

Compartment		
PORTFOLIO DIRECTORATE	WORK PROCEDURE regarding the valuation of the assets of S.I.F. Oltenia S.A.	
	Approved Board of Directors	Date of approval: <i>18/06/2021</i>
	Endorsed President/General Manager Sorin-Iulian Cioacă Vice-president/Deputy General Manager Mihai Trifu	Revision date: <i>18/06/2021</i>

**This Procedure was originally developed by the Board of Directors of S.I.F. Oltenia S.A. on 18.05.2016 and was revised on 29.11.2016, 28.09.2017, 18.07.2018, 08.04.2019, 14.05.2020 and 07.04.2021.*

I. THE OBJECTIVES OF THE PROCEDURE

This “**Procedure regarding the valuation of the assets of S.I.F. Oltenia S.A.**” was drawn up in application of the provisions of Law no. 74/2015 on alternative investment fund managers and lays down the general rules, phases, activities and responsibilities to be applied in connection with the valuation process of the assets administered by S.I.F. Oltenia S.A., the calculation of the unit value of the net assets and the exposure of the managed assets in accordance with the applicable regulations.

This procedure lays down:

- The principles and methods leading to an adequate and independent valuation of the assets of S.I.F. Oltenia S.A.;
- the calculation of the unit value of net assets;
- the frequency of calculation of the net asset value.

II. THE APPLICABLE LEGAL FRAMEWORK

- Law no. 74/2015 on alternative investment fund managers;
- Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some regulatory documents;
- F.S.A. Regulation no. 10/20015 on the management of alternative investment funds;
- F.S.A. Regulation no. 9/2014 on the authorization and management of I.M.S., U.C.I.T.S. and U.C.I.T.S. depositories;
- F.S.A. Regulation no. 2/2018 amending and supplementing some normative acts;
- FSA Regulation no. 7/2020 on the authorization and operation of alternative investment funds;
- F.S.A. Regulation no. 20/2020 amending and supplementing the Financial Supervisory Authority Regulation no. 9/2014 on the authorization and operation of investment management companies, undertakings for collective investment in transferable securities and depositories of undertakings for collective investment in transferable securities, and for the repeal of paragraphs 11 and 12 of Article 45 of the Financial Supervisory Authority Regulation no. 7/2020 on the authorization and operation of alternative Investment Funds;
- F.S.A. Regulation no. 6/2021 amending and supplementing the Financial Supervisory Authority Regulation no. 7/2020 on the authorization and operation of Alternative Investment Funds;
- Government Emergency Ordinance no. 32/2012 on collective investment undertakings in securities and investment management companies, as well as amending and supplementing Law no. 297/2004 on the capital market;
- EU Regulation no. 231/2013 supplementing Directive no. 2011/61/EU of the European Parliament and of the Council as regards exemptions, general conditions of operation, deposit-taking, leverage effect, transparency and supervision.
- International Valuation Standards;
- The internal rules of S.I.F. Oltenia S.A.;

III. PERMITTED INVESTMENTS

Investments made by S.I.F. Oltenia S.A. may be carried out, under the applicable law, in:

- a) securities and money market instruments admitted to or traded on a trading venue in Romania or in a Member State;
- b) securities and money market instruments admitted to official listing on a non-Member State stock exchange which operates on a regular basis and is recognized and open to the public, provided that the exchange's choice is approved by the F.S.A. in accordance with the eligibility conditions in the regulations issued by the F.S.A. and it is laid down in the fund rules or in the articles of association of the investment company, as approved by the F.S.A.;
- c) newly issued securities which are offered to public for admission to trading, subject to the following cumulative conditions:
 - the issue documents include a firm commitment that admission to trading on a trading venue or trading on a stock exchange of a third country Trieu that is regularly traded and recognized and open to the public will be required, provided that the choice of the trading venue or exchange is approved by the F.S.A. or it is laid down in the fund rules or in the articles of association of the company, as approved by the F.S.A.;
 - such admission is ensured not later than one year after the issue;
- d) shares in UCITS or AIFs established in Member States or not, provided that all of the following conditions are met:
 - the AIFs are authorized or registered;
 - the activities of the AIF are subject to periodic reports, which allow an assessment of the assets and liabilities, income and operations during the reporting period, consistent with the redemption Frequency offered to investors, as applicable;
 - the AIF profile is part of the liquidity profile of the AIF, as established by the AIFM
- e) deposits with credit institutions, which are repayable on demand or give the right of withdrawal, with a maturity not exceeding 12 months provided that the registered office of the credit institution is located in Romania, in a Member State or in a third country state; in the latter case, provided that the institution is subject to prudential rules equivalent to those issued by the European Union;
- f) derivatives, with final settlement in cash or in the supporting action of the instrument, traded on a trading venue or on a third country exchange, and/or derivatives traded outside regulated supervision, provided that all of the following conditions are met:
 - the supporting asset consists of the instruments specified in this article, as well as financial indices, interest rates, precious metals, energy products and exchange rates, in which the AIF can invest, in accordance with its investment

objectives, as set out in the fund rules or the articles of association of the investment company;

- the counterparties, in the course of negotiations outside regulated supervision, are entities subject to prudential supervision that belong to the categories approved by the F.S.A.;

- derivatives traded outside regulated markets are subject to daily and verifiable valuation and can be, at the initiative of the external AIFM or the self-administered AIF, sold, liquidated or the position can be closed daily at their fair value through a counter- transaction.

g) money market instruments, other than those traded on a trading venue, which are liquid and have a value that can be accurately determined at any time, excluding commercial papers, provided that the issuer or issuer is subject to regulations relating to the protection of investors and their savings, and the instruments:

- are issued or guaranteed by an administrative, central, local or regional authority, a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a third country or, in the case of federal states, by one of the members who are members of the federation or by an international public body, of which one or more member states belong; or

- are issued by a body whose securities are dealt in on regulated markets as referred to in the two first listed classes of assets; or

- are issued or guaranteed by an entity subject to prudential supervision according to criteria defined by European law, or by an entity subject to and complying with prudential rules, which have been validated by the F.S.A. as equivalent to those laid down by European law; or

- are issued by other entities belonging to categories approved by the F.S.A., provided that investment in such instruments is subject to investor protection equivalent to that provided for in the preceding subparagraph, and that the issuer is a company whose capital and reserves amount to at least the RON equivalent of EUR 10,000,000, which presents and publishes its annual financial statements in accordance with applicable European laws, or an entity that, in a group of companies containing one or more listed companies, is intended to finance its group or is an entity dedicated to the financing of securitisation vehicles benefiting from a bank line of funding;

h) shares of limited liability companies covered by the republished Law no. 31/1990, as amended and supplemented, whose annual financial statements are audited in accordance with the law;

i) securities as defined in Article 3 (1) (26) of Government Emergency Ordinance no. 32/2012 which are not admitted to trading on a trading venue or are not traded on a stock exchange of a third country;

j) foreign currency, purchased on the domestic market, freely convertible according to the NBR criteria;

k) government securities;

- l) real estate assets, in compliance with the regulations of the F.S.A. and the provisions assumed in the AIFRI documents;
- m) greenhouse gas emission allowances as defined in article 3(b) of Government Decision no. 780/2006 establishing the greenhouse gas emission allowance trading scheme, as amended and supplemented;
- n) movable and immovable property which is strictly necessary for the pursuit of the business of the company.

IV. VALUATION

Based on the assessment procedure, S.I.F. Oltenia S.A. shall ensure that the valuation process is carried out thoroughly, transparently and properly documented so as to carry out an appropriate and independent valuation of the assets in accordance with the relevant specific legislation and the provisions of the articles of association.

Under current legislation, **the valuation function** is exercised either by: **an external valuator** who is a legal or natural person independent from the company and from any other person closely associated with the company, or **internally**, provided that the valuation task is functionally independent from the portfolio management and remuneration policy and other measures ensure that conflicts of interest are limited and that undue influence on employees is prevented.

The foreign valuator can be a legal or natural person, who is a member of the National Association of Authorized Valuators in Romania (ANEVAR), specialized in the valuation of enterprises or of another international organizations recognized by ANEVAR, with an equivalent specialization.

Within S.I.F. Oltenia S.A., the valuation function is **carried out internally**, and the valuation task is functionally independent from the portfolio management and compensation policy. The Office for portfolio assessment, transactions and net asset calculation operates within the company, verifying and integrating the results of external valuations in the calculation of the net asset. The undertaking shall ensure that the valuation function is performed in accordance with the following rules:

- the valuation of the financial securities in the portfolios of managed entities is functionally independent from the portfolio management and remuneration policy; the following rules will be implemented and complied with in this respect:

■ there is a specialized section in the organizational structure of the company for the valuation of assets;

■ the compartment is hierarchically and functionally independent from the other operating compartments responsible for managing the portfolios of the managed entities;

■ the personnel involved in the assessment process works, logistically, at locations that limit the exercise by any other person of inappropriate influence on the way in which a person within the compartment carries out assessment activities;

- the designated persons within the compartment in which the assessment function is performed shall have the necessary training to carry out such an activity;

- necessary measures are provided to ensure that conflicts of interest are limited and that undue influence on the personnel involved in the evaluation process is prevented.

The delegation of the valuation function to an external valuator by S.I.F. Oltenia S.A. is made according to the legislative provisions in force, specific to such a situation. At the same time, S.I.F. Oltenia SA will notify the F.S.A. on the appointment/change of the external valuator.

The securities where S.I.F. Oltenia S.A. holds more than 33 % of the share capital of public limited companies not admitted to trading on a regulated market or a multilateral trading facility are assessed in accordance with international valuation standards on the basis of a valuation report prepared by the valuator, updated at least annually.

This procedure is an interdepartmental procedure. It is the employees of the Office for portfolio assessment, transactions and net asset calculation who coordinate the valuation process. In the valuation process, the other involved structures shall:

- The IT System Service

- provide the market price information for the listed portfolio shares;
- take measures to preserve the integrity and security of databases;
- provide timely technical assistance for the smooth operation of computer applications;
- take steps to save and keep databases.

- The Portfolio Management Service

- provide the reports on the economic and financial statements of portfolio undertakings necessary for the valuation of shares issued by non-listed or non-listed companies;
- provide information on changes in the securities portfolio.

- The Financial and Accounting Service

- provide the financial and accounting information necessary for the calculation of net assets (balance sheet, balance sheet, etc.), the valuation of monetary securities (deposits, government securities, certificates of deposit).

The employees of the Office for portfolio assessment, transactions and net asset calculation are responsible for the proper valuation of the assets and have the professional competence for this activity. They have higher education in the economic or technical field, have completed training in the field of valuation.

The organizational structure adopted by S.I.F. Oltenia S.A. and the hierarchical subordination do not allow the employees of other compartments to influence the employees who are in charge of the valuation and calculation of the net unit asset.

The valuation shall be carried out with impartiality, competence, prudence and professional diligence.

The asset pricing rules of S.I.F. Oltenia S.A. shall be those laid down in national law.

The valuation of the assets in the portfolio of S.I.F. Oltenia S.A. is set out in the ANNEX. In case SIF will invest in other types of assets - according to the investment strategy - the ANNEX will be supplemented accordingly.

The frequency of drawing up a valuation for the financial assets in the company's portfolio will be determined for each managed entity and for each type of asset, subject to the provisions of the legislation in force and the provisions of the documents of each entity. The financial assets in the portfolio of S.I.F. Oltenia S.A. for which the valuation process are identified based on data and information corresponding to the date of valuation, as recorded in the application(s) of financial security management for each of the managed entities.

On the basis of the data and information available at the valuation date, the main characteristics for each of the financial assets shall be determined and, depending on them, the applicable valuation method shall be selected and the necessary inputs shall be determined in the valuation process.

The selection of the assessment method used depends on the specific ownership, the relevance and credibility of the information available and the professional judgment. The valuation methodology shall be based on techniques and models specific to the categories of financial assets held.

The resolution of differences or other problems in the evaluation process shall consider measures to identify, report, resolve differences/inconsistencies and analyse/eliminate the causes that led to the problems.

In the event of miscalculation of the net asset value due to fair values, differences/inconsistencies should be identified and reported to the management of the company, differences/inconsistencies in the valuation process shall be resolved as a matter of priority, corrected values shall be reported and the causes of the problems shall be analysed/removed.

S.I.F. Oltenia S.A. has identified valuation methodologies for each type of asset in the managed portfolio and for those in which it can invest, according to the rules of S.I.F. Oltenia S.A. These methodologies shall be those laid down in national law.

In situations where a fair value estimate based on the principle of fair value is required under International Valuation Standards, S.I.F. Oltenia S.A. will appeal to the services of external evaluators members of ANEVAR. The valuation reports for those financial assets will be prepared by external valuers approved by the senior management.

The valuation activity will be carried out under a framework contract for the provision of services, entered between the external valuator (a legal entity member of ANEVAR or an independent natural person, tenured member of ANEVAR), as service provider, and the company. Upon request, the external valuator shall provide professional guarantees demonstrating its ability to perform its assessment function. The external valuator shall provide those professional guarantees in written form.

The professional guarantees must contain evidence of the external valuator's qualification and ability to carry out the valuation in an appropriate and independent manner.

The documents required for the assessment report(s) will be made available by the company to the valuator.

The responsible person in the Office for portfolio assessment, transactions and net asset calculation will ensure that the valuation methodologies are consistently applied and fully documented in the valuation reports.

V. VERIFICATION AND REVIEW OF THE PROCEDURE

S.I.F. Oltenia S.A. does not invest in a particular type of asset if the appropriate valuation methodology or methodologies have not been identified for that type.

If S.I.F. Oltenia S.A. will invest in other types of **assets** permitted by law, but **which require valuation models**, the following measures will be taken:

- the valuation policy will be updated with the justification for the model and the main characteristics;

- the reason for the choice of the model, the underlying data, the assumptions used in the model and the rationale for its use will be documented;
- the limitations of the model-based assessment will be documented.

Prior to being used, the model to be applied for the appraisal of assets, built within S.I.F. Oltenia S.A., will be validated by a person with sufficient specialized knowledge (*who meets the requirements of professional training and seniority in the specific activity stipulated by the law*). The person who will validate the assessment model will not be involved in the process of developing that model.

The model is subject to prior approval by the senior management of S.I.F. Oltenia S.A. and by the Board of Directors.

The approval of the model by the Board of Directors of S.I.F. Oltenia S.A. does not affect the right of the Financial Supervisory Authority to require that the model be verified by an external evaluator or expert.

The review of the valuation policies/procedures shall be carried out annually during December and shall be communicated to investors within 60 days of the end of each year. Partial reviews of the valuation procedure will be carried out before the firm engages in a new investment strategy or invests in a new type of asset not covered by the current valuation procedure.

The review process of the valuation procedure will take into account the following aspects:

- new types of assets in which the undertaking intends to invest,
- amendments/updates to International Valuation Standards, of the legislation, which are no longer in line with the rules in force;
- events that may have an impact on the valuation process and/or models used, leading to a risk of inappropriate valuation of financial securities in the company's portfolio;
- the results/conclusions of the periodic checks carried out to determine the reasonableness of each estimate for the financial securities in the company's portfolio.

The risk management function shall provide adequate assistance with the policies and procedures adopted for the valuation of assets.

S.I.F. Oltenia S.A. will notify the F.S.A. whenever there are changes to the way in which the assessment function is ensured.

The notification shall also contain information and data attesting compliance by the internal reviewer or, where applicable, the external reviewer with the legal provisions.

S.I.F. Oltenia S.A. is classified, according to the applicable legal provisions, as a closed-ended Alternative Investment Fund (AIF) for retail investors, diversified and self-managed.

Consequently, the valuation of the assets as well as the calculation of UNAV is carried out on a monthly basis, as well as in the event of increases or reductions in the share capital.

S.I.F. Oltenia S.A. shall draw up, submit to the F.S.A. and B.V.B. and publish reports on the net asset value, to be calculated monthly, for the last working day of the month, as certified by the Depositary, in the form laid down in the legislation in force, no later than 15 days after the end of the reporting period.

If the last reporting day is not a business day, the documents shall be submitted on the following business day after that date.

The net asset value shall be published on a monthly basis on the website of the S.I.F. Oltenia S.A. (www.sifolt.ro).

S.I.F. Oltenia S.A. publishes the detailed investment situation with a quarterly frequency, no later than 20 business days after the end of the reporting period. It is published on the website www.sifolt.ro.

For the purposes of valuation, the appropriate time to close the accounting records shall be 12 days after the end of the period for which the valuation is made.

The Office for portfolio assessment, transactions and net asset calculation shall update the database with the changes in the portfolio of shares held by S.I.F. by the end of the current month. The supporting documents of any changes shall also be submitted to the Financial and Accounting Service.

The Financial and Accounting Service shall update, by 10 of the month following the month for which the net asset value is calculated, the database of the other assets in the portfolio.

The IT Service, following the centralization of the data entered by the Portfolio Directorate and by the Financial and Accounting Service, generates the documents needed to report to the F.S.A. and B.V.B.

The Office for portfolio assessment, transactions and net asset calculation shall send the asset-holding company by e-mail under electronic signature on a monthly basis, no later than 6 of the month following that for which the net asset value is calculated, the portfolio and supporting documents relating to the equity portfolio held on the net asset calculation date.

By no later than 12 of the month following that in which the net asset value is calculated, the Office for portfolio assessment, transactions and net

asset calculation shall transmit to the asset-holding company, by e-mail under electronic signature, the documents relating to the other portfolio assets received from the Financial and Accounting Service. Operations carried out with assets not admitted to trading shall be transmitted to the depository company on the working day following that on which they are concluded.

The IT Service, following the centralization of the data entered by the Portfolio Directorate and by the Financial and Accounting Service, generates the documents needed to report to the F.S.A. and B.V.B.

The documents “*Statement of assets and liabilities of an AIFRI established by the articles of association*” and “*Detailed statement of investments made by the AIF for retail investors for the reporting period*”, endorsed by the Compliance Office and by the senior management, are certified by the depository company until 14 of the month following that for which the net asset value is calculated.

S.I.F. Oltenia S.A. is responsible for the correct valuation of the assets, as well as for the calculation of the net asset value and the publication of this value in accordance with legal provisions.

The net asset value of S.I.F. Oltenia S.A. is certified by the Depository. If, prior to reporting, the depository indicates differences in the valuation of assets, the values shall be revised so that the values calculated by the company and the depository coincide.

With a view to eliminating or reducing as far as possible the risk of misvaluation of financial securities under company management, the Compliance Office shall check on a monthly basis the valuation of assets and the calculation of net assets, and shall draw up a statement to this effect.

If errors in the valuation mode of the assets are detected after the reporting of the asset value, the process of valuation, of rectifying differences or other problems in the valuation of assets, certification by the depository and reporting shall be resumed.

S.I.F. Oltenia S.A. ensures that all assets are correctly and adequately valued. The company shall document the mode, the adequacy and correctness of the individual values for each type of asset. S.I.F. Oltenia S.A. must demonstrate at any time that the value of the managed portfolio is correctly assessed.

VI. RESPONSIBILITIES / PRIVACY

Enforcement of the procedure - employees of the Office for portfolio assessment, transactions and net asset calculation.

Verification of the enforcement of the procedure - the person who coordinates the work of the Office for portfolio assessment, transactions and net asset calculation.

VII. ANNEXES

The procedure includes an annex.

METHODOLOGY FOR THE VALUATION OF NET ASSETS

The valuation of assets for the calculation of the net assets of S.I.F. Oltenia S.A. is carried out in accordance with the provisions of F.S.A. Regulation no. 9/2014 (articles 113 to 122), as amended and modified by F.S.A. Regulations no. 2/2018, no. 7/2020 and no. 20/2020.

Categories of assets		Valuation methods
<i>1</i>	<i>2</i>	<i>3</i>
1.	Financial instruments admitted to trading and traded within the last 30 days of trading (business days) on a regulated market or on a trading system other than regulated markets in a Member State, including an alternative trading system in Romania, as well as those admitted to official listing on a third country exchange or alternative trading system:	
1.1	Shares and any other negotiable securities giving the right to acquire those securities by subscription or exchange	- at the closing price of the market section considered to be the principal market on the day for which the calculation is made, in the case of shares admitted to trading on that regulated market in the member state/exchange of the non-member state or at the reference price for the day for which the calculation is made, in the case of shares traded on trading systems other than regulated markets, including other alternative trading systems, provided by the operator of that trading system for each of the segments of that system. The price used as a reference price shall be calculated on the basis of the trading activity on the day for which the calculation of the asset is made, used as a benchmark at the opening of the day-ahead trading session.
1.2	Fixed income financial instruments	1. one of the methods specified in paragraph 1.1, depending on the venue where the instruments are traded; or 2. the method based on the daily recognition of interest and the amortization of the discount/premium relating to the period from the date of the investment; or 3. the method based on the use of MID-type market quotations (calculated as the arithmetic mean of the best-selling price and the best purchase price) in the event of the existence of relevant composite price benchmarks published by official institutions or internationally recognized private firms (e.g. NBR, Bloomberg, Reuters). Or

		<p>4. the method based on the use of BID-type quotations where there are no relevant-type quotations where there is no relevant composite price benchmark;</p> <p>or</p> <p>5. the method for determining the fair value of the instrument, according to established international valuation techniques, in the absence of any quotation under the preceding paragraphs, on the basis of a reasoned decision by the senior management of S.I.F. Oltenia S.A.</p> <p>If S.I.F. Oltenia S.A. chooses the valuation method set out under points 3 or 4 above, and there is no relevant price for a fixed income instrument, that instrument will be assessed according to the rules issued by the F.S.A.</p>
1.3	Money market instruments	Similar to paragraph 1.2
1.4	Derivative financial instruments	<p>- at the closing price of the market section considered to be the principal market on the day for which the calculation is made, in the case of financial instruments admitted to trading on that regulated market in the member state/exchange of the non-member state</p> <p>or</p> <p>- at the reference price for the day for which the calculation is made, in the case of financial instruments traded on trading systems other than regulated markets, including other alternative trading systems, provided by the operator of that trading system for each of the segments of that system. The price used as a reference price shall be calculated on the basis of the trading activity on the day for which the calculation of the asset is made, used as a benchmark at the opening of the day-ahead trading session.</p>
1.5	The securities issued by the UCITS	<p>- at the closing price of the market section considered to be the principal market on the day for which the calculation is made, in the case of participation securities admitted to trading on that regulated market in the member state/exchange of the non-member state</p> <p>or</p> <p>- at the reference price for the day for which the calculation is made, in the case of are participation securities traded on trading systems other than regulated markets, including other alternative trading systems, provided by the operator of that trading system for each of the segments of that system. The price used as a reference price shall be calculated on the basis of the trading activity on the day for which the calculation of the asset is made, used as a benchmark at the opening of the day-ahead trading session.</p>
<p>The following rules shall be taken into account when assessing the above-mentioned financial instruments:</p> <p>- financial instruments admitted to trading on more than one regulated market and/or on more than one trading system, other than regulated markets, in a Member State, including Romania's alternative trading systems, traded within the last 30 trading days (business days), shall be valued at the close-out price of the market section considered as the principal market or at the reference price provided under alternative schemes with the highest degree of liquidity and frequency of trading of</p>		

that financial instrument determined on the basis of the volume and number of transactions recorded in the previous calendar year;

- where financial instruments are also admitted on third country exchanges or alternative trading systems, the price of the market with the highest degree of liquidity and frequency of trading shall be taken into account;

- financial instruments admitted to trading exclusively on more than one exchange and/or alternative trading systems in third countries will be valued at the exchange's closing price or reference price provided under alternative systems with the highest degree of liquidity and trading frequency of that financial instrument determined on the basis of the volume and number of transactions recorded in the last 365 days, for the day for which the calculation is made. The calculation shall be made with an annual frequency at the beginning of each calendar year;

- in the case of equity companies admitted to trading on a regulated market or a multilateral trading facility with liquidity considered by S.I.F. Oltenia S.A., based on a prudential value judgment regarding the active market as defined by the International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the mark-to-market method, the shares of those companies are valued in the assets of S.I.F. Oltenia S.A. according to the valuation standards in force, according to the law, on the basis of a valuation report. If S.I.F. Oltenia S.A. opts to apply this valuation method, it maintains that valuation method for a period of at least one calendar year for shares considered to be illiquid.

2.	Financial instruments admitted to trading on a regulated market, within an alternate system or in other systems than regulated markets in a Member State, including an alternative trading system in Romania, as well as those admitted to official listing on a third country exchange or alternative trading system in a third country, but which were not traded within the last 30 days of trading (business days) will be valued, as of the 31st day of non-trading	
2.1	Shares and any other negotiable securities giving the right to acquire those securities by subscription or exchange	<p>- the book value per share as resulting from the last approved annual financial statement of the concerned entity. In the case of share capital increase/decrease operations (by increasing/reducing the number of shares in circulation) of companies and for which the number of new shares in circulation is not actually reflected in the last approved annual financial statements, for the purpose of calculating the book value referred to in this point, the information provided to the issuer will be used on the basis of supporting documents (the registration certificate from the O.N.R.C. (National Trade Register Office) or the monthly verification balance - for unlisted companies - or the certificate of registration of securities issued by the F.S.A. – in the case of issuers - and, as far as available, also a report to an independent auditor certifying the new amount of the company's equity); in the case of credit institutions, the book value per share may be based on the calculation of the equity value included in the monthly reports submitted to the N.B.R., if such reporting is available;</p> <p>or</p> <p>- the value determined by applying valuation methods in accordance with international valuation standards (in which the fair value principle is used) approved by the board of directors/management of S.I.F. Oltenia S.A.</p> <p>Shares issued by companies admitted to trading on a regulated market or on trading facilities other than regulated markets but not traded within the preceding 30 trading days, in respect of which the F.S.A. or another competent authority has decided to open the financial recovery procedure by special administration, shall be evaluated in accordance with the</p>

		methods specified above.
2.2	Fixed income financial instruments	<p>- the method based on the daily recognition of interest and the amortization of the discount/premium relating to the period from the date of the investment; The daily recognition of interest and the amortization of the discount/premium relating thereto will be made from that price level as from the date of the change in the valuation method;</p> <p>or</p> <p>- the method based on the use of MID-type market quotations (calculated as the arithmetic mean of the best-selling price and the best purchase price) in the event of the existence of relevant composite price benchmarks published by official institutions or internationally recognized private firms (e.g. NBR, Bloomberg, Reuters).</p> <p>or</p> <p>- the method based on the use of BID-type quotations where there are no relevant-type quotations where there is no relevant composite price benchmark;</p> <p>or</p> <p>- the method for determining the fair value of the instrument, according to established international valuation techniques, in the absence of any quotation under the preceding paragraphs, on the basis of a reasoned decision by the senior management of S.I.F. Oltenia.</p> <p>If the principal and coupons on fixed-income instruments are not paid within 10 working days of the deadline specified in the prospectus, they shall be included in the asset at zero. In monitoring the number of 10 working days, the calendar to be taken into account shall be the corresponding calendar of the country of residence of fixed income instruments, where there may be differences between Romanian business days and other States' business days. If the payment deadline is a non-business day, it shall be automatically extended until the end of the first business day.</p>
2.3	Money market instruments	<p>- the method based on the daily recognition of interest and the amortization of the discount/premium relating to the period from the date of the investment; The daily recognition of interest and the amortization of the discount/premium relating thereto will be made from that price level as from the date of the change in the valuation method;</p> <p>or</p> <p>- the method based on the use of MID-type market quotations (calculated as the arithmetic mean of the best-selling price and the best purchase price) in the event of the existence of relevant composite price benchmarks published by official institutions or internationally recognized private firms (e.g. NBR, Bloomberg, Reuters).</p> <p>or</p>

		<p>- the method based on the use of BID-type quotations where there are no relevant-type quotations where there is no relevant composite price benchmark;</p> <p>or</p> <p>- the method for determining the fair value of the instrument, according to established international valuation techniques, in the absence of any quotation under the preceding paragraphs, on the basis of a reasoned decision by the senior management of S.I.F. Oltenia.</p>
2.4	Derivative financial instruments	using techniques established in financial markets in a manner that respects the principle of fair value.
2.5	The securities issued by the UCITS	the last unit value of the net asset calculated and published by their manager or published by internationally recognized private firms (e.g. Bloomberg, Reuters)
<p>The following rules shall be taken into account when assessing the above-mentioned financial instruments:</p> <p>In the case of operations to increase/decrease the share capital (by increasing/reducing the number of shares in circulation) of some companies, which are registered by O.N.R.C. (for a company that is not admitted to trading on a trading venue) or which are recorded in the system of a central depository (for issuers) during the same financial exercise and for which the number of new shares in circulation is not actually reflected in the last approved annual financial statements, for the purpose of calculating the book value, the information provided by the Company/issuer will be used on the basis of supporting documents (the registration certificate from the O.N.R.C. or the monthly verification balance - for unlisted companies - or the certificate of registration of securities, hereinafter referred to as C.I.V.M., issued by the F.S.A. - in the case of issuers - as well as, where available, a report by an independent auditor certifying the new amount of the company's equity);</p> <p>- the above financial instruments issued by the same entity but purchased in different tranches will be appraised according to 2.1. – 2.5.</p>		
3.	Financial instruments not admitted to trading on a regulated market or on trading facilities other than regulated markets, including alternative trading facilities in Romania, a Member State or a third party	
3.1	Shares issued by companies in which S.I.F. Oltenia S.A. holds less than 33% of the registered capital	<p>1. the book value per share as resulting from the last approved annual financial statement of the concerned entity. In the case of credit institutions, the book value per share is based on the calculation of the amount of own capital included in the monthly reports sent to N.B.R., if such reports are available</p> <p>or</p> <p>- the value determined by applying valuation methods in accordance with international valuation standards (in which the fair value principle is used) approved by the board of directors/management of S.I.F. Oltenia S.A.</p>
3.2	Shares issued by companies in which S.I.F. Oltenia S.A. holds over	are assessed exclusively in compliance with International Valuation Standards, based on a valuation report that is updated at least on an annual basis.

	33% of the registered capital	
3.3	Fixed income financial instruments	<p>- the method based on the daily recognition of interest and the amortization of the discount/premium relating to the period from the date of the investment;</p> <p>and/or</p> <p>- the method based on the use of MID-type market quotations (calculated as the arithmetic mean of the best-selling price and the best purchase price) in the event of the existence of relevant composite price benchmarks published by official institutions or internationally recognized private firms (e.g. NBR, Bloomberg, Reuters).</p> <p>If the principal and coupons on fixed-income instruments are not paid within 10 working days of the deadline specified in the prospectus, they shall be included in the asset at zero. In monitoring the number of 10 working days, the calendar to be taken into account shall be the corresponding calendar of the country of residence of fixed income instruments, where there may be differences between Romanian business days and other States' business days. If the payment deadline is a non-business day, it shall be automatically extended until the end of the first business day.</p> <p>The valuation of corporate bonds not admitted to trading on a regulated market or an alternative/multilateral trading facility, in the assets of S.I.F. Oltenia S.A., for which the outstanding payment of principal and related coupons has not been honoured, shall be at 0 (zero) or the amount of the collateral executed, as applicable, and no additional investment in financial instruments issued by the same issuer shall be made.</p> <p>For prudential purposes, where the periodic financial statements of the issuer of these instruments show that there is a significant risk that the issuer will fail to meet its payment obligations on periodic coupons and the principal, gradual adjustments regarding the exposure value will be made on that instrument, on the basis of an internal review or an evaluation report drawn up by an approved external valuator. Those applications of value adjustments shall be notified to the F.S.A. at least 5 working days prior to the implementation of the decision applying this procedure.</p>
3.4	Money market instruments	<p>- the method based on the daily recognition of interest and the amortization of the discount/premium relating to the period from the date of the investment;</p> <p>or</p> <p>- the method based on the use of MID-type market quotations (calculated as the arithmetic mean of the best-selling price and the best purchase price) in the event of the existence of relevant composite price benchmarks published by official institutions or internationally</p>

		recognized private firms (e.g. NBR, Bloomberg, Reuters).
3.5	Derivative financial instruments	using techniques established in financial markets in a manner that respects the principle of fair value.
3.6	The securities issued by the UCITS	the last unit value of the net asset calculated and published by their manager or published by internationally recognized private firms (e.g. Bloomberg, Reuters)
4.	Holdings in current accounts	
		are valued by taking into account the balance available at the date for which the calculation is made. Amounts in current accounts of U.C.I.T.S. with credit institutions that are in bankruptcy proceedings will be included in the net asset at zero value.
5.	Bank deposits and deposit certificates	
		are valued using the daily recognition of interest for the period since the investment date.
<p>The following rules shall be taken into account when assessing bank deposits and deposit certificates:</p> <ul style="list-style-type: none"> - Advance interest-paid deposits, irrespective of the length of the deposit, shall be valued at the amount of the initial deposit throughout the deposit period; - where interest has been received on bank deposits before the due date, the amounts thus collected shall be deducted from the calculated amount. 		
6.	Structured deposits	
		are valued on the basis of the principle of daily recognition of the minimum guaranteed interest rate of that structured deposit to be guaranteed by the bank. In the event of a minimum interest not being paid, the valuation shall be at the minimum current account interest. At maturity, if the underlying asset's evolution was in place at the time the deposit was placed, the positive difference in interest will be recognized for the whole period at the time the deposit is lodged. The method of valuation will be maintained throughout the life of the deposit.
7.	Shares suspended from trading for a period of at least 30 trading days (business days) as a result of the market or system operator's decision to inform investors of information that may lead to changes in the price of the issuer's shares	
		<p>shall be valued at:</p> <ol style="list-style-type: none"> 1. the weighted average price of the last 30 trading days (business days) calculated up to the date on which such an event occurs as the arithmetic average of the weighted average prices of each of the last 30 trading days or 2. the value determined by using valuation methods in accordance with international valuation standards (in which the fair value principle is used) approved by the management of S.I.F. Oltenia S.A.. <p>Where the suspension from trading takes place during the trading session, for the purposes of calculating the asset value for that day, the shares are valued at the closing/reference price, as applicable, and for the purposes of counting the 30 trading days (business days), the first day is considered to be the following business day after suspension. Where the suspension takes place from the beginning of the trading session, the first day shall be deemed to be the day of suspension. Where the weighted average prices of each of the last 30 trading days are not available for calculating the arithmetic average, S.I.F. Oltenia S.A. uses</p>

		only the value determined using valuation methods in line with international valuation standards (in which the fair value principle is used) to determine the price of the suspended shares.
8.	The shares not admitted to trading, including those issued by credit institutions or admitted to trading and not traded during the last 30 trading days (business days), whose financial statements are not obtained within 90 days of the statutory submission dates	
		are included in the assets at zero value or at a value determined by using valuation methods consistent with international valuation standards (in which the fair value principle is used) and approved by the Board of Directors/management of the A.I.S./self-managed investment company if the information in the quarterly/half-yearly financial reporting is not available on the basis of which the value of those shares could be determined. For the purposes of counting the 30 days of non-trading, the first day of non-trading shall be deemed to be the first business day on which transactions were no longer recorded for that share.
9.	The shares of companies governed by Law No 31/1990 under insolvency or reorganization proceedings	
		are included in the net asset either at zero value or at the value determined by an independent valuer using valuation methods consistent with international valuation standards (in line with the fair value principle), according to the decision of the management of S.I.F. Oltenia S.A., from the date on which the notice was made public on the website of the regulated market or the alternative trading system on which it is traded.
10.	The shares of companies governed by Law No 31/1990 which are in compulsory liquidation proceedings or in other forms of liquidation and those whose activity is suspended on a temporary or permanent basis	
		are included in the net assets of S.I.F. Oltenia S.A. at zero value, from the date on which the notice was made public on the website of the regulated market or of the alternative trading system on which it is traded.
11.	The shares of undertakings under insolvency or reorganization proceedings, whose shares have been admitted to trading on a regulated market or alternative trading system following a final court ruling regarding the confirmation by the designated syndic judge of the plan for the reorganization of that issuer and confirmation by the issuer/market or system operator of the non-appeal of the decision confirming the reorganization plan	
		- - in accordance with the method specified in point 1.1 where the shares have a market price, meaning that they have entered into transactions from the date of their admission to trading or - if the shares do not have a market price, they shall be valued in accordance with the method mentioned in 3.1 or 3.2 until the date on which an available reference price is recorded.
12.	Shares of companies governed by Law No. 31/1990 or by the applicable law of Member States or third countries, not admitted to trading or admitted to trading on a regulated market, on an alternative system or on other trading facilities, in a Member State, including under an alternative trading system in Romania, as well as those admitted to official listing on a third country exchange or alternative trading system, but not traded within the last 30 trading days (business days), with negative equity values	

		are included in the calculation of the net asset at zero value.
13.	Shares of companies governed by Law No 31/1990 under insolvency or reorganization proceedings not admitted to trading on a regulated market or on an alternative trading system	
		are included in the calculation of the net asset at zero value.
14.	Shares resulting from the division/consolidation of the nominal value of shares admitted to trading on a regulated market or on trading facilities other than regulated markets	
		are valued, from the ex-date to the date of their entry into trading, by dividing the pre-division price by the division coefficient, respectively by multiplying by the consolidation coefficient.
15	Shares resulting from share capital dilution operations by reducing the number of shares of companies admitted to trading on a regulated market or on trading systems other than regulated markets	
		are valued, from the ex-date to the date of their entry into trading, by dividing the last available market price prior to the operation of the share capital change by the share capital reduction coefficient
16.	Dividends and shares distributed without a remuneration in money, resulting from the participation in capital increases	
		<p>are recorded in the assets of S.I.F. Oltenia S.A. on the first day when the investors buying the shares no longer benefit from the dividend or on the first day when the investors buying the shares are no longer able to participate in the capital increase.</p> <p>These are shown as a separate point 'Dividends or other rights to be collected' in the assets of the company.</p> <p>The appraisal of shares held by S.I.F. Oltenia S.A. as a result of its participation in the capital increase without consideration in money is carried out:</p> <ul style="list-style-type: none"> - at the closing price of the market section classified as the main market or - at the reference price provided on systems other than regulated markets (including alternative trading systems) by the operator of that trading system for the day for which the calculation is made.
<p>In order to appraise dividends and shares distributed without a remuneration in money, resulting from the participation in capital increases, the following rules shall be taken into account:</p> <ul style="list-style-type: none"> - if, for lack of information, the dividends relating to the holding of shares listed in foreign markets cannot be recorded into assets, the consideration for those dividends will be recorded in the asset on the date on which S.I.F. Oltenia SA or the depository of the company's assets are in possession of information on the ex-dividend date, which is proven by documents/extracts/publications. - if dividends and shares distributed without consideration in cash are not paid/allocated within the legal/deadline set out in the decision of the GSM, they will be included in the assets at zero value. If the legal/statutory deadline set out in the GSM decision for dividend payment/allocation is a non-business day, it shall be extended until the end of the first business day. - dividends distributed by companies not admitted to trading on a trading venue in a Member State or on a third-country exchange shall be recorded in the accounts of S.I.F. Oltenia S.A. as claims, on the basis of GSM decisions approving the balance sheet of that company and are recorded in the net assets of S.I.F. Oltenia S.A. - Dividends distributed by companies not admitted to trading on a trading venue in a Member State or on a third-country exchange are recorded in the assets of S.I.F. Oltenia S.A. as of their collection date. 		
17.	Shares following capital increases involving cash consideration from investors without the issuance of rights of preference	

		<p>If S.I.F. Oltenia S.A. decides to participate in the share capital increase of the issuer, the relevant shares and the amount payable by S.I.F. Oltenia S.A. as a result of its participation in the share capital increase shall be recorded as follows:</p> <ul style="list-style-type: none"> - on the first day on which the investors buying the shares are no longer allowed to participate in the capital increase (so-called ex-dividend date), if the market price is higher than the subscription price; - on the date of actual payment of the shares subscribed at the share capital increase if the market price is less than the subscription price. <p>These are shown as a separate point 'Dividends or other rights to be collected' in the assets of the company.</p> <p><u>These shares shall be assessed:</u></p> <ul style="list-style-type: none"> - at the closing price of the market section classified as the main market or - at the reference price provided on systems other than regulated markets (including alternative trading systems) by the operator of that trading system for the day for which the calculation is made. <p>The amount due as a result of participating in the increase in the share capital shown in the asset shall be valued at the subscription value.</p>
<p>In the event that the operation of capital increase with cash consideration from investors is not carried out within the legal deadline set by Law no. 31/1990 from the date of the adoption of the GSM decision, S.I.F. Oltenia S.A. excludes from its portfolio the subscribed shares and can record the amounts paid in respect of the unsettled capital increase under the heading "other assets - amounts receivable". S.I.F. Oltenia S.A. will use all legal procedures to recover the money consideration paid to the issuer for the shares which have not been subscribed for objective reasons imputed to it.</p>		
<p>18.</p>	<p>Shares following capital increases involving cash consideration from investors with the issuance of preference rights</p>	
		<p>are recorded in the assets of S.I.F. Oltenia S.A. on the date of actual payment of the shares subscribed to the share capital increase date.</p> <p>Preference rights shall be recorded in the assets on the first day on which investors buying the shares are no longer allowed to participate in the capital increase.</p>
<p>For the assessment of shares following capital increases involving cash consideration from investors with the issuance of preference rights, the following rules shall be considered:</p> <ul style="list-style-type: none"> - the assessment of preference rights shall be done at the theoretical value, up to the first trading day. <p>The theoretical amount of the preference right shall be calculated according to the formula:</p> $\text{Theoretical amount of the preference right} = (\text{market price of old shares} - \text{price for subscription of new shares on the basis of preference rights}) * [\text{number of new shares} / (\text{number of old shares} + \text{number of new shares})] * [\text{number of old shares} / \text{number of preferred rights issued}],$ <p>where the market price of the old shares is the price valued in accordance with the method set out in paragraph 1.1, from the last day on which the purchasers of the shares are entitled to participate in the capital increase.</p> <ul style="list-style-type: none"> - after admission to trading, preference rights will be valued at the closing price of the market section considered as the principal market for the day for which the calculation is made, for the shares admitted to trading on such regulated market in the member state/exchange from the non-member state or at the reference price of the day for which the calculation is made, for shares traded within other trading systems than regulated markets, and also in other alternative trading systems, by the trading system operator for each of the segments of that system. - if no transactions are recorded, the valuation will be maintained at the theoretical value. - after the trading period of the preferred rights and until their exercise, the rights of preference shall be valued at the last closing price in the trading period and shown under a separate position 		

“Dividends or other rights to be received”.

- at the time of exercise of the preference rights, the shares will be duly recorded in the assets of S.I.F. Oltenia S.A.

19.	Shares following subscription to an initial public offer for the sale of shares	
		<p>Shares are considered as “newly issued securities” and are valued on the basis of the purchase price of the shares subscribed in the public offer. This way of recording and assessing the respective shares subscribed by S.I.F. Oltenia S.A. is maintained until the date of the first stock exchange transaction.</p> <p>If S.I.F. Oltenia S.A. has subscribed and paid in full shares in the initial public offer for the sale of shares, holds shares in that company prior to the public offer and the admission to trading of those shares, they are valued as follows:</p> <ul style="list-style-type: none">- between the date of issue and the date of the possible admission to trading of the allocation rights in accordance with the methods set out in points 3.1 to 3.2;- between the date of the possible admission to trading of the allocation rights and the effective date of the admission to trading of the shares, on the basis of the assessment of those allocation rights in accordance with the methods referred to in point 1.1.
<p>For the assessment of shares following subscription to an initial public offer for the sale of shares, the following rules shall be considered:</p> <ul style="list-style-type: none">- where the admission to trading of the subscribed shares is not made within 12 months of the date on which the offer takes place, the shares acquired by S.I.F. Oltenia S.A. as a result of subscription to an initial public offer for the sale of shares will be assessed in accordance with the methods set out in points 3.1 to 3.2.		
20.	The allocation rights obtained by S.I.F. Oltenia S.A. following subscription to an initial public offer for the sale of shares involving the issuance of marketable allocation rights, following the subscription and full payment of the shares in the offer, i.e. within the period of exercise of the right of preference	
		<ul style="list-style-type: none">- between the date of issue and the date on which allocation rights may be admitted to trading on the basis of the purchase price of the shares subscribed within the public bid;- between the date of the possible admission to trading of the allocation rights and the effective date of the admission to trading of the shares, on the basis of the assessment of those allocation rights in accordance with the methods referred to in point 1.1
<p>The allocation rights will be presented in the reporting templates of S.I.F. Oltenia S.A. as follows:</p> <ul style="list-style-type: none">a) until admission to trading in the sections of holdings of other securities and money market instruments not admitted to trading;b) from the time of admission to trading until the issue of shares subscribed to the public offer, in sections relating to holdings of other securities treated as shares and money market instruments admitted or traded.		
21.	Shares in companies not admitted to trading resulting from share capital increases with consideration in cash	
		<ul style="list-style-type: none">- until the date of operation of the capital increase at the O.N. R.C., at the subscribed value;- from the date of operation of the capital increase at the O.N.R.C., similarly to the method mentioned in 3.1 or 3.2, in conjunction with the methods specified in points 7, 8, 9 and 10.
22.	Shares in companies not admitted to trading resulting from share capital increases without consideration in cash	

		are recorded in the assets of S.I.F. Oltenia S.A. as from the date of the operation of the share capital increase at the O.N.R.C. or an equivalent on the basis of supporting documents provided by the company, which certify the new amount of equity corresponding to the new share capital.
23.	Newly issued bonds that contain a listing commitment	
		are valued up to the date of admission to trading similarly to the methods referred to in 3.3 for fixed-income instruments
24.	Greenhouse gas emission allowances	
		are valued at least annually on the basis of the value determined by applying valuation methods that comply with the valuation standards in force, as required by law (using the fair value principle), by an authorized ANEVAR valuer, approved by the company's senior management.
25.	Real estate assets	
		are valued by an independent valuator, registered in the Public Register of the F.S.A., in accordance with the regulations of the F.S.A.. The depositary shall certify the calculation of the net asset by taking into account in its calculation the value of the real estate assets recorded in the valuation report prepared by the independent valuator responsible for the valuation. The method of valuation of real estate assets will be maintained by the company for a minimum period of 3 years. The revaluation of real estate assets will be carried out at least on an annual basis, as well as each time transactions are recorded in assets of its investment portfolio or at the request of the F.S.A. The costs for the valuation of real estate assets will be borne by the company.
26.	Shares of limited liability companies covered by the Law no. 31/1990, whose annual financial statements are audited in accordance with the law	
		are valued at least annually on the basis of the value determined by applying valuation methods that comply with the valuation standards in force, as required by law (using the fair value principle), approved by the company's senior management
27.	Reverse purchases/sales of eligible assets (repo/reverse repo)	
		<p>a) reverse purchases under which S.I.F. Oltenia S.A. buys assets eligible for trading, with the firm commitment of the counterparty to repurchase those assets at a later date and at a price set at the date of the conclusion of the transaction, are assessed through the daily recognition of the claim that is added to the purchase value;</p> <p>b) reverse sales under which S.I.F. Oltenia S.A. sells assets eligible for trading, committing on the basis of a firm commitment to repurchase those assets at a later date and at a price set at the date of the transaction, are assessed as follows:</p> <p>- for the period between the date of receipt of the money market operation amount and the date of the firm commitment to repurchase, the securities subject to the operation shall be assessed on a daily basis in accordance with articles 113-115 of FSA Regulation 9/2014. The securities subject to the operation will be shown under a dedicated asset position: "Underlying items for repurchase agreements" in the category corresponding to those instruments;</p> <p>2. during the same period, the settlement value together with the daily recognition of the attached debt shall be shown with a minus sign, under an asset item "Money market instruments other than those traded on a</p>

		regulated market” in accordance with Article 82 (g) of G.E.O. 32/2012 — Repurchase agreements on securities issued by central government.
28.	Structured products	
		<p>Structured products will be valued at the reference price (for an individual issue of structured products, i.e. a trading session) calculated by the market operator in which the instruments are traded, as follows:</p> <ol style="list-style-type: none"> 1. the arithmetic mean, calculated on the basis of the best ask and best bid submitted/managed by the liquidity provider(s) or market maker(s), as applicable, on the market after the end of the current trading session, where there have been quotes from the liquidity provider(s) or market maker(s) and the symbol has been available for trading. That value shall be rounded to the nearest price step corresponding to that symbol; 2. the closing price recorded on the principal market of the symbol in the current trading session if it was available for trading, where there are no available quotes from the liquidity provider(s) or the market maker(s) in accordance with point 1, and transactions have been recorded in that trading session; 3. the most recent reference price for the symbol (reference price remains unchanged), provided that all of the following requirements are met: <ol style="list-style-type: none"> (i) no transactions have been recorded at the most recent trading session where that symbol was available for trading; (ii) there have been no quotes from the liquidity provider(s) or the market maker(s), as applicable, at the end of the most recent trading session where that symbol was available for trading.