

## INDEPENDENT AUDITOR'S REPORT

To  
The Shareholders  
Of "ACTIVA BALANCED EXCHANGE TRADED FUND"

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **ACTIVA BALANCED EXCHANGE TRADED FUND" (the Fund)**, which comprise the Statement of financial position as of 31 December 2022 and the Statement of profit or loss and other comprehensive income, Statement of changes in net assets belonging to shareholders and Statement of cash flows for the year then ended, and the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2022 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of the Independent Financial Audit Act (IFAA), applicable to our audit of the financial statements in Bulgaria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of greatest significance in the audit of the financial statements for the current period. These matters were considered as part of our audit of the financial statements as a whole and the formation of our opinion thereon, and we do not provide a separate opinion on these matters.

We fulfilled our responsibilities described in the section of our report "Auditor's Responsibilities for the Audit of the Financial Statements", including regarding these matters. Accordingly, our audit included performing procedures developed in response to our assessment of the risks of material misstatement of the financial statements. The results

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of our audit procedures, including the procedures performed to address the matters below, provide a basis for our opinion on the audit of the accompanying financial statements.

<b>Key audit matter</b>	<b>How this key audit matter was addressed in our audit</b>
<p><b><i>Balance sheet valuation of financial assets accounted at fair value in profit and loss</i></b></p> <p>As of December 31, 2022, the balance sheet value of financial assets, reported at fair value in profit or loss (detailed in note 5 of the financial statement) in the amount of BGN 35,835 thousand.</p> <p>The Fund's investment portfolio includes Bulgarian shares, Foreign shares, Shares in CIS and AIF, Bulgarian corporate bonds, Foreign corporate bonds</p> <p>The balance sheet value of the Fund's financial assets, reported at fair value in profit and loss, is a major factor in determining the value of its net assets at the reporting date and, accordingly, has a material impact on the financial indicators based on this value and changes in it.</p> <p>Due to the materiality of financial assets at fair value in profit and loss as an element of the Fund's financial statements, and as they are a key factor in determining the value of the Fund's net assets and its results of operations, we have identified this matter as a key audit matter.</p>	<p>In this area, our audit procedures included:</p> <ul style="list-style-type: none"> <li>➤ Understanding and navigating the valuation process of financial assets accounted at fair value.</li> <li>➤ Verification of the existence of financial assets, reported at fair value in profit and loss, by receiving and comparing to a confirmation letter from the depository bank as of December 31, 2022.</li> <li>➤ Verification of the fair value assessment of the financial assets reported at fair value in the profit and loss, by comparing the price quotations used by the Fund as of December 31, 2022. with publicly available market data and testing the mathematical accuracy of fair value calculations and changes reported in profit and loss for the reporting period.</li> <li>➤ Assessment of the adequacy and appropriateness of the Fund's disclosures related to financial assets accounted for at fair value in profit and loss.</li> </ul>

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### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for other information. The other information comprises activity report, the corporate governance statement, prepared by the management in accordance with Chapter Seven of the Accountancy Law and the report on the implementation of the remuneration policy, but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon, unless it is expressly stated in our report and to the extent, which is indicated.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so to consider whether that other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As of the date of issuing the auditor's report, we have not been provided by the company with a corporate governance statement and a report on the implementation of the remuneration policy, therefore we could not issue an opinion in relation to the Law on the Public Offering of Securities, (Art. 100n, Para. 10 and paragraph 13 of the Civil Code in connection with Article 100n, paragraph 8, items 3 and 4 of the Civil Code), applicable in Bulgaria.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements the management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern assumption and using the going concern assumption basis of accounting, unless the management either intends to liquidate the Fund or to cease its operations, or have no realistic alternative but to do so.

The persons charged with general management are responsible for supervising the Fund's financial reporting process

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an audit report which includes our audit opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with the Independent Financial Audit Act and ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material, if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with ISAs, we use professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement, resulting from fraud is higher than for one, resulting from error, as fraud may involve secret collusion, forgery, intentional omissions, misrepresentations, aiming to deceive the auditor as well as neglect or circumvention of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern assumption basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the disclosures in the financial statements related to this uncertainty or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated with Management, we identify those matters that were of greatest significance in the audit of the current period's financial statements and which are therefore key audit matters. We describe these matters in our auditor's report, except where law or regulation prevents the public disclosure of information about that matter or when, in extremely rare cases, we determine that a matter should not be communicated in our report, as it could reasonably be expected that the adverse consequences of that action would outweigh the public interest benefits of that communication

### **Report on Other Legal and Regulatory Requirements**

#### *Additional Matters to be Reported under the Accountancy Act*

In addition to our responsibilities and reporting in accordance with ISAs, described in paragraph Information Other than the Financial Statements and Auditor's Report Thereon in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines for new and extended audit reports and auditor communication" of the professional organisation of registered auditors in Bulgaria, the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

#### *Opinion in conjunction with Art. 37, para. 6 of the Accountancy Act*

Based on the procedures performed, we are of the opinion that:

- a. The information included in the activity report for the financial year, for which the financial statements have been prepared, is in line with the financial statements.
- b. The activity report was prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

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***Additional reporting regarding an audit of the financial statement in connection with Art. 100(n), para. 4, item 3 of the Law on the Public Offering of Securities Statement in connection with Art. 100(n), para. 4, item 3, "b" of the Law on the Public Offering of Securities:***

Information regarding transactions with related parties is disclosed in Appendix No. 14 to the financial statement. Based on the audit procedures we performed on the related party transactions as part of our audit of the financial statements as a whole, no facts, circumstances or other information came to our attention on the basis of which we could conclude that the related party transactions did not disclosed in the attached financial statement for the year ending 31 December 2022, in all material respects, in accordance with the requirements of IAS 24 "Related Party Disclosures".

The results of our audit procedures on related party transactions have been considered by us in the context of forming our opinion on the financial statements as a whole and not for the purpose of expressing a separate opinion on related party transactions.

***Statement in connection with Art. 100(n), para. 4, item 3, "c" of the Law on the Public Offering of Securities:***

Our responsibilities for an audit of the financial statements as a whole, described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report, include evaluating whether the financial statements present the material transactions and events in a manner that achieves fair presentation. On the basis of the audit procedures performed by us on the material transactions underlying the financial statement for the year ending on December 31, 2022, we have not become aware of any facts, circumstances or other information on the basis of which we can conclude that there are cases of material misstatement and disclosure in accordance with the applicable requirements of IFRS adopted by the European Union. The results of our audit procedures on the Fund's material financial statement transactions and events have been considered by us in the context of forming our opinion on the financial statement as a whole, and not for the purpose of expressing a separate opinion on these material transactions.

***Reporting according to Art. 10 of Regulation (EU) No. 537/2014 in connection with the requirements of Art. 59 of the Law on the Independent Financial Audit***

According to the requirements of the Law on the Independent Financial Audit in connection with Art. 10 of Regulation (EU) No. 537/2014, we additionally report the information set out below.

Brain Storm Consult-OD LTD. has been appointed as a mandatory auditor of the financial statement for the year ending on December 31, 2022 of the EF Principal ETF by the general meeting of shareholders held on June 29, 2022, for a period of one year .

The audit of the Fund's financial statements for the year ended 31 December 2022 represents the fourth year of a full, continuous statutory audit engagement of this entity by us.

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We confirm that the audit opinion expressed by us is in accordance with the additional report submitted to the audit committee of the Fund, in accordance with the requirements of Art. 60 of the Law on the Independent Financial Audit.

We confirm that we have not provided the specified in Art. 64 of the Independent Financial Audit Act prohibited non-audit services.

We confirm that in carrying out the audit we have maintained our independence from the Fund.

**BRAIN STORM CONSULT - OD LTD**

*Audit Company*

Kameliya Terziyska – Manager  
Republic of Bulgaria, Sofia, March 29, 2023

Kameliya Terziyska  
*Registered Auditor*

