

Exchange-traded fund
Expat Croatia CROBEX UCITS ETF, ISIN BGCROEX03189
Interim condensed financial statements
for the six-month period ended 30 June 2020

Contents

Interim Management report	i
Review report.....	1
Condensed statement of comprehensive income	3
Condensed statement of financial position	4
Condensed statement of changes in equity.....	5
Condensed statement of cash flows.....	6
Notes to the Interim financial statements.....	7

**Interim Management report of
exchange-traded fund
Expat Croatia CROBEX UCITS ETF
for the six-month period 30 June 2020**

Expat Croatia CROBEX UCITS ETF ("the Fund") is a collective open-ended investment scheme for investing in securities and other liquid financial assets established and operating in accordance with the Collective Investment Schemes and Other Undertakings for Collective Investment Act (CISOUCIA), the Public Offering of Securities Act (POSA) and the regulations for its implementation, the Markets in Financial Instruments Act (MFIA), the Obligations and Contracts Act (OCA) and the other applicable laws of the Republic of Bulgaria.

The Fund is organized and managed by the management company "Expat Asset Management" EAD (hereinafter referred to as the Management Company, or MC) under CISOUCIA and the regulations for its implementation, the Obligations and Contracts Act and the other applicable laws of the Republic of Bulgaria.

The Management Company is authorized to organize and manage the Fund by the Financial Supervision Commission as of 4 January 2018. The Fund is fully compliant with the European directives for UCITS.

The primary shareholder of the MC Expat Asset Management EAD is Expat Capital AD. During the reporting period there have been changes in the representatives or the members of the Board of Directors of the MC Expat Asset Management EAD. In January 2020, Nikola Veselinov has been dismissed from the Board of Directors. In March 2020, Maria Boychinova has been dismissed from the Board of Directors. As of 30 June 2020, the Board of Directors is comprised of Nikolay Vassilev, Nicola Yankov, and Daniel Donchev.

There are no internal events that might have affected the operations or performance of the ETF or of the Management Company during the reporting period.

There are no significant events between the end of the reporting period and the date that the financial statements are authorized for issue which require disclosure.

Expat Croatia CROBEX UCITS ETF is a passively managed exchange-traded fund which follows the model of full physical replication of the CROBEX index calculated by the Zagreb Stock Exchange. The Fund is listed on the Bulgarian Stock Exchange – Sofia as well as on the Frankfurt Stock Exchange (XETRA) with the ticker ECDC.

Risk Profile and Risk Management

The risk profile of the fund could be amended only following an authorization from the Financial Supervision Commission as disclosed in the Prospectus and the Rules of the Fund. During the reporting period the risk profile of the Fund has not been subject to changes. The main risks of investing in shares of "Expat Croatia CROBEX UCITS ETF" have been outlined in detail in the Fund's Prospectus and can be found on the website of the MC Expat Asset Management EAD. The management of the Fund does not foresee further risks or sources of uncertainties, other than those disclosed in the Prospectus of the Fund, that could affect the performance of the Fund during the rest of the financial year.

In compliance with the requirements of the Collective Investment Schemes and Other Undertakings for Collective Investments Act (CISOUCIA), as a collective investment scheme the Fund may not enter into transactions with related parties.

During the reporting period the Fund has not executed any repo transactions.

**Interim report on activity of
exchange-traded fund
Expat Croatia CROBEX UCITS ETF
for the six-month period ended 30 June 2020
(continued)**

Tracking error report in compliance with Article 82e of Ordinance 44, 20th October 2011, on the Requirements on the Activity of Collective Investment Schemes, Their Management Companies, National Investment Funds and Managers of Alternative Investment Funds.

ISIN	Name of the exchange-traded fund	Expected tracking error for 2020	Realized tracking error as of 30 June 2020
BGCROEX03189	Expat Croatia CROBEX UCITS ETF	up to 10%	3.21%*

ISIN	Name of the exchange-traded fund	ETF return for the first half of 2020	Index return for the first half of 2020 including dividends	Tracking difference for the first half of 2020
BGCROEX03189	Expat Croatia CROBEX UCITS ETF	(23.09)%	(21.39)%	(1.7)%

*The realized tracking error has been calculated on the basis of weekly values for the 52 weeks preceding 30 June 2020.

The tracking error represents the volatility (measured through the annual standard deviation) of the return of the Fund and the one of the corresponding index for a defined period. A lower tracking error would mean a closer index tracking. This is not the same as a difference in tracking, which is simply the difference between the return of the Fund and that of the Reference Index over a certain period. The tracking error differentiates from the tracking difference which measures to what percentage extent the Fund performed better or worse than the corresponding index, while the tracking error represents the consistency in the different performance of the Fund and the corresponding Index.

Date: 30 July 2020

Nikolay Vassilev
Chief Executive Officer

Daniel Donchev
Member of the Board of Directors

Report on Review of Interim Financial Information

To the unit holders

In Exchange-traded fund

Expat Croatia CROBEX UCITS ETF

Introduction

We have reviewed the accompanying condensed statement of financial position of Exchange-traded Fund Expat Croatia CROBEX UCITS ETF (“The Fund”) as of June 30th, 2020 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended.

Responsibility of Management for the interim financial information

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Auditor’s responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Audit Firm Ernst & Young Audit OOD:



Nikolay Garnev
Legal Representative and
Registered Auditor

Sofia, Bulgaria

30 July 2020

Statement of Comprehensive Income

For the six-month period ended 30 June

In thousands of BGN

	Notes	1 January 2020 - 30 June 2020	1 January 2019 - 30 June 2019
Income	3	18	93
Net gain/(loss) on financial assets at fair value through profit or loss	7	(917)	158
Net foreign exchange loss		(69)	(2)
Operating expenses	4	(52)	(22)
Operating profit / (loss) for the period		(1 020)	227
Tax expenses	11	-	-
Profit / (loss) for the period		(1 020)	227
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		(1 020)	227
Basic earnings per share			
Basic earnings / (losses) per share (in BGN)	9	(0.430)	0.175

Date: 30 July 2020

Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatiana Lazarova
Head of accounting



Approved by: Daniel Donchev
Member of the Board of Directors



The notes on pages 7 to 23 are an integral part of the interim financial statements.

Condensed Statement of Financial Position

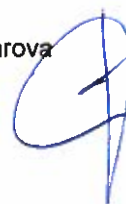
<i>In thousands of BGN</i>	<i>Notes</i>	30 June 2020	31 December 2019
Assets			
Cash and cash equivalents	5	194	124
Other receivables	6	7	-
Financial assets at fair value through profit or loss	7	3 040	4 313
Total assets		3 241	4 437
Equity			
Share capital		4 420	4 655
Share premium		(585)	(645)
Accumulated losses		(598)	422
Total equity	8	3 237	4 432
Liabilities			
Trade and other payables	10	4	5
Total liabilities		4	5
Total equity and liabilities		3 241	4 437

Date: 30 July 2020

Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatiana Lazarova
Head of accounting



Approved by: Daniel Donchev
Member of the Board of Directors



The notes on pages 7 to 23 are an integral part of the interim financial statements.

Statement of Changes in Equity

In thousands of BGN

	Notes	Share capital	Share premium	Accumulated losses	Total capital
Balance at 1 January 2019		176	(3)	(22)	151
Comprehensive income		-	-	227	227
Loss for the period					
Total comprehensive income		-	-	227	227
Issue and redemption of own shares by equity holders					
Issue of shares		4 537	(646)	-	3 891
Redemption of shares		(58)	5		(53)
Total issue and redemption of own shares by equity holders		4 479	(641)	-	3 838
Balance at 30 June 2020	8	4 655	(644)	205	4 216
Balance at 1 January 2020					
Balance at 1 January 2020		4 655	(645)	422	4 432
Comprehensive income					
Loss for the period		-	-	(1 020)	(1 020)
Total comprehensive income		-	-	(1 020)	(1 020)
Issue and redemption of own shares by equity holders					
Issue of shares					
Redemption of shares		(235)	60	-	(175)
Total issue and redemption of own shares by equity holders		(235)	60	-	(175)
Balance at 30 June 2020	8	4 420	(585)	(598)	3 237

Date: 30 July 2020

Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatiana Lazarova
Head of accounting



Approved by: Daniel Donchev
Member of the Board of Directors



The notes on page 7 to page 23 are an integral part of the interim financial statements.

Statement of Cash Flows

For the six month period ended 30 June

In thousands of BGN

	Notes	1 January 2020 – 30 June 2020	1 January 2019 – 30 June 2019
Cash flows from operating activities			
Received dividends		11	54
Payments related to financial assets at fair value through profit or loss		288	(3 631)
Payments to suppliers for operating activities		(50)	(13)
Payments related to currency operations		(1)	(13)
Other cash flows from operating activities			-
Net cash flows used in operating activities		248	(3 603)
Cash flows from financing activities			
Proceeds from issue of shares		-	3 891
Payments for redemption of shares		(175)	(53)
Payments to suppliers for financing activities		(3)	(5)
Net cash flows from financing activities		(178)	3833
Net change in cash and cash equivalents		70	230
Cash and cash equivalents at 1 January		124	34
Cash and cash equivalents at 30 June	5	194	264

Date: 30 July 2020

Approved by: Nikolay Vassilev
Chief Executive Officer



Prepared by: Tatiana Lazarova
Head of accounting



The notes on page 7 to page 23 are an integral part of the interim financial statements.

Notes to the Interim condensed financial statements

1. Corporate information

Expat Croatia CROBEX UCITS ETF (the Fund) is an exchange-traded fund organized and managed by the Management Company "Expat Asset Management" EAD (hereinafter referred to as the Management Company, or MC). The Fund is registered on 4 January 2018 in the Bulstat Register with code 177241239.

The address of the management of the Fund and the Management Company is Sofia, zip code 1000, 96A Georgi S. Rakovski Str.

Expat Croatia CROBEX UCITS ETF is a passively managed exchange-traded fund which follows the model of full physical replication of the 'CROBEX' index. The Fund is listed on the Bulgarian Stock Exchange – Sofia as well as on the Frankfurt Stock Exchange (XETRA) with the ticker ECDC. The Fund's activities include issue and sale of shares which provide the same rights to their holders. The number of shares of the Fund changes depending on the volume of sales and redemptions of shares.

Fund's units can be redeemed by investors at demand.

Since the Fund has no own management body, the Board of Directors of the management company are entitled with the management of the Fund.

2. Basis of preparation of the financial statements

(a) Statement of compliance

These interim financial statements for the six-month period ended 30 June 2020 are prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting. The interim financial statements do not include all information and disclosures required for the preparation of the annual financial statements and should be considered along with the Fund's annual financial statements at 31 December 2019.

The line items in the statement of financial position are presented in order of their liquidity.

(b) Measurement base

The financial statements have been prepared on a historical-cost basis except for the financial assets held at fair value through profit or loss (FVPL) that have been measured at fair value.

(c) Functional currency and presentation currency

The shares of the Fund are issued in EUR, the net asset value per share and the redemption price is calculated in euro, therefore the functional currency of the Fund is the euro.

These financial statements presented in Bulgarian levs (BGN), which is the presentation currency of the Fund. All financial information in BGN is rounded to the nearest thousand unless otherwise stated.

From 1 January 1999 the exchange rate of the Bulgarian lev (BGN) is pegged to the euro (EUR). For this reason, there are no currency translation differences arising from the use of the BGN as a presentation currency in these financial statements. The exchange rate is BGN 1.95583 / EUR 1.0.

Notes to the Interim condensed financial statements

2. Basis of preparation of the financial statements (continued)

(d) Use of judgements and estimates

The preparation of financial statements under IFRS requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual result may be different from these estimates.

The review of the accounting estimates is recognized in the period in which the review has been made, when it affects that period and in future periods if the review has an effect on future periods.

Judgements

Information about significant judgements made in applying the accounting policies which have the most significant effect on the amounts presented in the financial statements is presented in the following notes:

- Note 8 Equity - classification of the Fund's units as an equity instrument

The Fund as an investment entity within the meaning of IFRS 10

Companies that meet the definition of an IFRS 10 Investment Entity are required to report investments in subsidiaries at fair value rather than consolidate them. The criteria that define an Investment Entity are:

- A company that buys funds from one or more investors for the purpose of providing relevant investment services;
- A company that has a business purpose only to increase its capital value, investment income, or both;
- A company that accounts for and evaluates a significant portion of its investments at fair value.

The Fund invests primarily in shares and investors are not related parties, which is an additional characteristic of an investment entity.

The Management Company has determined that the Fund meets the criteria and characteristics above and falls within the definition of an investment entity. The judgment is reviewed regularly on a change in circumstances.

The Management Company has assessed that the Fund does not exercise control over its investments in shares and therefore does not consolidate them.

Fair Value Measurement

Some of the accounting policies and disclosures of the Fund require fair values to be estimated for financial and non-financial assets and liabilities.

When assessing the fair value of an asset or liability, the Fund uses observable data as far as possible. Fair values are categorized at different levels in the fair value hierarchy based on incoming data in valuation techniques, as follows:

- Level 1: quoted prices (uncorrected) in active markets for similar assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are directly available (i.e. as prices) or indirectly (i.e. derived from prices) for observation of the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable incoming data).

Notes to the Interim condensed financial statements

2. Basis of preparation of the financial statements (continued)

(d) Use of judgements and estimates (continued)

If the input data used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy then the fair value measurement is categorized in its entirety at that level from the fair value hierarchy whose input is relevant for the overall assessment.

Information on significant positions that are affected by estimates and assumptions in applying the accounting policies that have the most significant effect on the amounts recognized in these financial statements is described in Note 13 Financial Instruments.

3. Income

<i>In thousands of BGN</i>	1 January 2020 - 30 June 2020	1 January 2019 - 30 June 2019
Dividends income	18	93
	<u>18</u>	<u>93</u>

4. Operating expenses

<i>In thousands of BGN</i>	1 January 2020 - 30 June 2020	1 January 2019 - 30 June 2019
Fees for stock registration and stockbrokers	25	2
Fees and commission investment intermediaries	2	-
Fees and commissions to the custodian bank	6	8
Fees and commissions to the management company	19	12
	<u>52</u>	<u>22</u>

5. Cash and cash equivalents (continued)

<i>In thousands of BGN</i>	30 June 2020	31 December 2019
Cash at bank accounts	194	124
Cash and cash equivalents	<u>194</u>	<u>124</u>
Cash and cash equivalents in the Statement of Cash Flows	<u>194</u>	<u>124</u>

The cash of the Fund is kept in the depository bank "Eurobank EFG Bulgaria" AD.

Changes in liabilities arising from financial activities.

The Fund does not have long-term liabilities at amortized cost, in which to report accrued interest at the effective interest rates, which differ from the agreed ones. Therefore, it does not present such changes in "Cash flows from financing activities" in the Cash Flow Statement, both for the year ending on 30.06.2020 and for 31.12.2019.

Notes to the Interim condensed financial statements

6. Other receivables

<i>In thousands of BGN</i>	30 June 2020	31 December 2019
Dividend receivables	7	-
	<u>7</u>	<u>-</u>

7. Financial assets at fair value through profit or loss

<i>In thousands of BGN</i>	30.06.2020	31.12.2019
Financial assets at fair value through profit or loss		
Quoted Shares	3 040	4 313
Financial assets held at fair value through other income		
Unlisted Shares	-	-
Quoted debt instruments	-	-
Total financial assets at fair value	<u>3 040</u>	<u>4 313</u>

Financial assets at fair value through profit or loss with Expat Croatia CROBEX UCITS BTF include non-controlling interests in public companies operating in Croatia. The company is a passively managed fund and adheres to the method of full physical replication of the CROBEX index. The reference index is CROBEX, composed of shares denominated and traded in Croatian Kuna. The fair values of these equity shares are determined by reference to published quotations on an active market.

When measuring the fair value of an asset or liability, the Fund uses observable data as far as possible. Fair values are categorized in Level 1 (quoted prices in active markets) in the fair value hierarchy based on the inputs to valuation techniques.

The value of the financial assets in the statement of financial position as of the reporting period is determined as the closing price of the respective asset on the Zagreb Stock Exchange on the last business day of the respective reporting period.

The structure of the financial assets of the Fund, reported at fair value in profit and loss as of June 30, 2020 and as of December 31, 2019 is as follows:

Notes to the Interim condensed financial statements

7. Financial assets at fair value through profit or loss (continued)

At 30 June 2020

In BGN

Type of financial instrument	Shares		
Regulated market on which shares are traded	Zagreb Stock Exchange		
Issuer	Number	Value at the end of the reporting period	Percentage of the total financial assets
<i>In BGN</i>			
Privredna Banka Zagreb DD	800	177 737	5.48%
Ericsson Nikola Tesla	1 137	355 415	10.97%
Hrvatski Telekom d.d.	8 530	390 044	12.04%
Atlantic Grupa DD	1 202	385 049	11.88%
Auto Hrvatska Zagreb DD	530	102 690	3.17%
Podravka Prehrambena IND DD	3 390	364 320	11.24%
Adris Grupa D.D. Rovinj-Povlastena Dionic	3 812	374 220	11.55%
Valamar Riviera DD	45 127	300 778	9.28%
Ot-Optima Telekom DD	3 350	4 933	0.15%
Dalekovod DD	7 728	10 062	0.31%
Duro Dakovic Group PLC	1 000	718	0.02%
Atlantska Plovidba DD	1 250	70 397	2.17%
Maistra DD	1 435	89 713	2.77%
AD Plastik	4 514	162 677	5.02%
Zagrebska Banka DD	19 499	250 860	7.74%
	103 304	3 039 613	93.79%

Notes to the Interim condensed financial statements

7. Financial assets at fair value through profit or loss (continued)

At 31 December 2019

In BGN

Type of financial instrument	Shares		
Regulated market on which shares are traded	Zagreb Stock Exchange		
Issuer	Number	Value at the end of the reporting period	Percentage of the total financial assets
OT – Optima Telecom DD	3 350	7 002	0.16%
Duro Dakovic Group PLC	1 000	1 335	0.03%
Podravka Prehrambena IND DD	3 990	507 698	11.44%
Dalekovod	23 728	34 933	0.79%
Atlantska Plovidba DD	1 250	123 233	2.78%
Koncar Electroindustrija D.D.Zagreb	2 575	429 871	9.69%
Zagrebska Banka DD	19 499	317 827	7.16%
Valamar Riviera DD	45 127	462 688	10.43%
Arena Hospitality Group DD	3 620	352 126	7.94%
Ericsson Nikola Tesla	1 013	372 842	8.40%
Maistra DD	1 435	111 669	2.52%
Adris Grupa D.D. Rovinj-Povlastena Dionic	3 812	496 073	11.18%
Atlantic Grupa DD	1 202	410 804	9.26%
Hrvatski Telekom DD	10 730	493 657	11.12%
AD Plastik	3 803	190 962	4.30%
	126 134	4 312 720	97.20%

Net profit / (loss) on financial assets at fair value through profit or loss

In thousands of BGN

	1 January 2020 - 30 June 2020	4 January 2019 - 30 June 2019
Profit / (loss) from revaluation of financial assets at fair value through profit and loss	(917)	158
Profit / (loss) from currency operations	(69)	(2)
Net profit / (loss) on financial assets at fair value through profit or loss	(986)	156

Notes to the Interim condensed financial statements

8. Equity

The Fund's equity is equal to the net asset value (NAV). The movement in units and in the NAV of the Fund at the beginning and at the end of the reporting period is, as follows:

<i>In thousands of BGN</i>	Number of shares	Value (in thousands of BGN)	Number of shares	Value (in thousands of BGN)
		30 June 2020		30 June 2019
At 1 January 2020	2 380 000	4 432	90 000	151
Issue of shares	-		2 320 000	3 891
Redemption of shares	(120 000)	(175)	(30 000)	(53)
Profit / (loss) for the period		(1 020)	-	227
At 30 June 2020	2 260 000	3 237	2 380 000	4 216
			30 June 2020	30 June 2019
Net asset value per unit (in BGN)			<u>1.4323</u>	<u>1.7716</u>

Equity

The Fund classifies the shares it issues as an equity instrument based on the following criteria:

- The shares entitle the holder to a proportionate share of the Fund's net assets at any time and in the event of the Fund's liquidation;
- The units issued by the Fund are in the class of instruments that is subordinate to all other classes of instruments in the event of the Fund liquidation;
- Apart from the contractual obligation of the Fund for redemption, the share issued by the Fund do not incur any other contractual obligation to the Fund to provide cash or other financial assets or to exchange financial assets or financial liabilities;
- The total expected cash flows attributable to the shares issued by the Fund over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund;
- The Fund does not issue financial instruments other than shares.

Premium reserve

The Fund's equity is divided into shares. The nominal value of the shares is 1 (one) euro. The shares of the Fund are acquired at issue value. The number of shares of the Fund changes because of their sale or redemption. The difference between the issue and the nominal value of the shares on sale or redemption is recorded as a premium reserve.

Capital management

The Fund's equity is equal to the net asset value of the assets (NAV), which may not be less than BGN 100,000 pursuant to Art. 82a (1) Ordinance 44 of 20.10.2011 on the requirements to the activity of collective investment schemes, their management companies, national investment funds and managers of alternative investment funds. The Fund has reached the minimum size of equity.

Notes to the Interim condensed financial statements

8. Equity (continued)

Capital Management (continued)

For admission of the Fund's units to trading on a regulated market, the minimum net value of the assets must not be less than BGN 100,000 or their euro equivalent.

Dividend policy

The policy of the Fund is not to pay dividends. The dividends received from the shares in which the Fund has invested, as well as the capital gains realized on trading of the shares are reinvested.

9. Basic earnings per share

	1 January 2020 – 30 June 2020	4 January 2019 – 30 June 2019
Net profit / (loss) per share for the period (in BGN)	<u>(0.430)</u>	<u>0.175</u>

The basic earnings per share is calculated by dividing the profit or loss for the period to be distributed among the equity holders (numerator) to the weighted average number of shares issued for the period (denominator).

The weighted average number of issued shares for the reporting period is 2 370 322.581 (30 June 2019 - 1 300 000). The weighted average number is calculated by taking the arithmetic mean of the issued shares for each day of the period.

10. Trade and other payables

<i>In thousands of BGN</i>	30 June 2020	31 December 2019
Payables to the custodian bank and the management company	<u>4</u>	<u>5</u>
	<u>4</u>	<u>5</u>

11. Income taxes

The profit of the Fund is not subject to corporate tax.

12. Related parties

The Fund is a separate entity without management body and its management is carried out by the Management Company "Expat Asset Management" EAD. The sole shareholder of MC is "Expat Capital" AD. As of 30 June 2020, related parties of the Fund are the MC Expat Asset Management EAD and Expat Capital AD. Related party transactions are performed on contractual terms and no guarantees are provided or received.

The expenses accrued to the MC "Expat Asset Management" EAD (note 4) incurred during the reporting period under contracts include:

- Remuneration under a management contract;

Notes to the Interim condensed financial statements

12. Related parties (continued)

The following table provides information on the investments of Expat Mutual Funds in units of Expat Croatia Crobex USITS BTF:

As of June 30, 2020:

Mutual Fund	Investment in	Number	Value at the end of the reporting period
DF Expat Developed Markets Equities	Expat Croatia CROBEX UCITS ETF	3 373	4 783
DF Expat Emerging Markets Equities	Expat Croatia CROBEX UCITS ETF	15 575	22 088

As of December 31, 2019:

Mutual Fund	Investment in	Number	Value at the end of the reporting period
DF Expat Developed Markets Equities	Expat Croatia CROBEX UCITS ETF	3 373	6 274
DF Expat Emerging Markets Equities	Expat Croatia CROBEX UCITS ETF	13 055	24 282

13. Financial instruments

Fair value measurements

The fair value of the Fund's financial instruments is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions are used in measuring the fair value:

- Quoted shares use the close market price on the date of the reporting period
- Cash and short-term deposits, trade receivables, trade payables and other current financial assets and liabilities – due to the short-term maturity of these financial instruments, their fair value approximates to the respective carrying amount.

The following tables analyze quantitative disclosures in the fair value hierarchy of financial instruments at fair value at the levels at which they fall:

Notes to the Interim condensed financial statements

13. Financial Instruments (continued)

Measurement of fair values (continued)

As of June 30, 2020

<i>In BGN</i>	Level 1	Level 2	Level 3	Total
Financial Actives				
Privredna Banka Zagreb DD	177 737	-	-	177 737
Ericsson Nikola Tesla	355 415	-	-	355 415
Hrvatski Telekom d.d.	390 044	-	-	390 044
Atlantic Grupa DD	385 049	-	-	385 049
Auto Hrvatska Zagreb DD	102 690	-	-	102 690
Podravka Prehrambena IND DD	364 320	-	-	364 320
Adris Grupa D.D. Rovinj-Povlastena Dionic	374 220	-	-	374 220
Valamar Riviera DD	300 778	-	-	300 778
Ot-Optima Telekom DD	4 933	-	-	4 933
Dalekovod DD	10 062	-	-	10 062
Duro Dakovic Group PLC	718	-	-	718
Atlantska Plovidba DD	70 397	-	-	70 397
Maistra DD	89 713	-	-	89 713
AD Plastik	162 677	-	-	162 677
Zagrebska Banka DD	250 860	-	-	250 860
TOTAL	3 039 613	-	-	3 039 613

As of December 31, 2019

<i>In BGN</i>	Level 1	Level 2	Level 3	Total
Financial Actives				
OT-Optima Telecom DD	7 002	-	-	7 002
Duro Dakovic Group PLC	1 335	-	-	1 335
Podravka Prehrambena IND DD	507 698	-	-	507 698
Dalekovod DD	34 933	-	-	34 933
Atlantska Plovidba DD	123 233	-	-	123 233
Koncar Electroindustrija DD Zagreb	429 871	-	-	429 871
Zagrebska Banka DD	317 827	-	-	317 827
Valamar Riviera DD	462 688	-	-	462 688
Arena Hospitality Group DD	352 126	-	-	352 126
Ericsson Nikola Tesla	372 842	-	-	372 842
Maistra DD	111 669	-	-	111 669
Adris Grupa D.D. Rovinj-Povlastena Dionic	496 073	-	-	496 073
Atlantic Grupa DD	410 804	-	-	410 804
Hrvatski Telekom DD	493 657	-	-	493 657
AD Plastik	190 962	-	-	190 962
TOTAL	4 312 720	-	-	4 312 720

13. Financial Instruments (continued)

Risk profile and risk management

Risk profile

The Fund's risk profile represents the amount and type of risk the Management Company undertakes by investing the Fund's assets with the aim of replicating the Reference Index, which at the date of these financial statements is an index of shares traded on the Zagreb Stock Exchange. In that context, investing in units of "Expat Croatia CROBEX UCITS ETF" is associated with taking high risk, given that the Reference Index is composed of shares.

As regards its operations, "Expat Croatia CROBEX UCITS ETF" is exposed to various types of risks affecting its performance.

Credit risk

The Fund owns cash and quoted shares, and the level of exposure to credit risk is mainly related to cash held in current accounts with banks. The credit risk associated with the quoted shares is part of the total investment risk of unitholders in the fund.

The main risks that investors will incur when investing in units of "Expat Croatia CROBEX UCITS ETF" are:

Market risk

Possibility of losses due to unfavorable changes in securities prices, market interest rates, exchange rates, etc. This market risk affects the net asset value of the Fund, which will also fluctuate as a result of changes in the market prices of the shares and other securities in which the Fund has invested. The Fund is not exposed to the risk of a change in market interest rates as financial assets represent quoted shares.

COVID-19

The COVID-19 pandemic has both a direct and indirect impact on the financial markets, thus affecting the returns of Expat's passive ETFs and Mutual Funds. The indirect effect has been the significant decrease in economic activity in the first half of the year, which will not be compensated by a drastic increase in the second half. This has impacted revenues and profits across multiple sectors. Also, worsening business forecasts and increase in credit risk. Capital markets reacted in line with expectations with a sharp decline in February and March. Statistics on the infected cases were often taken as a direct indicator of the future economic outlook, correlating strongly with major stock indices. This phenomenon constituted the direct effect of the pandemic on the financial markets – each positive news about the decreasing rate of infection and mortality, along with news about breakthroughs in vaccine development, led to price increases in the stock markets. This is the main reason for the almost complete recovery of the US stock market by the second half of July 2020. For the second half of 2020, the effects of COVID-19 on the capital markets will continue at least until a vaccine is launched on the market. This means, ceteris paribus, that market volatility will be higher than in a non-pandemic year. So by definition, higher volatility means higher risk. These effects will not be limited to a specific asset class, sector or jurisdiction, and will therefore affect the performance of Expat ETFs, which follow the main stock indices of the countries of the Central and Eastern European region, as well as Expat's mutual funds.

Currency risk

The Fund has been set up and traded in EUR, but the reference index CROBEX is composed of shares denominated and traded in Croatian kuna and therefore the value of the Fund's financial assets depends on the exchange rate of the Croatian kuna against the euro and the lev respectively.

Notes to the Interim condensed financial statements

13. Financial Instruments (continued)

Risk profile and risk management (continued)

Currency risk (continued)

The policy of the Fund is not to hedge currency risk. The currency risk of the Fund is part of the overall investment risk.

A change of 5% in the exchange rate of the euro against the Croatian kuna would have the following effect on the net value of the Fund's assets, based on the Fund's portfolio:

	At 30 June 2020 (Effect in thousands of BGN)	At 31 December 2019 (Effect in thousands of BGN)
5% appreciation of the Croatian kuna against the euro	162	222
5% depreciation of the Croatian kuna against the euro	(162)	(222)

Extreme market movements

The market price of the financial instruments in which the Fund has invested may vary due to changes in the economic and market environment, central bank monetary policy, business activity of issuers, the sector in which the issuer operates and the demand and supply of the securities market. At certain times, stock market prices (stock market) may vary considerably. In case of large movements of the Index, including large daily movements, the Fund's performance may deviate from its investment objectives. The revaluation of the Fund will vary as a result of a change in the value of the Fund's assets and the Reference Index.

A change of 5% in market prices of assets would have the following effect on the Fund's profit / (loss), based on the Fund's portfolio:

	At 30 June 2020 (Effect in thousands of BGN)	At 31 December 2019 (Effect in thousands of BGN)
5% increase in market prices	162	222
5% decrease in market prices	(162)	(222)

Inability of the Management Company to adapt to market changes

The Fund follows a passive strategy, i.e. is not actively managed. Accordingly, the Management Company shall not change the composition of the portfolio except to follow closely the overall profitability of the Reference Index. The fund does not try to "beat" the market and does not take defensive positions when the market falls or is considered overvalued. Therefore, a decline in the Reference Index may result in a fall in the value of the Fund's assets.

Liquidity risk

Risk related to the possibility of losses or lost profits from urgent or forced sales of assets under unfavorable market conditions (such as low demand in the presence of oversupply). Liquidity risk exists also when the Fund may need to redeem the shares of the investors. The Fund invests in quoted shares which, under normal market conditions, are quickly and easily sellable, which substantially reduces the exposure to this risk.

Notes to the Interim condensed financial statements

13. Financial Instruments (continued)

Risk profile and risk management (continued)

Purchase and redemptions

If orders for the purchase and redemption of units are received late or do not comply with the requirements of the Prospectus and the Fund Rules, there will be a delay between the time of the order submission and the actual date of purchase or redemption. Such postponements or delays may result in a reduction in the number of units or the amount of redemptions.

Trading on regulated market

There is no certainty that the Fund will receive approval for trading on a regulated market and/or that the Fund's units will be traded or that the conditions for admission to trading will not change. Furthermore, trading units on a stock exchange may be suspended according to the rules of the relevant stock market due to market conditions and investors may not be able to sell their units until the trade is restored.

Regulatory risk

The prospectus has been prepared in accordance with applicable laws and regulations. The Management Company and/or the Fund and its investment objectives and policies may be affected by future changes in laws and regulations. New or modified laws, rules and regulations in Bulgaria or the European Union may prevent or significantly limit the ability of the Fund to invest in certain instruments. They may also impede the conclusion of Agreements with certain third parties. This may impair the ability of the Fund to comply with the relevant investment objectives and policies. The implementation of such new or amended laws, rules and regulations may result in an increase in all or some of the Fund's costs and may require a restructuring of the Fund in order to comply with the new rules. Such possible restructuring may involve restructuring costs. Where restructuring is not possible, the Fund may be terminated. Fund assets and the Reference Index are subject to change in laws or regulations and/or such a change may affect their value and/or their liquidity.

Operational risk

The operational risk is related to the possibility of incurring losses due to errors or inadequacies in the system of organization, insufficiently qualified personnel, unfavourable external events of a non-financial nature, including legal risk.

The Management Company designates short-term and long-term strategy when managing operational risks which occur during the management and operation of the Fund's portfolio, described in the Fund's Rules for assessment and management of risk.

Risk of tracking the Reference Index error

Tracking the Reference Index by investing in all index positions may be costly and difficult to implement. The Portfolio Manager may use optimization techniques such as selecting individual items in the Index in proportions that are different from those in the Index. The use of such optimization techniques may increase the tracking error and lead to a different performance of the Fund compared to that of the Index. Also, existing restrictions or future amendments to the law and Fund's regulations regarding but not limited, the composition, concentration, and way of asset valuation may lead to the Fund's inability to replicate the index entirely. Moreover, exchange traded funds in markets with low liquidity are at greater risk of tracking error.

Notes to the Interim condensed financial statements

13. Financial instruments (continued)

Risk profile and risk management (continued)

Reference Index

In the event of an event that affects the Index, the Fund may have to discontinue the purchase and redemption of shares. The revaluation of the Fund may also be affected. In case of ongoing problems with the Index, the Fund will take appropriate actions that may reduce the net asset value of the Fund.

Systemic risks

Systemic risks depend on general fluctuations in the economy and the markets. The Fund may not influence systemic risks but takes them into account and comply therewith. The risks posed by the political and economic conjuncture are the possible instability or military action in the region. Disasters and accidents are factors that complicate any risk management system. Consequences are difficult to predict, but access to information and the implementation of a forecasting and action system in extreme situations are possible ways to minimize the negative effect.

14. Events after the reporting date

There are no events after the reporting date that require adjustments or disclosures in the Interim financial statements of the Fund that occurred in the period from the reporting date to the date when these financial statements are authorized for issue by the Board of Directors of the Management Company.

15. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the Interim financial statements are in accordance with those applied to the preparation of the Fund's annual financial statements for the year that ended on 31 December 2019 with the exception of the acceptance of new standards which entered into force on 1 January 2020. The Fund has not previously adopted other standards, interpretations or corrections, which have been published, but are not yet in effect.

IFRS 3: Business Combinations (Amendments)

The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. The amendments also remove the assessment of whether market participants are able to change missing elements, provide guidance to assist funds in assessing whether the acquired process is essential and introduce an optional test for concentration of fair value. These amendments have not yet been adopted by the EU. The Fund will analyze and evaluate the effects of the changes on the financial condition or the results of the activity.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material'

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied providing practical guidance that has so far been included in other IFRSs. The amendments also clarify that materiality depends on the nature or significance of the information. The fund will analyze and evaluate the effects of the changes on the financial condition, or the results of the activity.

Notes to the Interim condensed financial statements

15. Changes in accounting policies and disclosures (continued)

Conceptual Framework in IFRS standards

The International Accounting Standards Board published the revised Conceptual Framework for Financial Reporting on 29 March 2018, applicable for annual periods starting on 1 Jan 2020 or later. The conceptual framework presents the concepts of financial reporting and standard development, offering guidelines on the preparation of consecutive accounting policies and understanding and interpretation of such standards. The main changes that were implemented in the revised Conceptual Framework for Financial Reporting connect to the concept of assessment, including the factors to be taken into consideration when selecting a base for assessment and the concept for presentation and announcement, including which revenues and expenses are to be classified in another type of comprehensive income. In addition, the Conceptual Framework provides updated definitions for asset and liability along with criteria for their implementation in financial reports. The fund is going to analyze and assess the effects from the amendments on the financial condition or result of the activity.

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods, beginning on or after 1 January 2020, and must be applied retrospectively. Earlier application is also allowed. In September 2019, The International Accounting Standards Board (IASB) assumed amendments to IFRS 9, IAS 39, and IFRS 7, concluding phase 1 of its work in response to the effects on financial reporting of the interbank interest rate reform. Phase 2 will focus on problems that may arise when interest rates are replaced by risk-free interest rates. The published amendments address problems that arise during the replacement of existing interest rates with alternative interest rates. The effects on specific cases of hedge accounting under IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis, are addressed. The amendments provide for temporary relief applicable to hedging requirements, in compliance with these requirements is directly affected by the benchmark reform. These changes allow hedge accounting to continue in the period of uncertainty until the replacement of the existing reference interest rates with alternative risk-free interest rates. Amendments have also been made to IFRS 7 Financial Instruments: Disclosures, which require the submission of additional information on hedge uncertainty as a result of the reform. The fund will analyze and evaluate the effects of the changes on the financial condition or the results of the activity.

16. Standards issued but not yet effective and not early adopted

Listed below are the published standards that are not yet effective or have not been adopted earlier by the Fund at the date of these financial statements. It is disclosed how, to a reasonable extent, the disclosures, financial position and operating results are expected to be influenced when the Fund adopts these standards for the first time. This is expected to happen when they come into effect.

IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.

Notes to the Interim condensed financial statements

16. Standards issued but not yet effective and not early adopted (continued)

IFRS 17: Insurance Contracts (continued)

This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. The standard is not applicable to the Fund.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The amendments are not applicable to the activities of the Fund.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued an exposure draft to defer the effective date to 1 January 2023. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. The amendments are not applicable to the activities of the Fund.

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.

Notes to the Interim condensed financial statements

16. Standards issued but not yet effective and not early adopted (continued)

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (Amendments) (continued)

Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. The amendments have not yet been endorsed by the EU. Management has assessed the amendments on the basis of contingent liabilities of the Fund.

IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendment has not yet been endorsed by the EU. The amendments are not applicable to the activities of the Fund.

17. Contingent Liabilities and Assets

The Fund does not recognize contingent liabilities and contingent assets in its financial statements due to the fact that there are no potential liabilities for which it has not yet been ascertained whether the Fund has them as current liabilities or their possible recognition may lead to recognition of income that may never be realized.