and the agreement between the Umbrella Fund and the Master Umbrella Fund" of section "Places where additional information regarding the Umbrella Fund and the Master Umbrella Fund can be obtained" in part C. Corporate Information).



**Fees and charges, borne directly and indirectly by each Sub-Fund may not exceed 5% of the average annual net asset value of the respective Sub-Fund.**

**Investors can find the amount of the ongoing charges, taken by each Sub-Fund over a year, in the key investor information documents of each Sub-Funds.**

## **I. Tax treatment**

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**This section of the Prospectus provides an outline of the general tax treatment applicable to the Umbrella Fund and the investment in its Sub-Funds. The information contained herein is not exhaustive and does not constitute, nor is it intended to be, any form of legal, tax or any other type of advice. Taxation depends on the specific circumstances of the investor and may change in the future.**

**Investors should seek assistance from their own legal, tax, financial or other consultants – as they deem necessary – in order to understand fully the tax treatment of the investment in units issued by funds such as the Sub-Funds.**

### **Of the Umbrella Fund**

According to article 174 of the Corporate Income Tax Act ("CITA"), collective investment schemes, whose units are allowed for public offering in the Republic of Bulgaria, such as the Umbrella Fund and its Sub-Funds are not subject to corporate tax.

### **Of the investor from transactions with units of the Sub-Funds**

#### ***Taxation of resident natural persons***

According to article 13 (1), item 3 of the Personal Income Tax Act ("PITA"), the income accruing from the disposition of financial instruments is non-taxable. This income includes income from transactions with units of collective investment schemes, entered into on a regulated market in Bulgaria or under the terms and according to the procedure for redemption of collective investment schemes, which have been admitted to public offering in Bulgaria or in another Member State of the European Union, or in a state part of the European Economic Area, such as the Sub-Funds. This means that the income of unitholders resulting from redemption of their units in a Sub-Fund would be non-taxable.

#### ***Taxation of resident and non-resident legal entities***

According to article 44 of the CITA resident legal entities and non-resident legal entities, which are doing business from a permanent establishment or are accruing income from a source in the Republic of Bulgaria, in determining their tax financial result:

- shall debit (decrease) their accounting financial result with any profit from disposition of financial instruments (including units in the Sub-Funds), determined as a positive difference between the selling price and the documented cost of acquisition of the said financial instruments; and
- shall credit (increase) their accounting financial result with any loss from disposition of financial instruments (including units in the Sub-Funds), determined as a negative difference between the selling price and the documented cost of acquisition of the said financial instruments.

This profit/loss includes the result from transactions with units in collective investment schemes, entered into on a regulated market in Bulgaria or under the terms and according to the procedure for redemption of collective investment schemes, which have been admitted to public offering in Bulgaria or in another member state of the European Union ("EU"), or in a state part of the European Economic Area ("EEA"), such as the Sub-Funds. This means that the redemption of units in a Sub-Funds held by such unitholders would be tax neutral.

Under article 196 of CITA, any income from disposition of financial instruments, such as the redemption of unit in a Sub-Funds, shall not attract a tax withheld at source.

#### ***Taxation of non-resident natural persons***

Under article 37 (1), item 12 and article 46 of PITA any income from transactions with units of a Sub-Fund (realized capital gain) received by individuals from third countries, other than residents of Bulgaria or persons established for tax purposes in an EU member state or another state part of the EEA, is subject to a final tax of 10% on the taxable income.

#### ***Other important information***

Non-residents – unitholders of a Sub-Fund should note that when there is a Double Tax Treaty between the Republic of Bulgaria and the respective foreign country, whose resident is the recipient of income, the provisions of this agreement take precedence over Bulgarian domestic law. In such cases the Procedure for application of agreements for avoidance of the international double taxation of income and property in respect of foreign persons under Chapter 16, Section III of the Tax-Insurance Procedure Code is to be applied.

Natural persons – unitholders should note that the following types of unit acquisition are tax-exempt:

- acquisition by donation between lineal relatives and between spouses (article 44 (6) of the Local Tax and Fees Act (“LTFA”)); and
- acquisition through inheritance by the surviving spouse and by lineal heirs (article 31 (2) of the LTFA).

## J. Additional information

### *Information on past performance*

The Umbrella Fund does not provide information on the past performance of any of the Sub-Funds as there is insufficient data to give investors a useful indication thereof.

### *Information on amendments to the Umbrella Fund Rules and changes in the investment policy of the Sub-Funds*

Subject to compliance with the requirements of the applicable law, KBC AM is empowered to set and amend the Umbrella Fund Rules, as well as to change the risk profile and the investment goals, strategies, policy, and restrictions of each Sub-Fund set out in this Prospectus and in the Key Investor Information Document of each Sub-Fund.

### *Information on used communication channels for subscription by the Sub-Funds of shares of the respective Master Sub-Funds of Horizon*

Potential investors in units in the Sub-Funds should note that the Branch, acting on behalf of the Umbrella Fund and Sub-Funds, has entered into an agreement for transactions in financial instruments with United Bulgarian Bank AD, by virtue of which and through the intermediary services of the latter will be used more secure and fast communication channels, to which United Bulgarian Bank AD has an access, for the submission of orders for subscription by the Sub-Funds of shares of the respective Master Sub-Funds of Horizon.

### *Information on the filing of complaints*

The Branch and the Distributor maintain special registers of complaints filed by unitholders in a Sub-Fund against actions and omissions of KBC AM, the Branch and their third party service providers, including the Distributor, including with regard to the unit administration activities (including legal and accounting services related to asset management), investor information requests, net asset valuation and unit price calculation, compliance with legal requirements, keeping a book of unit holders, distribution of payments, issuance, sale and redemption of units, performance of contracts, record keeping, etc. The Branch and, where relevant, the Distributor, reviews and records all complaints filed.

Complaints could be forwarded for the preparation of a response or the provision of information to the Branch or the Distributor, respectively, depending on the subject matter of the complaint and the obligations and responsibilities towards the investors assumed by the Branch and the Distributor. In the relations between the Branch, including when acting on behalf of the Umbrella Fund and Sub-Funds, and the Distributor, the Distributor is liable for the non-performance of obligations and responsibilities towards the investors, provided in the contracts with the Distributor entered therewith and submitted orders for execution by the Distributor, and in this regard the Distributor is also responsible vis-à-vis the Branch for the assessment, including an incorrect assessment of the circumstances set out in the complaint for non-performance of said obligations of the Distributor. Notwithstanding the above, the final responsibility of the Branch towards the investors for the breach of the obligations assigned to the Distributor is not discharged.

To ensure that the Branch has information on all complaints filed and responses prepared to the investors by the Distributor, the Branch and the Distributor have agreed to introduce a procedure that is reflected through relevant provisions in the Distribution Agreement for the provision of information to the Compliance Department of the Branch within 3 business days after receipt of a complaint by the Distributor, respectively the coordination of the response with the Branch.

Investors have the right to lodge a written complaint free of charge. Upon request, they are given information on the terms and conditions for filing and addressing a complaint free of charge.

Investors can file their complaints:

- In the office of the Branch, Sofia, 1463, 89B Vitosha Blvd., UBB Millennium Center, 6th floor, every business day from 8.30 to 17.00;
- In all branches of the Distributor during normal business hours;
- Online through the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (*[Asset Management]*) and through the website of the



Branch under [www.ubbam.bg](http://www.ubbam.bg) ([Contacts]).

Complaints are considered only if the investor provides correct information on their name and personal identification number, as well as information for follow-up communication – mailing address, telephone number, e-mail address etc.

The complaint is reviewed by the Branch, and, where relevant, by the Distributor, where the complaint is analysed, relevant data are checked, evidence is collected and respective measures are taken to address the complaint.

A written reasoned answer is sent to the complainant no later than 10 business days of the day of filing the complaint.

Notwithstanding the above, each investor has the opportunity to file complaints against KBC AM, the Branch or the Distributor with the FSC and/or any other competent authority.

Each investor has the right to make use of other available means for alternative dispute resolution, such as mediation, out-of-court agreements and other forms of out-of-court dispute resolution, including the procedure before the *Sectoral Conciliation Commission for resolution of disputes in the field of activities and services under article 5 (2) and (3) of the MiFIA and of activities and services under article 86 (1) and (2) of the ACISOU CIA, including when providing financial services from a distance in these sectors*, with address: Sofia 1000, Slaveikov Square No 4A; tel. 02/ 9330 590; website: [www.kzp.bg](http://www.kzp.bg); e-mail: [adr.finmarkets@kzp.bg](mailto:adr.finmarkets@kzp.bg).

## K. Prohibition of offer or sale

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The units in the Umbrella Fund and Sub-Funds may not be publicly offered or sold in countries where they have not been registered with the local authorities.

### European Union and European Economic Area

KBC AM can market units of one or more of the Sub-Funds in a member state of the EU or a state part of the EEA, other than Bulgaria, only after conducting a notification (passportisation) procedure before the Financial Supervision Commission in accordance with the requirements of Chapter XI of the UCITS Directive as transposed in Part 2, Chapter 13, Section II of the ACISOUCA.

### United States of America

The units in Sub-Funds of the Umbrella Fund are not registered nor will they be registered based on the United States Securities Act of 1933, as amended from time to time. It is forbidden to offer, sell, transfer or deliver shares, directly or indirectly, in the United States of America or one of its territories or possessions or any area that is subject to its jurisdiction or to a US person, as defined in the aforementioned Securities Act. The Umbrella Fund and the Sub-Funds are not registered based on the United States Investment Company Act of 1940, as amended from time to time.

## L. Competent authority

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The activities of the Umbrella Fund and its Sub-Funds are supervised by:

Financial Supervision Commission, FSC  
(in Bulgarian *Комисия за финансов надзор*)  
Budapest Str. 16  
1000 Sofia

The activities of KBC AM and the Branch are supervised by:

Financial Services and Markets Authority (FSMA)  
Congresstraat 12-14  
1000 Brussels

The activities of the Branch are subject to partial supervision in accordance with Chapter 12, Section VII of the ACISOUCA by:

Financial Supervision Commission, FSC  
(in Bulgarian *Комисия за финансов надзор*)  
Budapest Str. 16  
1000 Sofia

## M. Use of Benchmarks

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All Sub-Funds are feeder sub-funds, which invest all or substantially all of their assets in shares from the Institutional F share BG classes of the corresponding Master Sub-Funds. Therefore, the Sub-Funds do not have an index-tracking objective and are not managed with reference to a benchmark, meaning an index or a combination of different indices that serves as a reference point for measuring the performance and composition of a Sub-Fund's portfolio.

All Master Sub-Funds are actively managed, i.e. KBC AM has discretion over the composition of their portfolios, subject to the stated investment objectives and policy of each Master Sub-Fund. The portfolio management and the portfolio composition of the Master Sub-Funds do not reference a benchmark.

## II. Information concerning the Sub-Funds

### A. Information concerning the sub-fund UBB ExpertEase Defensive Balanced (EUR)

#### 1. Basic details

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##### Name

UBB ExpertEase Defensive Balanced (EUR), ISIN BG9000004218 (referred to hereinafter in this Section A as the “**Sub-Fund**”)

##### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated on 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of an amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, and Decision № 87-DF of the FSC dated 18.02.2021 approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

##### Life

The Sub-Fund is established for an unlimited period of time.

##### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Defensive Balanced (referred to hereinafter in this Section A as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in EUR.

##### Stock exchange listing

None.

##### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

##### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.

## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in bonds.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Defensive Balanced; Currency EUR; ISIN BE6324083714	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOUICIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOUICIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 30% for the stock component and 70% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 45% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay twice as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 40% and 80% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The

Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above - mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely defensive. This risk profile is valid for investors domiciled in Bulgaria.

According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global mixed "balanced" fund.

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this Prospectus, as well as, review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	Moderate	the bond component of the Master Sub-Fund invests primarily - but not exclusively- in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	Low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	Low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	Moderate	since there are investments in securities that are denominated in currencies other than the Bulgarian lev or the Euro, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	Low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	Low	
Performance risk	Risks to return	Moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	Moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	Low	
Inflation risk	Risk of inflation	Moderate	the bond component does not provide any protection against an increase in inflation.



Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	Low	
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## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Defensive profile.

This means an investor, who puts the emphasis on security. The investor is prepared to accept a limited degree of risk and can afford to do without its money in the medium term. The investor has a bias for interest-bearing investments. The weighting of equity investments will be on the modest side and should preferably be made up of capital-protected instruments. Effective diversification remains important.

The recommended holding period of an investment in this Sub-Fund is 7 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order - without paying additional costs, (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper, and (iii) on mobile device for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is EUR 10 (ten euros), divided by the issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan - SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл).

The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of EUR 10 (ten euros).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of EUR 10 (ten euros). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described

in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another EUR Sub-Fund or a EUR UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus

### **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).

## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

<i>Type of units offered to the public</i>	<i>Currency for the calculation of the net asset value</i>	<i>ISIN code</i>	<i>Initial Subscription Price</i>
dematerialised, registered, transferable units	EUR	BG9000004218	EUR 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Euro (EUR) and have nominal value of EUR 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is EUR 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.

## Fees and charges

**One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	Subscription	Redemption	Switching between sub-funds
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### Establishment Expenses

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

**Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

Fee	Way of calculation	Amount
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.51% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.51% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.**



## B. Information concerning the sub-fund UBB ExpertEase Defensive Balanced (LEVA)

### 1. Basic details

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#### Name

UBB ExpertEase Defensive Balanced (LEVA), ISIN BG9000003210 (referred to hereinafter in this Section B as the “**Sub-Fund**”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated on 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, and Decision № 87-DF of the FSC dated 18.02.2021 approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is established for an unlimited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon’s Master Sub-Fund – Horizon KBC ExpertEase Defensive Balanced (referred to hereinafter in this Section B as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in BGN.

#### Stock exchange listing

None.

#### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC’s website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are collected from the assets of the Sub-Fund, thus are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

#### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.

## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in bonds.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BGN class in Horizon KBC ExpertEase Defensive Balanced; Currency BGN; ISIN BE6324084720	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOUICIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOUICIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 30% for the stock component and 70% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 45% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay twice as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 40% and 80% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely defensive. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global mixed "balanced" fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this

Prospectus, as well as, review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily - but not exclusively- in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	moderate	since there are investments in the Master Sub-Fund in securities that are denominated in currencies other than the Euro or the Bulgarian lev, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	moderate	the bond component does not provide any protection against an increase in inflation.

Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	
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## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Defensive profile.

This means an investor, who puts the emphasis on security. The investor is prepared to accept a limited degree of risk and can afford to do without its money in the medium term. The investor has a bias for interest-bearing investments. The weighting of equity investments will be on the modest side and should preferably be made up of capital-protected instruments. Effective diversification remains important.

The recommended holding period of an investment in this Sub-Fund is 7 years.

# 4. Information concerning the subscription of units in the Sub-Fund

## How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order - without paying additional costs, (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are

considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is BGN 10 (ten leva ), divided by the issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan - SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл).

The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of BGN 10 (ten leva ).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of BGN 10 (ten leva). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.



In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another LEVA Sub-Fund or a BGN UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus

### **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).

## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

<i>Type of units offered to the public</i>	<i>Currency for the calculation of the net asset value</i>	<i>ISIN code</i>	<i>Initial Subscription Price</i>
dematerialised, registered, transferable units	BGN	BG9000003210	BGN 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Bulgarian lev (BGN) and have a nominal value of BGN 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is BGN 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

*Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.*

### Fees and charges

**One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	Subscription	Redemption	Switching between sub-funds
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

**Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

**Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

Fee	Way of calculation	Amount
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund	Max. 1.51% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.51% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.**

## C. Information concerning the sub-fund UBB ExpertEase Defensive Tolerant (EUR)

### 1. Basic details

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#### Name

UBB ExpertEase Defensive Tolerant (EUR), ISIN BG9000005215 (referred to hereinafter in this Section C as the “**Sub-Fund**”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, and Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is established for an unlimited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Defensive Tolerant (referred to hereinafter in this Section C as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in EUR.

#### Stock exchange listing

None.

#### Important information

**In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.**

**An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/corporate/en/product/investments/fund-finder.html> and a copy of which may be obtained in all branches of the Distributor during their normal business hours.**

**Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.**

#### No investment guarantee

**Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.**

## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders by investing directly or indirectly in transferable securities. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Defensive Tolerant; Currency EUR; ISIN BE6324087756	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOUICIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOUICIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 30% for the stock component and 70% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 45% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay one-and-a-half times as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 5% and 40% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The



Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely defensive. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global mixed "balanced" fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this

Prospectus , as well as, review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily - but not exclusively- in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	moderate	since there are investments in the Master Sub-Fund in securities that are denominated in currencies other than the Euro or the Bulgarian lev, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	moderate	the bond component does not provide any protection against an increase in inflation.
Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	

## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Defensive profile.

This means an investor, who puts the emphasis on security. The investor is prepared to accept a limited degree of risk and can afford to do without its money in the medium term. The investor has a bias for interest-bearing investments. The weighting of equity investments will be on the modest side and should preferably be made up of capital-protected instruments. Effective diversification remains important.

The recommended holding period of an investment in this Sub-Fund is 5 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order - without paying additional costs, (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is EUR 10 (ten euros), divided by the issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

## **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan - SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл).

The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of EUR 10 (ten euros ).

## **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of EUR 10 (ten euros). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

## **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another EUR Sub-Fund or a EUR UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus

### **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).

## **5. Type of units and fees and charges**

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### **Types and characteristics of the units issued by the Sub-Fund**



<i>Type of units offered to the public</i>	<i>Currency for the calculation of the net asset value</i>	<i>ISIN code</i>	<i>Initial Subscription Price</i>
dematerialised, registered, transferable units	EUR	BG9000005215	EUR 10

### **General characteristics**

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Euro (EUR) and have a nominal value of EUR 10 each.

### **Contributions**

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is EUR 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

### **Transfer of units**

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

### **Unit form and unit certificates**

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

### **Rights provided by the units**

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

### **Dividend payment**

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

*Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.*

## **Fees and charges**

***One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share***



	<i>Subscription</i>	<i>Redemption</i>	<i>Switching between sub-funds</i>
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

<b>Fee</b>	<b>Way of calculation</b>	<b>Amount</b>
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.51% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.51% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.**

## D. Information concerning the sub-fund UBB ExpertEase Defensive Tolerant (LEVA)

### 1. Basic details

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#### Name

UBB ExpertEase Defensive Tolerant (LEVA), ISIN BG9000006213 (referred to hereinafter in this Section D as the “**Sub-Fund**”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOUICIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, and Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is not established for a limited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOUICIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOUICIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOUICIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Defensive Tolerant (referred to hereinafter in this Section D as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in BGN.

#### Stock exchange listing

None.

#### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

#### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.

## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Defensive Tolerant; Currency BGN; ISIN BE6324086741	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOUICIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOUICIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 30% for the stock component and 70% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 45% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay one-and-a-half times as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 5% and 40% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt

instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely defensive. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global mixed "balanced" fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the

master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this Prospectus, as well as, review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily - but not exclusively- in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	moderate	since there are investments in the Master Sub-Fund in securities that are denominated in currencies other than the Euro or the Bulgarian lev, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	moderate	the bond component does not provide any protection against an increase in inflation.
Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	



## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Defensive profile.

This means an investor, who puts the emphasis on security. The investor is prepared to accept a limited degree of risk and can afford to do without its money in the medium term. The investor has a bias for interest-bearing investments. The weighting of equity investments will be on the modest side and should preferably be made up of capital-protected instruments. Effective diversification remains important.

The recommended holding period of an investment in this Sub-Fund is 5 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order - without paying additional costs, (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP)

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is BGN 10 (ten leva ), divided by the issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

## Systematic investment plans

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan - SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл). The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of BGN 10 (ten leva).

## Initial Subscription of Units in the Sub - Fund

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of BGN 10 (ten leva). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus

## Redemption of units in the Sub-Fund

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### Orders for simultaneous sale and purchase of units (exchange orders)

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another LEVA Sub-Fund or a BGN UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### Calculation of the net asset value, issue price and redemption price

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus

### Publication of the net asset value, issue price and redemption price

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase) .

## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

Type of units offered to the public	Currency for the calculation of the net asset value	ISIN code	Initial Subscription Price

dematerialised, registered, transferable units	BGN	BG9000006213	BGN 10
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### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Bulgarian lev (BGN) and have a nominal value of BGN 10 each.

### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is BGN 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.

## Fees and charges

**One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	Subscription	Redemption	Switching between sub-funds
Trading fee	Max 2.50%	-	Max. 2.50%

Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

Fee	Way of calculation	Amount
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.51% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.51% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.**



# E. Information concerning the sub-fund

## UBB ExpertEase Dynamic Balanced (EUR)

### 1. Basic details

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#### Name

UBB ExpertEase Dynamic Balanced (EUR), ISIN BG9000008219 (referred to hereinafter in this Section E as the “**Sub-Fund**”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, and Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is not established for a limited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Dynamic Balanced (referred to hereinafter in this Section E as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in EUR.

#### Stock exchange listing

None.

#### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

#### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.



## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Dynamic Balanced; Currency EUR; ISIN BE6324090784	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOUICIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOUICIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 55% for the stock component and 45% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 70% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay twice as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 25% and 65% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above – mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely dynamic. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global equity fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this

Prospectus, as well as review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily – but not exclusively – in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	moderate	since there are investments in the Master Sub-Fund in securities that are denominated in currencies other than the Euro or the Bulgarian Lev, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	moderate	the bond component does not provide any protection against an increase in inflation.
Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	

## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Dynamic profile.

This means an investor, who targets a potentially higher return by allocating its investments near enough evenly between shares and interest-bearing products. Under normal market conditions, this allocation represents for such investor a good balance between risk and return. However, this investor is also aware that prices can fall. Therefore, trying to achieve a higher return entails taking on additional risk. Dynamic investors can do without some of their assets for a longer period of time.

The recommended holding period of an investment in this Sub-Fund is 6 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order – without paying additional costs, or (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is EUR 10 (ten euros), divided by the issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan – SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл). The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of EUR 10 (ten euros).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of EUR 10 (ten euros). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the



redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another EUR Sub-Fund or a EUR UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

## **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus

## **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).



## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

Type of units offered to the public	Currency for the calculation of the net asset value	ISIN code	Initial Subscription Price
dematerialised, registered, transferable units	EUR	BG9000008219	EUR 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Euro (EUR) and have a nominal value of EUR 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is EUR 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

*Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.*

### Fees and charges

**One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	<i>Subscription</i>	<i>Redemption</i>	<i>Switching between sub-funds</i>
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

<b>Fee</b>	<b>Way of calculation</b>	<b>Amount</b>
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.69 % per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.69% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net**

asset value of the Sub-Fund.

## F. Information concerning the sub-fund UBB ExpertEase Dynamic Balanced (LEVA)

### 1. Basic details

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#### Name

UBB ExpertEase Dynamic Balanced (LEVA), ISIN BG9000007211 (referred to hereinafter in this Section F as the “**Sub-Fund**”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, and Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is not established for a limited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Dynamic Balanced (referred to hereinafter in this Section F as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in BGN.

#### Stock exchange listing

None.

#### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

#### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.

## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Dynamic Balanced; Currency BGN; ISIN BE6324088762	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOUICIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOUICIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 55% for the stock component and 45% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 70% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay twice as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 25% and 65% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The

Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely dynamic. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global equity fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this Prospectus, as well as review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily – but not exclusively – in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	moderate	since there are investments in the Master Sub-Fund in securities that are denominated in currencies other than the Euro or the Bulgarian lev, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	moderate	the bond component does not provide any protection against an increase in inflation.



Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	
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## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Dynamic profile.

This means an investor, who targets a potentially higher return by allocating its investments near enough evenly between shares and interest-bearing products. Under normal market conditions, this allocation represents for such investor a good balance between risk and return. However, this investor is also aware that prices can fall. Therefore, trying to achieve a higher return entails taking on additional risk. Dynamic investors can do without some of their assets for a longer period of time.

The recommended holding period of an investment in this Sub-Fund is 6 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order – without paying additional costs, or (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device [for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is BGN 10 (ten leva ), divided by the issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan – SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл). The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of BGN 10 (ten leva ).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of BGN 10 (ten leva). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered

irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another LEVA Sub-Fund or a BGN UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. "For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

## **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus

## **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).

## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

Type of units offered to the public	Currency for the calculation of the net asset value	ISIN code	Initial Subscription Price
dematerialised, registered, transferable units	BGN	BG9000007211	BGN 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Bulgarian lev (BGN) and have a nominal value of BGN 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is BGN 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.

### Fees and charges

**ne-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	<i>Subscription</i>	<i>Redemption</i>	<i>Switching between sub-funds</i>
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

<b>Fee</b>	<b>Way of calculation</b>	<b>Amount</b>
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.69% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.69% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.**



# G. Information concerning the sub-fund UBB ExpertEase Dynamic Tolerant (EUR)

## 1. Basic details

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### Name

UBB ExpertEase Dynamic Tolerant (EUR), ISIN BG9000009217 (referred to hereinafter in this Section G as the “**Sub-Fund**”)

### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, and Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

### Life

The Sub-Fund is not established for a limited period of time.

### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Dynamic Tolerant (referred to hereinafter in this Section G as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in EUR.

### Stock exchange listing

None.

### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.



## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Dynamic Tolerant; Currency EUR; ISIN BE6324092806	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOU CIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOU CIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 55% for the stock component and 45% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 70% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay one-and-a-half times as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 5% and 35% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt

instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely dynamic. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global equity fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading *Risks* resulting from the master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this Prospectus below, as well as review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily – but not exclusively – in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	moderate	since there are investments in the Master Sub-Fund in securities that are denominated in currencies other than the Euro or the Bulgarian Lev, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	moderate	the bond component does not provide any protection against an increase in inflation.

Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	
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## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Dynamic profile.

This means an investor, who targets a potentially higher return by allocating its investments near enough evenly between shares and interest-bearing products. Under normal market conditions, this allocation represents for such investor a good balance between risk and return. However, this investor is also aware that prices can fall. Therefore, trying to achieve a higher return entails taking on additional risk. Dynamic investors can do without some of their assets for a longer period of time.

The recommended holding period of an investment in this Sub-Fund is 5 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order – without paying additional costs, (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase

order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is EUR 10 (ten euros), divided by the issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan – SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл).

The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of EUR 10 (ten euros).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of EUR 10 (ten euros). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T),



cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another EUR Sub-Fund or a EUR UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).



## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

Type of units offered to the public	Currency for the calculation of the net asset value	ISIN code	Initial Subscription Price
dematerialised, registered, transferable units	EUR	BG9000009217	EUR 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Euro (EUR) and have a nominal value of EUR 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is EUR 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

*Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.*

### Fees and charges

***One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share***

	<i>Subscription</i>	<i>Redemption</i>	<i>Switching between sub-funds</i>
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

<b>Fee</b>	<b>Way of calculation</b>	<b>Amount</b>
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.69% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.69% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net**

**asset value of the Sub-Fund.**

# H.Information concerning the sub-fund

## UBB ExpertEase Dynamic Tolerant (LEVA)

### 1. Basic details

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#### Name

UBB ExpertEase Dynamic Tolerant (LEVA), ISIN BG9000010215 (referred to hereinafter in this Section H as the “**Sub-Fund**”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is not established for a limited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Dynamic Tolerant (referred to hereinafter in this Section H as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in BGN.

#### Stock exchange listing

None.

#### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

#### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.

## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Dynamic Tolerant; Currency BGN; ISIN BE6324091790	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOU CIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOU CIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 55% for the stock component and 45% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 70% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay one-and-a-half times as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 5% and 35% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt

instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely dynamic. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global equity fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the



master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this Prospectus, as well as review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily – but not exclusively – in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	moderate	since there are investments in the Master Sub-Fund in securities that are denominated in currencies other than the Bulgarian lev or the Euro, there is a real chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	moderate	the bond component does not provide any protection against an increase in inflation.
Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	

## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Dynamic profile.

This means an investor, who targets a potentially higher return by allocating its investments near enough evenly between shares and interest-bearing products. Under normal market conditions, this allocation represents for such investor a good balance between risk and return. However, this investor is also aware that prices can fall. Therefore, trying to achieve a higher return entails taking on additional risk. Dynamic investors can do without some of their assets for a longer period of time.

The recommended holding period of an investment in this Sub-Fund is 5 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order – without paying additional costs, or (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is BGN 10 (ten leva), divided by the

issue price per 1 unit. The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan – SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл).

The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of BGN 10 (ten leva ).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of BGN 10 (ten leva). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the

redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another LEVA Sub-Fund or a BGN UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase)

## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

Type of units offered to the public	Currency for the calculation of the net asset value	ISIN code	Initial Subscription Price
dematerialised, registered, transferable units	BGN	BG9000010215	BGN 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Bulgarian lev (BGN) and have a nominal value of BGN 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is BGN 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.

### Fees and charges

**One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	<i>Subscription</i>	<i>Redemption</i>	<i>Switching between sub-funds</i>
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

<b>Fee</b>	<b>Way of calculation</b>	<b>Amount</b>
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.69% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.10% per year

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.69% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “Other ongoing charges of the Master Sub-Funds”, section “Ongoing/Recurrent fees and charges”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.**





# I. Information concerning the sub-fund

## UBB ExpertEase Highly Dynamic Tolerant (EUR)

### 1. Basic details

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#### Name

UBB ExpertEase Highly Dynamic Tolerant (EUR), ISIN BG9000011213 (referred to hereinafter in this Section I as the “**Sub-Fund**”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOU CIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is not established for a limited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOU CIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOU CIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOU CIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Highly Dynamic Tolerant (referred to hereinafter in this Section I as the “**Master Sub-Fund**”).

The Sub-Fund is denominated in EUR.

#### Stock exchange listing

None.

#### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb>, and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

#### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.

## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Highly Dynamic Tolerant; Currency EUR; ISIN BE6324094828	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOUICIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOUICIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 75% for the stock component and 25% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 90% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay one-and-a-half times as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 5% and 30% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt

instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

**As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely dynamic. This risk profile is valid for investors domiciled in Bulgaria.**

**According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global equity fund.**

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading Risks resulting from the

master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this Prospectus, as well as review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily – but not exclusively – in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	high	since there are investments of the Master Sub-Fund in securities that are denominated in currencies other than the Bulgarian lev or the Euro, there is a considerable chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	low	
Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	

## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Dynamic profile.

This means an investor, who targets a potentially higher return by allocating its investments near enough evenly between shares and interest-bearing products. Under normal market conditions, this allocation represents for such investor a good balance between risk and return. However, this investor is also aware that prices can fall. Therefore, trying to achieve a higher return entails taking on additional risk. Dynamic investors can do without some of their assets for a longer period of time.

The recommended holding period of an investment in this Sub-Fund is 6 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order – without paying additional costs, or (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device [for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is EUR 10 (ten euros, divided by the issue price per 1 unit). The investor shall receive confirmation of the transaction as soon as possible, but not later than



the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan – SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected. The investor should have at least one payment account opened with the Distributor.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл).

The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of EUR 10 (ten euros).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of EUR 10 (ten euros). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.

In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules,

described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another EUR Sub-Fund or a EUR UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. "For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

## **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

## **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase)

## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

Type of units offered to the public	Currency for the calculation of the net asset value	ISIN code	Initial Subscription Price
dematerialised, registered, transferable units	EUR	BG9000011213	EUR 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Euro (EUR) and have a nominal value of EUR 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is EUR 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.

### Fees and charges

**One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	<i>Subscription</i>	<i>Redemption</i>	<i>Switching between sub-funds</i>
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

<b>Fee</b>	<b>Way of calculation</b>	<b>Amount</b>
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.83% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.30 % per year until the third anniversary of the Sub-Fund and max. 0.10 % thereafter.

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.83% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

**Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.**



# J. Information concerning the sub-fund

## UBB ExpertEase Highly Dynamic Tolerant (LEVA)

### 1. Basic details

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#### Name

UBB ExpertEase Highly Dynamic Tolerant (LEVA), ISIN BG9000012211 (referred to hereinafter in this Section J as the “Sub-Fund”)

#### Date of establishment

The Sub-Fund is established (organised) in accordance with the ACISOUICIA and its delegated legislation by virtue of decision of KBC AM dated 11.08.2020, as well as decisions dated 20.11.2020 and 11.01.2021 for the approval of amended and supplemented versions of the prospectus and amended and supplemented rules and other documents of the Umbrella Fund, Decision № 87-DF of the FSC dated 18.02.2021, approving the establishment and management of the Umbrella Fund and its sub-funds by KBC AM.

The Sub-Fund is deemed established in the Republic of Bulgaria on 05.03.2021, which is the date of registration of the Umbrella Fund and its sub-funds in the register under article 30 (1), item 4 of the Financial Supervision Commission Act.

#### Life

The Sub-Fund is not established for a limited period of time.

#### Status

The Sub-Fund is an investment compartment of the Umbrella Fund established in accordance with the ACISOUICIA. The Umbrella Fund is a feeder UCITS within the meaning of article 67 of the ACISOUICIA and the Sub-Fund is a feeder sub-fund, which invest by way of derogation from article 4 (1), item 1, articles 38, 45, 48 and article 49 (2), item 3 of the ACISOUICIA, at least 85% of its assets in Horizon's Master Sub-Fund – Horizon KBC ExpertEase Highly Dynamic Tolerant (referred to hereinafter in this Section J as the “Master Sub-Fund”).

The Sub-Fund is denominated in BGN.

#### Stock exchange listing

None.

#### Important information

In accordance with the applicable legislation, the Sub-Fund is a feeder sub-fund which invests at least 85% of its assets in the Master Sub-Fund on a permanent basis.

An investment in the Sub-Fund may not be appropriate for all investors. Investors should read and consider the section “General information on the risk profile of the Sub-Funds” above and Section 3 “Risk” below before investing in the Sub-Fund. Investors should also read and consider the prospectus for the Master Sub-Fund, which is available on group KBC's website under <https://www.kbc.be/retail/en/legal-information/investment-legal-documents.html?zone=breadcrumb> and a copy of which may be obtained in all branches of the Distributor during their normal business hours.

Investors should note that the fees and expenses of the Sub-Fund are collected from the assets of the Sub-Fund and that the management fee for the Master Sub - Fund is collected from its assets, so that, given that the Sub-Fund will be a shareholder in the Master Sub-Fund, they are indirectly borne by the unitholders in the Sub-Fund. There is no guarantee that the Sub-Fund will generate sufficient income from its investments in order to discharge these fees and expenses incurred and this could have the effect of lowering the capital value of an investment in the Sub-Fund. Thus, upon redemption of units in the Sub-Fund the unitholders may not receive back the full amount they invested.

#### No investment guarantee

Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in the Sub-Fund is subject to fluctuations in value.



## 2. Investment information

### Sub-Fund's objective

The investment objective of the Sub-Fund is to invest at least 85% of its assets in the Master Sub-Fund, in order to provide investors with an opportunity to invest in a well-diversified master UCITS with a large investor base, high net asset value and a global outlook. This allows investors to benefit from professional asset management based in a leading European market and cost-lowering economies of scale.

The investment objective of the Master Sub-Fund is to generate the highest possible return for its shareholders in accordance with its investment policy. This is reflected in its pursuit of capital gains and income. To this end, the assets of the Master Sub-Fund are invested, either directly or indirectly via correlated financial instruments, primarily in shares.

### Sub-fund's investment policy

All or substantially all funds attracted by the Sub-Fund shall be invested in shares of the Master Sub-Fund. The Sub-Fund may hold ancillary liquid assets (cash) up to an amount necessary for the Sub-Fund to fulfil redemption orders submitted by investors and to meet other ongoing expenses and may have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund. The portfolio of the Sub-Fund shall be structured as follows:

Asset class	Percentage of Sub-Fund's assets
Institutional F share BG class in Horizon KBC ExpertEase Highly Dynamic Tolerant; Currency BGN; ISIN BE6324093812	At least 85%
Ancillary liquid assets under article 38 (4) of the ACISOU CIA – cash	Up to 15%
Derivatives in accordance with Art. 38, para. 1, items 7 and 8 and Art. 42 and 43 of ACISOU CIA	

### Investment policy of the Master Sub-Fund

Due to the composition of the Sub-Fund's portfolio, its performance depends substantially on the investment policy of the Master Sub-Fund. It is not intended that the Sub-Fund will make any direct investments and all or substantially all monies received by the Sub-Fund will be invested in the Master Sub-Fund.

The Master Sub-Fund invests directly or indirectly in various asset classes, such as shares and/or share-related investments (the "stock component"), bonds and/or bond-related investments (the "bond component"), money market instruments, cash and cash equivalents, and/or alternative investments (including indirectly in real estate, through investments in liquid financial instruments, for example in units or shares of real estate investment funds (including real estate investment trusts and other funds for investments in real estate) as well as financial instruments that are linked to price movements on the commodity market).

The Master Sub-Fund may borrow up to 10% of its net assets, insofar as these are short-term borrowings aimed at solving temporary liquidity problems.

The target allocation of the Master Sub-Funds assets is 75% for the stock component and 25% for the bond component. This allocation may be significantly deviated from in line with the investment view of KBC AM, as illustrated below.

Therefore, the Master Sub-Fund may invest a sizeable portion of its assets in asset classes that are not included in the target allocation (such as money market instruments and cash). The stock component can amount to a maximum of 90% of the Master Sub-Fund. When applying KBC AM's investment view, an analysis is made of the financial and economic developments and prospects for specific regions, sectors and themes. If conditions on the financial markets are uncertain, volatile or both, part of the portfolio can also be converted into investments with a lower level of risk (such as money market instruments and cash). If the stock component outperforms the bond component, or vice versa, the managers of the Master Sub-Fund can likewise use part of the portfolio to buy additional assets in the best-performing of these two classes and sell assets in the worst-performing one.

The managers of the Master Sub-Fund pay one-and-a-half times as much attention to the downside risk as to the upside potential. The more attention that is paid to downside risk, the larger the portion of the portfolio that can be converted into investments with a lower level of risk, such as cash and money market instruments, in times of uncertain and/or volatile markets. This part of the portfolio will ultimately amount to between 5% and 30% of the assets. This limit is indicative and may be reviewed annually based on the long-term trend of the financial markets. However, under certain market conditions, the Master Sub-Fund's assets will not be invested in these asset classes in accordance with the pre-set target allocation.

The stock component is invested in a worldwide selection of shares that may come from any region, sector or theme.

The bond component is composed as follows:

Some of the assets are invested in bonds and debt securities issued by both companies and governments. The Master Sub-Fund invests, directly and/or indirectly, at least 50% of the assets invested in bonds and debt

instruments:

- in securities that have an investment grade (minimum BBB-/Baa3 long term, A3/F3/P3 short term) rating of at least one of the following rating agencies:
  - Moody's (Moody's Investors Service);
  - S&P (Standard & Poor's, a Division of the McGraw-Hill Companies);
  - Fitch (Fitch Ratings), and/or
- in money market instruments whose issuer has been given an investment grade rating of 1 of the above-mentioned rating agencies.

In addition, the Master Sub-Fund can invest up to 50% of the assets invested in bonds and debt instruments

- in securities that have a lower rating (or money market instruments whose issuer has a lower rating)
- in securities for which no credit rating of any of the above-mentioned agencies is available (or money market instruments whose issuer does not have a rating of one of above mentioned agencies).

All maturities are taken into consideration when selecting the bonds and debt instruments.

The Master Sub-Fund will invest primarily in units of undertakings for collective investment managed by a member of the KBC group based on criteria such as how transparent the investment policy of those undertakings for collective investment is and whether or not their strategy is in line with the Master Sub-Fund's investment strategy.

Derivatives can be used both to achieve the investment objectives and to hedge risks.

Listed and unlisted derivatives may be used to achieve the objectives: these may be forward contracts, futures, options or swaps on securities, indexes, currencies or interest rates or other transactions involving derivatives. Unlisted derivatives transactions will only be concluded with prime financial institutions specialised in such transactions.

Subject to the applicable laws and regulations and the articles of association, the Master Sub-Fund always seeks to conclude the most effective transactions. All costs associated with the transactions will be charged to the Master Sub-Fund and all income generated will be paid to the Master Sub-Fund.

If the transactions result in a risk in respect of the counterparty, this risk can be hedged by using a margin management system that ensures that the Master Sub-Fund is the beneficiary of security (collateral) in the form of liquid instruments, such as, for instance, cash or investment grade bonds. The relationship with the counterparty or counterparties is governed by standard international agreements.

Derivatives may also be used to hedge the assets of the Master Sub-Fund against open exchange rate risks in relation to the currency in which the Master Sub-Fund is denominated.

Where derivatives are used, they must be easily transferable and liquid instruments. Using derivatives does not, therefore, have a negative impact on liquidity risk. The use of derivatives may, however, affect the spread of the portfolio across regions, sectors or themes. Consequently, there may be an impact on concentration risk. Derivatives may not be used to protect capital, either fully or partially. They neither increase nor decrease capital risk. In addition, using derivatives has no negative impact on credit risk, settlement risk, custody risk, flexibility risk or inflation risk or risk dependent on external factors.

The Master Sub-Fund may conclude contracts that entail a credit risk in respect of issuers of debt instruments. Credit risk is the risk that the issuer of the debt instrument will default. This credit risk relates to parties whose creditworthiness at the time the contract is concluded is equal to that of the issuers whose debt instruments the Master Sub-Fund can hold directly. Credit derivatives may possibly be used both to carry out the investment objectives and to cover the credit risk, but solely within the existing risk profile and without implying any shift to less creditworthy debtors than those the Master Sub-Fund can invest in.

## 3. Risk

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### Sub-Fund's risk profile

As the Sub-Fund is a feeder sub-fund which invests all or substantially all of its assets in shares issued by the Master Sub-Fund, may hold ancillary liquid assets (cash) up to an amount necessary for meeting its ongoing expenses and may only have limited derivative positions (in futures) to hedge market risk given the timing difference between the fulfilment of redemption and subscription orders in the Sub-Fund and their fulfilment in the Master Sub-Fund, the Sub-Fund's risk profile is identical to the risk profile of the Master Sub-Fund, namely dynamic. This risk profile is valid for investors domiciled in Bulgaria.

According to the Methodology for Classification of Collective Investment Schemes of the Bulgarian Association of Asset Management Companies the risk profile of this Sub - Fund determined based on the geographical and market risk to which it is exposed corresponds to a global equity fund.

In order to better understand the reasons behind this assessment and review the possible risks connected with their investment in the Sub-Fund, investors must take note of the risk factors set out in heading *Risks* resulting from the master-feeder structure from Section *General information on the risk profile of the Sub-Funds* in Part I of this Prospectus , as well as review the information in the following table, which summarises the characteristic risk of the Master Sub-Fund to which they are *indirectly* exposed as a result of the Sub-Fund's investment in the Master Sub-Fund:

Risk type	Concise definition of the risk	Effect on Master Sub-Fund	Explanation:
Market risk	The risk that the entire market of an asset class will decline, thus affecting the prices and values of the assets in the portfolio	moderate	the level of the risk reflects the volatility of the equity component of the Master Sub-Fund.
Credit risk	The risk that an issuer or a counterparty will default	moderate	the bond component of the Master Sub-Fund invests primarily - but not exclusively- in bonds with an investment grade rating. Consequently, the risk that an issuer can no longer meet its obligations is higher than in an investment that consists only of bonds with an investment grade rating. If investors are in doubt about the creditworthiness of the issuers of the bonds, the value of those bonds can fall.
Settlement risk	The risk that settlement of a transaction via a payment system will not take place as expected	low	
Liquidity risk	The risk that a position cannot be liquidated in a timely manner at a reasonable price	low	
Exchange or currency risk	The risk that the value of an investment will be affected by changes in exchange rates	high	since there are investments of the Master Sub-Fund in securities that are denominated in currencies other than the Bulgarian lev or the Euro, there is a considerable chance that the value of an investment will be affected by movements in exchange rates.
Custody risk	The risk of loss of assets held in custody with a custodian or sub-custodian	low	
Concentration risk	The risk relating to a large concentration of investments in specific assets or in specific markets	low	
Performance risk	Risks to return	moderate	the level of the risk reflects the volatility of the equity component.
Capital risk	Risks to capital	moderate	There is no capital protection.
Flexibility risk	Inflexibility both within the product and constraints on switching to other providers	low	
Inflation risk	Risk of inflation	low	

Environmental factors	Uncertainty regarding the immutability of environmental factors, such as the tax regime	low	
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## Risk profile of the targeted investor

Profile of the targeted investor for which the sub-fund has been designed: Dynamic profile.

This means an investor, who targets a potentially higher return by allocating its investments near enough evenly between shares and interest-bearing products. Under normal market conditions, this allocation represents for such investor a good balance between risk and return. However, this investor is also aware that prices can fall. Therefore, trying to achieve a higher return entails taking on additional risk. Dynamic investors can do without some of their assets for a longer period of time.

The recommended holding period of an investment in this Sub-Fund is 6 years.

## 4. Information concerning the subscription of units in the Sub-Fund

### How to subscribe and redeem units in the Sub-Fund

KBC AM has assigned the activity of subscription and redemption of the units in the Sub-Fund to the Distributor and its office network, where orders for subscription and redemption of units are accepted.

#### Subscription of units in the Sub-Fund

The purchase order for units in a Sub-Fund is executed within 7 days as from the date of its submission.

The investor receives a confirmation of the transaction, which can be obtained (i) in person, at the place of submitting the order - without paying additional costs, or (ii) by e-mail, to an e-mail address specified by the investor and the investor has explicitly indicated its preference to receive information by e-mail and not receiving it on paper and (iii) on mobile device [for orders executed using the Distributor's app on Android and iOS (ОББ Мобайл) for the conclusion of an Agreement for Systematic Investment (Systematic Investment Plan - SIP).

The payment of the purchased units is made by a wire transfer. The submission of purchase orders can be done at a branch of the Distributor.

At the moment of submitting the purchase order, the funds necessary for payment of the issue price of the subscribed units and of the bank fees of the Distributor (if any), on the specified account are blocked in favour of the Sub-Fund, until the moment of execution of the order (respectively conclusion of the transaction). The order is executed, up to the amount of the blocked funds on the account, taking into account the applicable bank fees of the Distributor (if any), except when the submitted order is below the minimum amount of the investment.

*The investor may indicate an amount which he wishes to invest in units in the Sub-Fund.* After determining the issue price per unit of the Sub-Fund, the account of the investor (if the order is submitted in a Distributor's branch) is debited with the amount of the purchase order, which is divided by the determined issue price per unit. If a round number of units cannot be issued against the amount paid, the investor acquires a fraction of a unit, and the number of units purchased is cut to the fourth decimal point. If the investor has stated in the order that he wishes to acquire a round number of units, it is possible that there is a balance of the paid amount, which is refunded within 3 days from the date of execution of the order.

*When submitting a purchase order for units,* the investor may limit the number of units he wishes to acquire. In case the requested/transferred funds allow for the acquisition of a larger number of units than as per the limitation, the order is executed up to the amount of the limit and the procedure for refund applies.

*The investor may indicate the number of units he wishes to purchase.* In this case, the specified units are multiplied by the last announced issue price and the indicative amount for the execution of the order is blocked. After calculating the issue price, the transaction is executed according to the requested number of units multiplied by the issue price, which is valid for the date of submission of the purchase order.

In the event that the issuance (sale) of units of the Sub-Fund is suspended in the manner and under the conditions described in this Prospectus, purchase orders submitted after the last announcement of the issue price before the start date of the suspension period shall not be executed. The purchase of units is executed after the resumption of the issue (sale) of units of the Sub-Fund, by submitting a new order in the order in compliance with the rules, described in this Prospectus. Only the purchase orders of units submitted in accordance with all the requirements described in the Prospectus are executed.

The investor can submit a cancellation order until 17:00 on the same business day (day T), after which the purchase

order becomes irrevocable, according to current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After the expiry of these periods, the purchase orders are considered irrevocable.

The minimum amount of the investment for acquisition of units of the Sub-Fund is BGN 10 (ten leva, divided by the issue price per 1 unit). The investor shall receive confirmation of the transaction as soon as possible, but not later than the end of the first business day following the execution of the order, to which the procedure applicable to confirmation of executed orders for issuance of units shall apply.

### **Systematic investment plans**

If the investor entered into an Agreement for Systematic Investment (Systematic Investment Plan - SIP), the investor may choose to make monthly contributions. It may also indicate different dates for the respective contributions. The investor may also choose different accounts, from which the cash contribution is collected.

Investors can also execute SIP Agreements through mobile devices by using the Distributor's app on Android and iOS (ОББ Мобайл).

The investor's account(s) is blocked on the day of submitting the order and is debited on the next business day after the issue price has been calculated. The purchase order is automatically generated on the investment day, specified by the investor, whereby the order is considered submitted. In the cases when the investment period chosen by the investor coincides with a non-working day, the order is generated and considered submitted on the first business day which follows. In case the investor has not provided sufficient funds on his account on the day chosen for investment, the order is considered invalid and is automatically cancelled by the system. The cash contribution for the missed investment period are not transferred for the next investment period. If for 3 (three) consecutive periods the investor did not provide the selected amount for investment on his account, the respective SIP Agreement is automatically terminated.

The minimum amount of the investment when purchasing units of the Sub-Fund, for the orders executed on the basis of a SIP Agreement is in the amount of BGN 10 (ten leva ).

### **Initial Subscription of Units in the Sub - Fund**

After obtaining an authorization by the FSC for the establishment and management of the Umbrella Fund and the Sub-Fund, KBC AM through the Distributor will commence an Initial Subscription, where during the Initial Subscription Period the prospective investors may express non-binding interest to subscribe units in the Sub-Fund and therefore after the expiration of the Initial Subscription Period to subscribe units in the Sub-Fund at the Initial Subscription Price, which will be equal to their nominal value of BGN 10 (ten leva). During the Initial Subscription Period no NAV, issue price and redemption price of the units in the Sub-Fund will be calculated and published and no other subscription orders for units in the Sub-Fund will be accepted. For more details on the Initial Subscription, please refer to sub-section Initial Subscription of Part I of this Prospectus.

### **Redemption of units in the Sub-Fund**

The investor has the right to submit a redemption order for all or part of the units held by him. If when submitting a redemption order it is evident that after its execution the remaining units on the investor's balance would be less than 1 (one) number of units of the Sub-Fund, the redemption order should be submitted for all units held and the investor should zero its account. This order is executed only if the units are kept on a client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD. In case the units are kept on the client sub-account of the investor to the account (register) of an investment intermediary, redemption is performed only after the transfer of these units on the client sub-account of the investor to the account (register) of the Distributor at the Central Depository AD.

The redemption of units of the Sub-Fund is carried out by submitting a written order, accompanied with additional necessary documents (annexes), attached thereto by the investor (unitholder in the Sub-Fund, a person authorized by him or his legal representative) to the Distributor. The redemption orders are submitted in the Distributor's branches.

*The investor may indicate a number of units for redemption.* After determining the redemption price per unit of the Sub-Fund, when the investor has requested a number of units for redemption, the number of units requested in the order is multiplied by the redemption price and the resulting amount is transferred to the investor's account specified in the order.

*The investor may indicate an amount for redemption.* Where the investor has indicated an amount, this amount shall be divided by the redemption price announced and valid for the closest day to the day of the submission of the order and thus the approximate number of units to be redeemed is determined. These units are blocked. After determining the redemption price per unit of the Sub-Fund, the amount specified in the order is divided by the redemption price and the number of units to be redeemed is determined so that to satisfy the amount specified by the investor.

The redemption order of the Sub-Fund' units is executed within 10 days from the date of its submission.

The investor may submit a cancellation order until 17:00 on the same business day (day T), after which the redemption order becomes irrevocable, in accordance with the current legislation. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T+1). After that, orders are considered irrevocable.



In the event that the redemption of units of the Sub-Fund is suspended in the manner and under the conditions described in the legislation in force and this Prospectus, the redemption orders submitted after the last announcement of the redemption price before the start date of the suspension period, are not executed. The redemption of units is executed after the resumption of the redemption of units of the Sub-Fund, by submitting a new order in compliance with the rules, described in this Prospectus.

The order is considered executed at the time of registration of the transaction in Central Depository AD.

The investor receives confirmation of the transaction as soon as possible, but not later than at the end of the first business day, following the execution of the order.

### **Orders for simultaneous sale and purchase of units (exchange orders)**

The investor, its representative or proxy may submit to a Distributor's branch an order for simultaneous sale of units of the Sub-Fund and purchase of units from another LEVA Sub-Fund or a BGN UCITS, also organized and managed by the Branch.

In the exchange order, the investor indicates the number of units in the Sub-Fund that he wishes to be redeemed or the amount that he wishes to receive from the sale of the units. If during the simultaneous sale of units in the Sub-Fund and the purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch (exchange), it is evident that after the execution of the exchange the remaining units of the investor's balance in the Sub-Fund would be less than 1 (one) number of units, the exchange order should be submitted for all units held and the investor should zero his account in the Sub-Fund.

Orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another EUR Sub-Fund or EUR UCITS, also organized and managed by the Branch and vice versa, are accepted in the Distributor's branches, defined as "points of sale" within their working hours. For orders submitted after 17:00 (day T), cancellation orders are accepted until 17:00 on the next business day (day T + 1). After that, orders for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch, are considered irrevocable.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, cannot be submitted when the redemption of the units of the Sub-Fund or the other UCITS is temporarily suspended, as the suspension of the redemption is necessarily linked to the suspension of the issue of units. Such orders will be accepted once the redemption of units in the Sub-Fund and the UCITS, if applicable, is resumed.

An order for the simultaneous sale of units in the Sub-Fund and purchase of units in another LEVA Sub-Fund or BGN UCITS, also organized and managed by the Branch and vice versa, shall be executed within 7 days from the date of its submission.

Investors may find additional information on the subscription and redemption of units in the Sub-Fund, as well as the necessary documents which need to be attached to the subscription and redemption order in section *Rules for issuance, marketing and redemption of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Calculation of the net asset value, issue price and redemption price**

The net asset value, issue price and redemption price of the units of the Sub-Fund is determined on each business day based on the evaluation of the Sub-Fund's assets for the immediately preceding business day made in accordance with the Rules for valuation of the assets and determination of the net asset value of the Umbrella Fund and its Sub-Funds. During periods of suspended issuance and redemption of units no issue and redemption price is calculated.

The issue price per unit for a given business day is calculated as to the net asset value per unit for the preceding business day is added the issuance fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below.

The redemption price per unit for a given business day is calculated as the net asset value per unit for the preceding business day minus the redemption fee payable by the investor in accordance with Sub-section *One-off fees and charges charged to the investor* of Section 5 *Type of units and fees and charges* below. Investors who hold their units in the Sub-Fund for a period longer than one month of subscription can redeem their units free of redemption fee, i.e. the redemption price for one unit held by such unitholder will be equal to the net asset value per unit for the day preceding the unitholder's redemption order.

Investors may find additional information on the process of calculation of the net asset value, issue price and redemption price of the units in the Sub-Fund in section *Rules for the determination of the issue price and redemption price of the units in the Umbrella Fund and Sub-Funds* of Part I of this Prospectus.

### **Publication of the net asset value, issue price and redemption price**

The net asset value, the issue price and the redemption price of the units of the Sub-Fund for a given day T is published no later than 17:00 on the following day T+1 on the website of the Distributor – [www.ubb.bg](http://www.ubb.bg) (Asset Management) and on the Branch's website under [www.ubbam.bg](http://www.ubbam.bg) (ExpertEase).



## 5. Type of units and fees and charges

### Types and characteristics of the units issued by the Sub-Fund

Type of units offered to the public	Currency for the calculation of the net asset value	ISIN code	Initial Subscription Price
dematerialised, registered, transferable units	BGN	BG9000012211	BGN 10

#### General characteristics

The units issued by the Sub-Fund are financial instruments, which incorporate the rights of their holders over a portion of the Sub-Fund's assets.

The units of each Sub-Fund are freely transferable and are issued in dematerialised (registered) form. They are registered with Central Depository AD and can be offered to the public in the Republic of Bulgaria.

The units in the Sub-Fund are denominated in Bulgarian lev (BGN) and have a nominal value of BGN 10 each.

#### Contributions

Investors can subscribe units in the Sub-Fund only against contributions in cash. The minimum subscription amount is BGN 10. When a subscription order is placed, the value of the order is divided by the issue price per unit, calculated for the respective day based on the Sub-Fund's net asset value. The Sub-Funds may issue only units or fractions of units whose issue price has been paid in full.

#### Transfer of units

The units in the Sub-Funds can be transferred freely, without any restrictions or additional conditions, in accordance with the will of their holders and in compliance with the specific requirements of the applicable legislation on the transfer of financial instruments.

#### Unit form and unit certificates

The units of the Sub-Funds are issued in a dematerialised (registered) form. The book of unitholders for each Sub-Fund is maintained by Central Depository AD. At the investor's request and at its expense, Central Depository AD can issue a certificate for the units owned by such investor.

#### Rights provided by the units

All units in the Sub-Fund give their owners equal rights. Each such unit provides its holder with the right to a respective portion of the assets of the individual Sub-Fund, including upon its liquidation or the liquidation of the Umbrella Fund, a redemption right, an information right and the right to lodge a complaint. Property rights on fractions of units held in a Sub-Fund are acquired and exercised by the respective holder in their proportion to a full unit.

The units in the Sub-Fund of the Umbrella Fund are non-voting units, i.e. they do not give voting rights to the investor.

#### Dividend payment

The Sub-Fund does not distribute its accumulated profit as dividend among its unitholders. KBC AM reinvests the profit of the Sub-Fund with view of increasing the net asset value, the issue price and the redemption price of the Sub-Fund, in the interest of its unitholders. The reinvestment of the income is carried out in accordance with the investment goals, strategies, policy, and restrictions of the Sub-Fund, taking into account the specific market conditions and in compliance with the regulatory requirements and internal acts of the Umbrella Fund.

Investors can find further information on the characteristics of the units issued by sub-funds of the Umbrella Fund in Part I, Section Description of the types and characteristics of the units in the Umbrella Fund and Sub-Funds of this Prospectus.

### Fees and charges

**One-off fees and charges charged to the investor unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

	<i>Subscription</i>	<i>Redemption</i>	<i>Switching between sub-funds</i>
Trading fee	Max 2.50%	-	Max. 2.50%
Administrative charges	-	-	-
Amount to cover the costs of the purchase/sale of assets	-	-	-
Amount to discourage sales within one month of purchase	-	Max 5.00%	Max 5.00%

If you wish to exchange your units in this sub-fund with units in another sub-fund of the UBB ExpertEase umbrella mutual fund in the same currency or in another fund in the same currency managed by KBC Asset Management NV – Branch Bulgaria, you will be charged a fee consisting of a redemption fee - if any - for the current sub-fund and a subscription fee for the new (sub) fund. If you wish to replace your units in KBC ExpertEase with units in this sub-fund, you will not be charged a subscription fee.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Umbrella Fund and the Sub-Fund, including the fees of the professional advisers, any application fee(s) imposed by the Financial Supervision Commission in connection with the authorisation of the establishment and management of the Umbrella Fund and the Sub-Fund and the registration of the units for sale will be borne by all Sub-Funds of the Umbrella Fund. Such fees and expenses are estimated not to exceed €55,000 (in words: fifty five thousand euros) (exclusive of VAT, if any) and may be amortised over the first 5 (five) years or such other period as the Management Company may determine and in such manner as the Management Company in its absolute discretion deems fair.

### **Recurrent fees and charges paid by the Sub-Fund unless indicated otherwise, in the currency the Sub-Fund is denominated in or as a percentage of the net asset value per share**

<b>Fee</b>	<b>Way of calculation</b>	<b>Amount</b>
Management Fee of KBC AM	calculated only on the part of the assets of the Sub-Fund, which is invested in financial instruments, other than shares, issued by the Master Sub-Fund*	Max. 1.83% per year
Custodian Fee	Per year	BGN 2 820 (in words: two thousand eight hundred and twenty leva), whereas a proportional part of the fee is paid on monthly basis
Other ongoing charges	calculated on the basis of the average total net assets of the Sub-Fund	Max. 0.60% per year until the third anniversary of the Sub-Fund and max. 0.10 % thereafter

\* However, the management company will collect a management fee, calculated and charged on the assets of the Master Sub - Fund, which are acquired as a result of the investments made by the Sub - Fund therein. Management fee will be max. 1.83% of the average amount of the total assets of the Master Sub-Fund. This management fee will be indirectly borne by the Sub-Fund, as a shareholder in the Master Sub-Fund, which means that it will ultimately be indirectly borne by the unitholders in the Sub-Fund. The Management Company will not charge a management fee on the Sub-Fund's assets that are invested (i.e. represent investments) in shares issued by the Master Sub-Fund, thus avoiding double charging management fee on the same assets.

In addition, the Master Sub-Fund bears other ongoing costs and charges in connection with its investments, which are charged on the assets of the Master Sub-Fund, acquired due to investments made by the Sub-Fund. Therefore, these costs and charges will be indirectly borne by the Sub-Fund as shareholder in the Master Sub-Fund, hence they will be ultimately at the expense of the unitholders in the Sub-Fund.

A description of the ongoing costs and charges paid by the Master Sub-Fund can be found in subsection “*Other ongoing charges of the Master Sub-Funds*”, section “*Ongoing/Recurrent fees and charges*”, part C. Corporate Information of Part I of this Prospectus.

Fees and charges, borne directly and indirectly by the Sub-Fund may not exceed 5% of the average annual net asset value of the Sub-Fund.

## **DEPOSITARY OF THE FINANCIAL INSTRUMENTS**

### **CENTRAL DEPOSITARY AD**

Republic of Bulgaria

Sofia 1000

“Tri Ushi” Str. No. 6

## **LEGAL ADVISORS OF KBC AM FOR THE PREPARATION OF THE PROSPECTUS, THE RULES AND OTHER DOCUMENTS OF THE UMBRELLA FUND**

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