

**MANAGEMENT COMPANY
UBB ASSET MANAGEMENT AD**

**ARTICLES OF ASSOCIATION OF
UBB ASSET MANAGEMENT AD**

Sofia, 2007

Chapter I GENERAL PROVISIONS

Legal Status

Art. 1 (1) UBB ASSET MANAGEMENT AD, called hereinafter the “Management Company” is a joint-stock company in compliance with the Bulgarian legislation.

(2) The Management Company has obtained from the Financial Supervision Commission (FSC) a license for performing activity as a Management Company within the meaning of chapter eighteen from the Public Offering of Securities Act (POSA).

(3) The Management Company shall not bear liability for the shareholders’ obligations.

(4) The shareholders shall bear liability for the obligations of the Management Company up to the amount of the contributions paid or due for the subscription of shares.

Trade Name

Art. 2 (1) The trade name of the Management Company is UBB ASSET MAANGEMENT AD.

(2) The trade name of the Management Company could be written in English as follows: UBB ASSET MANAGEMENT INC.

(3) The trade name of the Management Company’s branches, if any, shall be formed as the indication “branch” and the community of the branch’s seat of business shall be added to the Management Company’s trade name.

Seat and Registered Office

Art. 3 (1) The seat of the Management Company is Sofia.

(2) The address of the Management Company’s registered office is: 5, Sv. Sofia Str., Vazravdane District, Sofia Municipality, Sofia, 1040, Republic of Bulgaria.

Term

Art. 4 The Management Company is instituted for unlimited term, as from the date of the court decision for its entry in the Commercial Register of the competent court.

Scope of Activity

Art. 5 (1) The Management Company’s scope of activity is:

1. Management of the activity of undertakings for collective investment and closed-end investment companies, including:

a) Investment management;

b) Administration of shares/units, incl. legal and accounting services concerning the assets management, required information from the investors, assets evaluation and calculation of the share/unit price, control for following the legal requirements, organization and actualization of the shareholder/unitholder register, dividend distribution and other payments, issue, sale and redemption of shares/units, contracts execution, accounts keeping;

c) Marketing services.

2. Management of individual securities portfolios (incl. portfolios of institutional investors), by its own decisions, without special orders given by the investor, in accordance with a contract with the client.

3. Investment advising on securities

(2) The activity under p. 1, letter a) shall be performed through investment decisions and orders which are executed by authorized by the management body of the investment company, respectively indicated in the prospectus of the common fund, investment intermediaries, by abiding the regulations, except for the cases of initial public offering or over the counter government bonds transactions, as well as securities transactions under art. 195, par. 1, p. 5 from POSA; in these cases the subscription of securities, respectively the

government bonds transactions or securities transactions under art. 195, par. 1, p. 5 from POSA, may be performed by the Management Company.

(3) The activity under p. 2 shall be performed through investment decisions and orders which are executed by authorized by the management body of UBB ASSET MANAGEMENT AD investment intermediaries by abiding the regulations, except for the cases of initial public offering or over the counter government bonds transactions, as well as securities transactions under art. 195, par. 1, p. 5 from POSA; in these cases the subscription of securities, respectively the government bonds transactions or securities transactions under art. 195, par. 1, p. 5 from POSA, may be performed by the Management Company.

(4) By performing the activity for public offering of shares / units, as well as by their redemption, the Management Company performs on behalf and on the account of the investment company, respectively on its own behalf, but indicating to perform on account of the common fund.

(5) The Management Company is entitled to register branches and representations in the country and abroad.

Activity Restrictions

Art. 6 (1) Except for the case under Art. 5, par. 4, the Management Company shall not be entitled to perform by profession securities transactions on its own or somebody else's account, as well as agency for conclusion of such transactions.

(2) The Management Company shall not be entitled to perform any other commercial transactions, except when it is necessary for the performance of the activity under Art. 5.

Chapter II CAPITAL

Amount of the Capital. Shares Face Value.

Art. 7 (1) The capital of the Management Company is to the amount of 330 000 (three hundred and thirty thousand) BGN, divided into 330 (three hundred and thirty) common, nominal, dematerialized shares, with one voting right and face value 1 000 (one thousand) BGN each.

(2) The capital of the Management Company is fully paid-up at the moment of its entry into the Commercial Register.

(3) The Management Company is obliged to maintain capital adequacy and liquidity, as defined in the Ordinance on the Requirements for the Activities of the Management Companies (ORAMC).

Contributions

Art. 8 (1) For the subscribed shares, the shareholders shall make monetary and non-monetary contributions, which cover the shares face value.

(2) If a resolution for increase of the Management Company's capital has been adopted, the shareholder is obliged to make contributions, which cover at least 25 % of the subscribed shares' face value, as well as the total difference between the issue and face value (if any) within the term determined in the resolution of the General Meeting of shareholders for entering the resolution for capital increase into the Commercial Register. The remainder of the shares value shall be paid up within the term specified in the resolution for capital increase of the General Meeting of shareholders, but no later than a year after entering the capital increase into the Commercial Register.

(3) The monetary contributions shall be transferred to the accumulation account of the Management Company, opened with a bank.

(4) The non-monetary contributions shall be made by the procedure, established in the Commercial Code.

Chapter III

SHARES

Type of Shares

Art. 9 (1) The shares of the Management Company are nominal, with a voting right at the General Meeting of shareholders.

(2) Each share gives one voting right at the General Meeting of shareholders, as well as dividend and liquidation rights, in proportion to the share's face value.

(3) The Management Company issues only dematerialized shares of one class.

Face Value

Art. 10 The face value of the Management Company's shares is 1 000 (one thousand) BGN. The Management Company's shares shall not be with different face value.

Issue Value

Art. 11 (1) The issue value is the value at which the shares shall be underwritten by their subscription.

(2) The issue value shall not be lower than the face value.

(3) The issue value of any new issue of shares shall be determined with a resolution of the General Meeting of Shareholders, respectively of the Board of Directors of the Management Company.

(4) The difference between the face and issue value shall be paid up in the Reserve Fund of the Management Company.

Indivisibility

Art. 12 (1) The Management Company's shares are indivisible.

(2) If a share is co-owned by several persons, they exercise the rights jointly by authorizing a proxy.

Depository Receipts

Art. 13 (1) The shareholders shall certify the rights on the possessed nominal dematerialized shares by a depository receipt, issued by the Central Depository.

Register of Members

Art. 14 The Register of Members shall be kept by the Central Depository AD, in compliance with the Statute of the Central Depository AD.

Transfer of Shares

Art. 15 (1) The transfer of the Management Company's shares shall be performed in accordance with the procedure for transferring dematerialized shares established in the legislation.

(2) The transfer of shares shall be performed unrestrictedly, by abiding the restrictions for acquisition of share participation in the capital and related persons, established in POSA.

Chapter IV

INCREASE AND DECREASE OF CAPITAL

Section I

Increase of capital

Art. 16. The Management Company's capital shall be increased by:

1. Issuing an additional issue of nominal shares with voting rights;
2. Increasing the shares' face value;
3. Capitalization of the undistributed gains of the Management Company;
4. Transformation of bonds into shares;
5. Other methods provided for by the law.

Increase of Capital by Issuing of New Shares

Art. 17 (1) By each capital increase under Art. 16, p. 1, the General Meeting of the shareholders, respectively the Board of the Directors, determine the issue value of the new shares.

(2) Increase of capital is permitted only after the amount of the capital as defined in this Articles of Association is fully paid-up, which shall be certified by deposit slip, income order of payment, statements of account and other accounting documents.

(3) After the entry of the capital increase into the Commercial Register and the registration of the new dematerialized shares at Central Depository AD, Central Depository AD issues depository receipts to the shareholders and consigns them to the company's representative.

(4) The Board of Directors, with a resolution adopted unanimously of all its members, is entitled to increase the Management Company's capital through issue of new shares with no restrictions for the amount within 3 years from the company's establishment.

Increase of Capital with Management Company's Resources

Art. 18 (1) The General Meeting of Shareholders is entitled to adopt a resolution for capital increase by transforming part of the profit in capital.

(2) If the resources kept in the Reserve Fund exceed 1/10 of the defined in this Articles of Association amount of the capital, the difference could be used for capital increase as well.

(3) The resolutions under art. 1 and 2 shall be taken by the General Meeting of Shareholders within three months after the adoption of the annual financial report for the previous year with a majority of 3/4 from the votes of the shares represented at the Meeting.

(4) By entering the resolution for capital increase under this article into the court, a balance sheet shall be submitted and an indication that the increase of capital is performed by Management Company's own resources shall be made.

(5) The new shares shall be divided between the shareholders in proportion to their participation in the capital prior to the increase.

Covering Losses

Art. 19 The realized annual balance loss shall be covered by a Resolution of the General Meeting of the shareholders with the company's reserve funds.

Section II

Decrease of Capital

Art. 20 (1) The Management Company's capital, if bigger than the minimum required value, could be decreased with a resolution of the General Meeting of Shareholders by abiding the legal regulations, applying to the activity of the Management Company, through one of the following methods:

1. Through decrease of the shares' face value;
2. Through cancellation of shares after their acquisition by the Management Company.

(2) In the resolution of the General Meeting of Shareholders the purpose of decrease and the method of its performance shall be indicated.

(3) The shareholders are entitled to receive payment as a result of the capital decrease, only after the capital decrease is entered into the Commercial Register and the creditors, whose claims originated prior to the publication of the resolution for capital decrease in the State Gazette and have expressed written dissent with the decrease within 3 months from the date of publication, have received security for claims or payment.

(4) Par. 3 shall not apply if the capital decrease is performed for the purpose of covering losses. In this case the shareholders shall not be exempt from their obligation for making contributions.

Section III

Simultaneous Decrease and Increase of Capital

Art. 21 The Management Company's capital could be simultaneously decreased and increased in a way that the decrease comes into effect only if the provided capital increase is performed.

Chapter V

RIGHTS ANF OBLIGATIONS OF SHAREHOLDERS

Art. 22 (1) Each share gives to its owner:

1. one voting right at the General Meeting of Shareholders;
2. dividend right;
3. liquidation right;
4. right of information concerning the company's affairs;
5. other rights provided for by the law or explicitly indicated in the Articles of Association;

(2) Every shareholder is obliged to:

1. Make the contribution due for the subscribed shares in the specified term;
2. Abide the obligations provided for by the Articles of Association and the Law.

Chapter VI

BODIES OF THE MANAGEMETN COMPANY

Art. 23 (1) The bodies of the Management Company are the General Meeting of Shareholders and the Board of Directors.

(2) The Management Company has a one-tier system of governance.

Section I

General Meeting of Shareholders

Art. 24 (1) The General Meeting shall include the shareholders with voting rights. They are entitled to attend the General Meeting in person or by a representative. A member of the Board of Directors is not entitled to represent a shareholder by adopting the resolutions under Art. 25 from the Articles of Association.

(2) The members of the Board of Directors shall participate by deciding the issues under Art. 25 with no voting rights.

(3) If the number of Management Company's employees exceeds 50, they shall be represented by deciding the issues under Art. 25 by a representative with advisory power. Their representative shall have the right of information as provided in Art. 224 of the Commercial Code.

Powers of the General Meeting

Art. 25 The General Meeting shall:

1. amend the Articles of Association of the Management Company;
2. increase and decrease Management Company's capital;
3. transform and dissolve the Management Company;
4. elect and recall the members of the Board of Directors;
5. determine the remuneration of the members of the Board of Directors who shall not be assigned management, including the right to acquire part of the company's gains as well as to acquire shares and bonds issued by the Management Company;
6. relieve from liability the members of the Board of Directors;
7. appoint and recall Management Company's CPAs;
8. approve the annual financial report as certified by the appointed certified public accountant;

9. adopt a resolution for gain distribution, replenishment of the Reserve Fund of the Management Company;
10. adopt a resolution for dividend distribution;
11. appoint liquidators by dissolution of the company except for in case of bankruptcy;
12. change the face value of the Management Company's shares and the related rights;
13. adopt a resolution for bond issue;
14. adopt resolutions for other issues within its powers in accordance with the Law and this Article of Association.

Holding and Convening of the General Meeting

Art. 26 (1) The General Meeting of Shareholders shall be held at least once a year at the company's seat.

(2) The first General Meeting of Shareholders shall be held no later than 18 months after the company's registration, and the following regular General Meetings – no later than 6 months after the end of the fiscal year.

(3) In case the losses exceed one half of the capital, a General Meeting shall be held no later than three months after the ascertainment of losses.

Art. 27 (1) The General Meeting shall be convened by the Board of Directors or upon the request of shareholders who longer than three months hold shares, representing at least 5 % of the capital.

(2) If within a month from the request of the shareholders who hold at least 5 % of the capital under Par. 1 it hasn't been satisfied or the General Meeting hasn't been held within three months from the request, the District Court shall convene the General Meeting or shall authorize the shareholders who have submitted the request, or their representative, to convene the Meeting. The fact that the shares have been held longer than 3 months shall be certified in court by a declaration certified by a notary.

(3) The convening of the General Meeting shall be performed by written invitations sent to all shareholders. The period from receiving the invitation to the date of the General Meeting's holding shall not be less than 7 (seven) days.

(4) The written invitation under the previous article shall contain at least: trade name and seat of the Management Company; place, date and time; type of Meeting; notification about the requirements (if provided in the Articles of Association) for participation and exercising the voting right; agenda of issues subject to discussion and suggestions for resolutions.

Incorporation of Items in the Agenda

Art. 28 (1) Shareholders who hold shares, representing at least 5 % of the company's capital longer than three months are entitled, after the invitation has been sent, to incorporate other items in the agenda of the General Meeting.

(2) The right under Par. 1 shall be exercised under terms and conditions provided for by the Law.

Right of Information

Art. 29 The documents regarding the items of the General Meeting's agenda shall meet the requirements as provided for by the Law and shall be available for the shareholders by the date of sending the invitations for the General Meeting at the latest. Upon request, the documents shall be provided to every shareholder for free.

List of Attendance

Art. 30 At the General Meeting a list of attending shareholders or their representatives and of the held or represented shares shall be prepared. The shareholders and the representatives certify their attendance by signing. The list shall be authenticated by the Chairman and the secretary of the General Meeting.

Quorum

Art. 31 (1) For adopting the resolutions under Art. 25 a quorum of over half of the Management Company's shares shall be reached.

(2) In default of quorum, a new Meeting shall be appointed no earlier than 14 days and it is legal despite the represented capital. The date of the new Meeting could be indicated in the invitation for the first Meeting.

Voting right

Art. 32 (1) The voting right shall originate by paying up the full value of the subscribed shares, except for the payment of the full value has been deferred, in compliance of the provisions of the Articles of Association or in the resolution for capital increase, and in case of transfer of shares – from the entry of the new owner in the Register of Members, kept by the Central Depository AD.

(2) The voting right at the General Meeting could be exercised by the shareholders, who have been entered into the register kept by the Central Depository AD 7 days prior to the date of the General Meeting's holding at the latest.

Dividend Right

Art. 33 Dividend right shall be exercised by the persons who have been entered into the register kept by the Central Depository AD 7 days after the date of the General Meeting's holding at which dividend distribution has been voted at the latest.

Majority

Art. 34 (1) The resolutions under Art. 25 from the Articles of Association shall be adopted with majority of the represented at the General Meeting shares, except for the cases when higher majority has been provided by the Law or the Articles of Association.

(2) The resolutions under Art. 25, p. 1, 2, 3 (only for dissolution), 4 and 13 shall be adopted by majority of 2/3 of the represented at the General Meeting shares, and a resolution for transformation – with majority of 3/4 of the represented at the Meeting shares.

(3) The resolutions under Art. 25 from the Articles of Association shall take effect immediately, if their effect hasn't been deferred or as provided by the Law they take effect after having been entered into the Commercial Register.

Organization of the General Meeting of Shareholder's Activity and Minutes

Art. 35 (1) All items concerning the adoption of the resolutions under Art. 25 from the Articles of Association, the representation and the Minutes which haven't been provided explicitly in the Articles of Association, shall be provided for by the provisions of the CC.

(2) For the resolutions of the General Meeting of Shareholders a Minutes in compliance with the requirements under Art. 232 from the CC shall be kept.

(3) The Minutes shall be signed by the Chairman and the secretary of the Meeting, and by the vote tellers.

(4) Upon the request of a shareholder or a member of the Board of Directors, a notary who takes a written statement of ascertainment under Art. 488 from CPC, is entitled to attend the General Meeting

(5) The Minutes and the appendices to them shall be kept at least five years.

(6) The Book of Minutes shall be kept by a person specially appointed by the Board of Directors.

Section II

Board of Directors

Members of the Board of Directors

Art. 36 (1) The Board of Directors comprises of three to seven natural and / or legal persons.

(2) In the Board of Directors the legal persons shall be represented by their legal representative or by a proxy with a certified by a notary power of attorney.

(3) The legal persons shall be unlimitedly and jointly liable with the rest of the members of the Board of Directors for the obligations which originate from the activity of their representatives.

(4) A person shall not be elected member of the Board of Directors if he:

1. Has no professional qualification and experience necessary to manage the business of a Management Company;

2. Has been sentenced for an intentional crime prosecuted on indictment;

3. Has been member of a management or supervisory body, or unlimited liability partner in a company wound up due to bankruptcy, where there are unsatisfied creditors;

4. Has been declared bankrupt or be involved in a pending insolvency proceedings;

5. Is the spouse or relative in the direct or collateral line up to the third degree inclusive, or by affinity up to the third degree to another member of the company's management or supervisory body;

6. Has been deprived of the right to occupy positions involving financial responsibilities.

(5) Except for meeting the requirement under par. 4, the executive members (executive directors) shall have a permanent address or a permission for long-term residence in the Republic of Bulgaria.

Mandate of the Board of Directors

Art. 37 (1) The Board of Directors shall be elected for a period of 3 (three) years.

(2) The members of the first Board of Directors shall be elected for a period of 3 (three) years.

(3) The members of the Board of Directors shall be reelected with no restrictions.

(4) The members of the Board of Directors shall be relieved prior to the expiry of their mandate.

(5) After the expiry of their mandate, the members of the Board of Directors shall continue to fulfill their duties until the election of the new Board of Directors.

(6) A member of the Board of Director is entitled to request deletion from the Commercial register with a written notification to the Management Company. Within 6 months after receiving the notification, the Management Company enters his relief from duty into the Commercial Register. Otherwise the concerned member of the Board of Directors is entitled to apply registration of this circumstance and the court enters it, notwithstanding the election of another person.

Representation

Art. 38 (1) The Board of Directors commissions the management of the Management Company to one or several executive members (executive directors), elected of its members and determines their remuneration. If the executive members (executive directors) are two or more than two persons, they represent the Management Company in compliance with the resolution for their authorization – jointly or severally. The Board of Directors is entitled to recall the authorization at any time.

(2) The number of the executive members (executive directors) shall not be higher than the rest of the members of the Board of Directors.

(3) The names of the persons authorized to represent the Management Company shall be entered into the Commercial Register and published. By registration they shall present a written consent and a sample of their signatures certified by a notary.

(4) The relations between the Management Company and an executive member (executive director) shall be established in a Management Commission Contract, which shall be concluded in writing by the Chairman of the Board of Directors on behalf of the Management Company. The relations with the other members of the Board of Directors could

be established in a contract, which shall be concluded by a person authorized by the General Meeting of Shareholders on behalf of the Management Company.

(5) The internal division of the rights and obligations between the authorized executive directors and the manner of representation shall be determined in the Rules for the Activity of the Board of Directors and the particular Management Commission Contract.

(6) The Board of Directors is entitled to authorize a procurator for the management and representation of the Management Company. The authorization shall be made with signatures certified by a notary and shall be entered into the Commercial Register. The procurator's powers shall be specified in the Power of attorney and the Procuration agreement.

Special Rules for Concluding Transactions

Art. 39 (1) Transactions for transfer or rendering the right of use of the whole enterprise shall be concluded only with a resolution of the General Meeting of Shareholders.

(2) The following transactions shall be concluded only with the unanimous resolution of the Board of Directors:

1. Disposal of assets whose total value during the current year exceeds one half of the Management Company's asset value, according to the last certified annual financial report;

2. Undertaking of obligations or granting security to one person or to related persons the amount of which during the current year exceeds one half of the Management Company's asset value, according to the last certified annual financial report;

(3) The person who has concluded a transaction in infringement of the aforementioned rules bears liability to the Management Company for the caused damages.

Rights and Obligations of the Members of the Board of Directors

Art. 40 (1) The members of the Board of Directors have the same rights and obligations regardless the internal division of duties between them and the commission of the management and representation to the executive member / s (executive director / s).

(2) The members of the Board of Directors shall be obliged to fulfill their duties with due diligence in the interest of the Management Company and its shareholders and to protect the trade secret including when they cease being members of the Board of Directors.

(3) A person nominated for a member of the Board of Directors, shall be obliged, prior to his election, to disclose information to the General Meeting of Shareholders for his participation in trading partnerships as a general partner, for the possession of more than 25 % of the capital of another company, as well as for his participation in the management of another companies or co-operative societies as a procurator, manager or a member of a board. In case these circumstances occur after he has been elected a member of the Board of Directors, he shall immediately submit a written notification.

(4) The members of the Board of Directors shall not conclude commercial transactions on their own or somebody else's behalf, shall not participate in trading partnerships as a general partner, as well as shall not act as procurators, managers or members of boards of another companies or co-operative societies, when competitive activity to the one of the Management Company is performed. This restriction shall not apply in case the General Meeting of Shareholders has granted an explicit consent.

(5) The members of the Board of Directors of the Management Company, its staff and all other persons working for it under a contract, may not disclose any information they have become aware of, if this could influence the Management Company's activity and performance, including when they cease being members of the Board of Directors. This obligation shall not apply for information which by the Law is available to third parties or has already been announced by the Management Company.

(6) The members of the Board of Directors shall not use to their advantage or to the advantage of other persons, including the Management Company itself, any facts and circumstances concerning any balances or operations in the securities accounts of persons whose activities and / or portfolio it manages, as well as any other facts and circumstances

representing a trade secret, which they have become aware of within the performance of their official duties.

(7) Every member of the Board of Directors is entitled to ask the Chairman or an executive member (executive director) to convene a meeting for the discussion of certain items.

Powers of the Board of Directors

Art. 41 (1) The Board of Directors manages and represents the Management Company.

(2) The Board of Directors shall elect Chairman and Deputy – chairman among its members. The duties, occupations, organizational divisions and the number of the deputy chairmen shall be determined in the Rules for Activity of the Board of Directors.

(3) The Board of Directors shall adopt Rules for Internal Organization, Activity and Internal Audit, Rules for Activity of the Board of Directors, Rules for Personal Transactions with Securities, Applicable for the Transactions Concluded by the Members of the Management and Supervisory Body of the Management Company, the Investment Adviser, the Staff of the Management Company and the persons related to them.

(4) The Board of Directors shall hold regular meetings at least once a trimester to discuss the status and performance of the Management Company.

(5) The Board of Directors shall hold regular meetings at least once a month to discuss the activity of the Management Company regarding the organized and managed common funds.

(6) The Board of Directors has specific powers in compliance with the scope of activity of the Management Company, including:

1. Adopts resolutions regarding the organization of the fulfillment of the investment policy of the undertakings for collective investment and the other investors, whose portfolios and / or funds the Management Company manages;

2. At least once a month evaluates the management efficiency of the portfolios;

3. Makes suggestions to the management bodies of the open-end type investment companies for temporary suspension of issue and redemption of their shares, respectively for the resumption of redemption;

4. Adopts, amends and substitutes the Structure, the Rules for Organization, Activity and Internal Audit, the General Terms and Conditions Applicable to Contracts for Investment Companies' Activity Management and/or Discretionary Portfolio Management of Other Investor's Individual Portfolios of Securities and/or Funds, performed by Management Company's own Discretion and without Special Orders Given by the Client, as well as other document as provided for by the Law.

5. Adopts, amends and substitutes the Tariff of the Management Company;

6. Approves the investment companies and the other institutional investors, whose portfolio and / or funds the Management Company manages and assigns the executive director to enter into agreement with them;

7. Adopts resolutions for the establishment, transformation and dissolution of the organized and managed by the Management Company common funds;

8. Adopts and amends the Rules of the Common Funds, the Prospectuses for Public Offering of Units and the Rules for Portfolio Valuation and Determination of the Common Funds' Net Asset Value;

9. Adopts resolutions for the temporary suspension of issue and redemption of the common funds' units, as well as for their resumption;

10. Adopts resolutions for the distribution to the benefit of the unit holders of the total or part of the profit (dividends) achieved by the common funds or for its reinvestment;

11. Elects depository bank, auditor/s, person/s who directly takes investment decisions, investor relation person, agent/s – legal persons which shall provide counters (desks) for sale and redemption of the common funds' units, investment intermediary/ies which shall conclude and execute the investment transactions on account of the common

funds, daily newspaper in the meaning of Art. 192 POSA and assigns the executive director to enter into agreement with them;

12. Elects investment intermediaries which shall conclude and execute the investment transactions on account of institutional and individual investors whose portfolios and/or funds the Management Company manages on its own discretion without special orders given by the client and assigns the executive director to enter into agreement with them;

13. Elects Head of Management Company's Internal Audit Department and assigns the executive director to enter into agreement with him;

14. Has other powers provided for by the Law, the Articles of Association, and the internal acts of the Management Company, the management contracts and the Rules of the Common Funds.

(7) The Board of Directors is competent to adopt resolutions for:

1. Substantial altering of the Management Company's business;
2. Substantial altering in organization;
3. Long-term cooperation of essential importance for the Management Company or for termination of such cooperation;
4. Opening and closing of a branch.

(8) The Board of Directors is competent to adopt resolutions for other issues, which are not within the exclusive competence of the General Meeting of Shareholders.

Quorum and Majority

Art. 42 (1) The Board of Directors is entitled to adopt resolutions if half of its members attend the meeting or are represented.

(2) A member of the Board of Directors could be represented by another member with a written power of attorney. An attending member is not entitled to represent more than one non-attending member.

(3) The Board of Directors adopts resolutions with a majority of over half of the attending members, except for the cases when higher majority has been provided by the Law or the Articles of Association.

(4) The resolutions under Art. 42, par. 6, p. 7-12 shall be adopted with a majority of over half of all members of the Board of Directors.

(5) The Board of Directors is entitled to adopt non-attendance resolutions if all the members have been informed in writing for this way of voting and no one opposed.

(6) By opening the meeting at the latest, a member of the Board of Directors shall notify in writing the Chairman that he or related person is interested in an issue subject to discussion and shall not participate in the adoption of the resolution.

Minutes

Art. 43 (1) For the resolutions of the Board of Directors Minutes shall be kept, which shall be signed by all attending members, as the manner of voting for the discussed issues shall be specified.

(2) The Minutes shall be kept by a person specially nominated by the Board of Directors.

(3) Every member of the Board of Directors is entitled to receive a copy of the Minutes, except for the cases when there is a resolution of the Board of Directors in the opposite sense.

(4) The Minutes of the Board's meetings represent trade secret. Facts and circumstances recorded in them could be published, released or brought to the knowledge of third parties only with a resolution of the Board of Directors, except for the cases described in Art. 71, par. 5 from POSA.

Convening and Holding of a Meeting of the Board of Directors

Art. 44 (1) The members of the Board of Directors shall be notified in due time for the convening of the meeting by means of a written notification.

(2) The notification for the convening of the meeting shall obligatorily contain the place, date, time of the meeting and the agenda.

(3) A notification for the convening of the meeting shall not be necessary for the attending members, if at the preceding meeting of the Board of Directors they have been notified for the place, date, time and the agenda of the next meeting.

(4) Every member of the Board of the Directors is entitled to demand from the Chairman or the other members of the Board the necessary documents referring to the issues subject to discussion at the forthcoming meeting.

Liability

Art. 45 (1) It is obligatory that the members of the Board of Directors give collateral for their management in amount, determined by the General Meeting of Shareholders, but no less than their gross remuneration for three months. The collateral may consist of funds and/or government bonds or bonds, issued by the company.

(2) The members of the Board of Directors are severally and jointly liable for the damages caused guiltily to the Management Company.

(3) Shareholders who hold at least 10 % of the Management Company's capital are entitled to file an action against the members of the Board of Directors for damages caused to the Management Company.

(4) The General Meeting of Shareholders relieves from liability the members of the Board of Directors for their activity during the preceding fiscal year, in the presence of a certified by the registered auditor annual financial report for the preceding fiscal year.

(5) Until the contrary is proved, it is supposed that the persons under the preceding article have been acted in the Management Company's interest.

(6) The members of the Board of Directors shall act with knowledge, diligence and concern, inherent to the good professional, by preferring the interests of the Management Company to their own interests.

(7) The members of the Board of Directors shall be obliged:

1. to fulfill their obligations with due diligence in a way which they reasonably consider to be in the interest of all the shareholders of the Management Company and by using only information which they consider to be reliable and complete.

2. To be loyal to the Management Company, as:

a) Prefer the interest of the Management Company to their own interest;

b) Avoid direct or indirect conflicts between their interest and the interest of the Management Company, and if such conflicts occur – to disclose them in writing in due time and content to the respective body and do not participate, as well as do not influence on the rest of the members of the Board, in the decision-making in such cases;

c) Not to distribute non-public information for the Management Company including when they cease being members of the certain body until the public announcement of the respective circumstances by the Management Company.

(8) The provisions of p. 1 and 2 of Par. 7 shall also apply to the natural persons, who represent the legal persons – members of the Board of Directors, as well as to the procurators.

(9) The activity of the Board of Directors is confidential. The members shall not announce by any means information concerning the activity of the Management Company which has come into their knowledge, as well as the resolutions of its bodies. The members of the Board of Directors of the Management Company, its staff and all other persons working for the Management Company under a contract, may not disclose, unless authorized to do so, and may not use to their advantage or to the advantage of other persons, any facts and circumstances representing a trade secret, which they have become aware of in performing their official and professional duties.

(10) The management bodies of the Management Company are obliged to submit the required information, data and documents, according to the enactments, to the Financial Supervision Commission and to other authorized authorities.

Contracts with Members of the Board of Directors and the Persons Related to Them

Art. 46 (1) The members of the Board of Directors are obliged to notify in writing the Board of Directors if they or persons related to them enter into contracts with the Management Company which are out of its common business or substantially differ from the market terms.

(2) The contracts under the preceding article shall be concluded on the basis of a resolution of the Board of Directors.

(3) The person who has concluded transaction in breach of the preceding articles, as he was aware or was able to become aware of the absence of such resolution shall be liable to the Management Company for the damages caused.

Chapter VII PERFORMANCE REPORT OF THE MANAGEMENT COMPANY

Current and Periodic Information

Art. 47 The Management Company shall inform the person whose activity or portfolio it manages for;

1. Changes in the members of the Board of Directors and the way of representation, including changes in the persons authorized to manage and represent the Management Company without being members of the Board of Directors;

2. Entered into force decision for imposing coercive administrative measure in compliance with POSA;

3. Adoption of resolution for transformation of the Management Company;

4. Instituted judicial or arbitral proceedings to which the Management Company is a party, if they have had or may have substantial influence on its activity;

5. Submitted petitions for instituting of bankruptcy proceedings, as well as resolutions of the Management Company for dissolution and liquidation.

6. Any other change which may reflect on the execution of the concluded agreement.

Art. 48 (1) The Management Company shall send at the indicated address, or to inform by other means at least once a month the investment company under management, and at least once a month, if no transactions have been concluded – once a trimester, the person with whom a management contract has been concluded, a written report with the following minimum information:

1. The change made in the portfolio's structure as well as the grounds for it;

2. The value of the portfolio at the beginning and at the end of the reporting period;

3. The expenses made for the management of the activity or the portfolio during the reporting period.

(2) The report under Par. 1 to the investment company, with which the Management Company has entered into a contract, as well as the report of the managed by the Management Company common funds, shall consist of data for:

1. The volume and structure of the investments in the portfolio including sorted by issuers, at the beginning and at the end of the reporting period.

2. The financial status of the other assets at the beginning and at the end of the reporting period.

3. The net asset value of the company at the beginning and at the end of the reporting period; the average monthly net asset value;

4. Data for the announced issue price and redemption price and the dated when the announcement has been made;

5. Number and prices of the issued (sold) shares;

6. Number and prices of redeemed shares.

7. The concluded transactions with assets from the portfolio of the investment company.

(3) The report shall consist of summarized information for the data for the period as well as the respective data for the preceding two reporting periods, presented as a comparative chart.

Keeping Records and Information

Art. 49 (1) The Management Company shall keep the records as provided for by the Ordinance on the Requirements on the Activity of the Management Companies, daily and in a way which excludes obliteration or substitution of data.

(2) The Management Company shall keep separate record of each undertaking for collective investment and person whose activity and / or portfolio it manages.

Chapter VIII

ANNUAL CLOSING OF ACCOUNTS AND DISTRIBUTION OF PROFIT

Documents for the Annual Closing of the Accounts

Art. 50 (1) Annually, until the end of February, the Board of Directors makes annual financial reports and performance reports of the Management Company and each of the organized and managed by it common funds for the preceding fiscal year, and submits them to the elected certified public accountant / s.

(2) The certified public accountant / s of the common funds shall be elected by the Board of Directors for the respective fiscal year.

(3) The certified public accountant / s of the Management Company shall be elected by the General Meeting of Shareholders. If no election is made by the end of the respective fiscal year, upon the request of the Board of Directors, he / they shall be appointed by the Court.

Content of the Performance Report

Art. 51 (1) The Board of Directors presents at the General Meeting of Shareholders the annual financial report, the performance report and the report of the certified public accountant, and a suggestion for distribution of profit.

(2) In the performance report of the Board of Directors the proceeding of the activity and the status of the Management Company shall be described and the annual financial report shall be clarified.

(3) In the performance report obligatorily shall be indicated:

1. The remuneration, received altogether by the members of the Board of Directors during the year;

2. The acquired, possessed and disposed by the members of the Board of Directors shares and bonds, issued by the Management Company;

3. The rights of the members of the Board of Directors to acquire shares and bonds, issued by the Management Company.

4. The participation of the members of the Board of Directors in trading partnerships as general partners, the possession of more than 25 % of the capital of another company, as well as their participation in the management of another companies or co-operative societies as procurators, managers or a members of boards.

5. The contracts under Art. 240b from the Commercial Code concluded during the year.

(4) In the report the planned business policy for the next year, including the expected investments and the progress of staff, the expected return from investments and the development of the Management Company, as well as the forthcoming transaction with substantial importance for the Management Company shall be indicated.

Payment of Dividends and Interests

Art. 52 (1) Subject to distribution at the end of the year is the profit after all the taxes due have been deducted.

(2) Dividends and interests under Art. 190, par. 2 from the Commercial Code shall be paid only if according to the audited and adopted under section XI from the Commercial Code financial report for the respective year the net value of the assets, reduced by the dividends and interests subject to payment, is no less than the total of the Management Company's capital, the Reserve Fund and the other funds which the Management Company is obliged to form as provided for by the Law and this Articles in Association.

(3) In the meaning of the preceding article the net value of the assets is the difference between the value of the company's rights and obligations in accordance with its balance sheet.

(4) The payments under Par. 2 shall be made up to the amount of the profit for the respective year, the non-distributed profit from the preceding years, the part of the Reserve Fund and the other funds of the Management Company which exceeds the minimum as provided for by the Law or the Articles in Association, reduced by the uncovered losses for the preceding year and the payments for the Reserve Fund and the other funds which the Management Company has to form according to the Law or the Articles in Association.

(5) The Management Company shall be obliged to pay the dividend voted at the General Meeting of Shareholders within three months, as from the holding of the General Meeting.

(6) The distribution of profit shall be performed by following the procedure determined by the General Meeting of Shareholders, after at least 10 % of the profit has been paid to the Reserve Fund, until the funds in it reach the minimum of 1/10 of the amount of the capital indicated in this Articles in Association.

(7) The payment of dividends to the unit holders in the organized and managed by the Management Company common funds shall be performed by following the procedure specified in the Rules of the respective fund.

Reserve Fund

Art. 53 (1) The Management Company shall form a Reserve Fund in which funds from the following sources are being accumulated:

1. At least 1/10 of the profit.
2. The funds received over the face value of the shares by their issue.
3. The funds, which by issuing convertible bonds are received over the total due.
4. Other sources determined by a resolution of the General meeting of Shareholders.

(2) If the funds in the Reserve Fund exceed 1/10 of the amount of the capital indicated in these Articles in Association, the remainder could be used for capital increase.

Monetary Funds

Art. 54 (1) The Management Company sets up the obligatory monetary funds as provided for by the Law. Other funds could be set up by a resolution of the Board of Directors.

(2) Payments to the obligatory funds over the amount specified in the enactments could be made by the resolution of the General Meeting of Shareholders.

(3) Funds kept in safe, deposits on demand and term deposits in a bank which is not engaged in any bankruptcy proceedings, and any government securities which have a market price, must at any time be no less than 50 percent of the value of the equity capital as per the balance sheet, reduced by the value of the company's capital which has not been paid up.

(4) The Management Company must maintain at any time any funds kept in a safe, deposits on demand and term deposits in a bank which is not engaged in any bankruptcy proceedings, and any government securities which have a market price, to the amount of no less than 50 percent of its current liabilities.

(5) At least 90 percent of the funds under par. 4 must be in deposits on demand and term deposits with a bank.

AUDIT OF THE ANNUAL CLOSING OF ACCOUNTS

Scope of the Audit

Art. 55 The annual financial report shall be audited by the certified public accountant / s elected by the General Meeting of Shareholders. The audit shall be performed with the purpose of ascertainment whether the requirements for annual closing of accounts specified in the Accountancy Act and the Articles of Association have been observed.

Adoption of the Annual Closing of Accounts

Art. 56 The Board of Directors convenes the Regular Annual General Meeting of Shareholders and makes a suggestion for distribution of profit.

(2) Without the audit made by the certified public accountant / s the annual financial report may not be adopted by the General Meeting of Shareholders. The certified public accountant / s are entitled to be present at the meeting when the resolution under par. 1 is going to be taken.

(3) The audited and adopted annual financial report shall be submitted to the Commercial Register, and a notification for this shall be published in the State Gazette.

Audit upon Request of Shareholders

Art. 57 (1) Shareholders who hold at least 10 % of the capital of the company, are entitled to demand that the General Meeting of Shareholders appoint a controller who shall revise the annual financial report.

(2) In case the General Meeting of Shareholders does not adopt a resolution for appointing a controller, the shareholders under par. 1 are entitled to request his appointment from the district court of the Management Company's seat of business.

(3) The appointed controller shall make a report for his findings, which shall be presented at the next General Meeting.

(4) The expenses for the audit shall be on the account of the Management Company.

Chapter X

TRANSFORMATION AND DISSOLUTION OF THE MANAGEMENT COMPANY

Transformation

Art. 58 (1) The Management Company could be transformed by following the procedure under chapter sixteen from the Commercial Code and the requirements of POSA and the by-laws of its application.

(2) The resolution for transformation shall be taken by the General Meeting of Shareholders.

(3) The transformation of the Management Company shall be performed after the preliminary approval of the Financial Supervision Commission.

Dissolution

Art. 59 (1) The Management Company could be subject to dissolution at the following circumstances:

1. Resolution of the General Meeting of Shareholders;
2. Declaration of bankruptcy as provided for by the Law;
3. Withdrawal of its license for performing activity by the Financial Supervision Commission;
4. In other cases as provided for by the Law.

(2) After the dissolution of the Management Company or instituting of bankruptcy proceedings, the Management Company shall not be entitled to perform its scope of activity.

Chapter XI

CONCLUDING PROVISIONS

1. For all the issues which are not established in the Articles of Association the enactments which regulate the respective legal issues and the organizational acts of the Management Company shall apply.

2. In case of discrepancy between the provisions of the Articles of Association and an enactment, the latter shall apply and no immediate amendment of the Articles of Association shall be necessary unless otherwise has been provided for by the enactment.

3. This Articles of Association has been adopted with the Constitutive Act of UBB Asset Management EAD and mended with resolutions of the sole-proprietor of the capital, recorded in Minutes 1 from 10.02.2004, Minutes 3 from 02.12.2004, Minutes 5 of 12.08.2005, Minutes 6 from 02.12.2005, Minutes 8 from 15.06.2006 and Minutes 9 from 26.02.2007.