



Administrator de Fonduri de Investiții Alternative (A.F.I.A.)

200767, Craiova, Str. Tufănele nr. 1
www.sifolt.ro, e-mail: public@sifolt.ro
Tel.: 0251-419.397, 419.398, 419.338, 419.347

BVB – categoria Premium (SIF5)
Capital social: 52.214.914,30 lei
Fax: 0251-419.340

Număr Registru A.S.F.: PJR07/AFIAA/160004/15.02.2018
LEI (Legal Entity Identifier): 254900VTOOM8GL8TVH59
CUI/CIF: RO 4175676 J16/1210/30.04.1993

	Date of drawing up: <i>12/01/2021</i>
Approved Board of Directors	Date of approval: 19/05/2021
Endorsed President/General Manager Cioaca Sorin Iulian Vice-president/Deputy General Manager Trifu Mihai	Revision date: 18/06/2021

RULES

S.I.F. OLTENIA S.A.

I. Information about the AIFM and the relationship between the AIFM and investors

1.1. Identification details

Name of the A.F.I.A.: Societatea de Investiții Financiare S.A. (S.I.F. Oltenia S.A.)

No. and date of registration at the Trade Register Office: J16/1210/03.03.2014

Registered office: 1 Tufanele Street Craiova – Dolj, phone 0251-419,340, fax: 0251-419.340, e-mail: public@sifolt.ro, website: www.sifolt.ro

Number and date of the authorization issued by the F.S.A.: Authorization no. 45/15.02.2018

Number and date of registration in the F.S.A. Register: PJR07.1AFIAA/160004/15.02.2018

LEI Code: 254900VTOM8GL8TVH59

1.2. Scope and goal of the management.

S.I.F. Oltenia S.A. is established as a legal person governed by private law, of Romanian nationality, organized as a public limited company under Law no. 31/1990 on companies, being registered at the Trade Register Office of the Dolj Court under number J16/1210/30.04.1993, with the company registration code RO 4175676.

S.I.F. Oltenia S.A. is authorized by the Financial Supervisory Authority as an Alternative Investment Fund Manager (AIFM) under Law no. 74/2015 by means of authorization no. 45 of 15.02.2018, being registered in the public register of FSA under the AIFM no. PJR07.1AFIAA/160004 of 15.02.2018.

The main field of activity of S.I.F. Oltenia S.A. is NACE code 649 - other activities of financial intermediation, excluding insurance activities and pension funds, and its main activity is NACE code 6499 - other financial intermediation n.e.c.

In its capacity as an Alternative Investment Fund Manager, S.I.F. Oltenia S.A. has the following main activities:

- a) portfolio management
- b) risk management.

In addition, S.I.F. Oltenia S.A. may carry out other activities, such as:

- a) Entity administration:
 - (i) legal and fund accounting services;
 - (ii) requests for information from customers;
 - (iii) monitoring compliance with applicable legislation;
 - (iv) income distribution;
 - (v) equity issues and redemptions;
 - (vi) record-keeping.

b) Activities relating to the assets of the AIF, namely services necessary for the performance of the AIFM's management tasks, infrastructure management, real estate management, advice to entities on capital structure, industrial strategy and related matters, advice and services on mergers and acquisitions of entities, as well as other services related to the management of the AIF and the companies and other assets in which it has invested.

According to Law no. 243/2019 *on the Regulation of alternative investment funds and the amendment and completion of regulatory acts*, S.I.F. Oltenia S.A. is classified as an Alternative Investment Fund for retail investors (A.I.F.R.I.), a diversified category, formed as a closed, self-administered company.

1.3. List of fees charged by S.I.F. Oltenia S.A. from investors.

S.I.F. Oltenia S.A. is a self-managed company and does not have any administration fees. S.I.F. Oltenia S.A. does not charge investors fees other than those stipulated in the Tax Code.

1.4. The expenses which S.I.F. Oltenia S.A. is empowered to carry out and the method of calculating them.

The expenses of the company shall be as permitted under the legal regulations. Expenditure shall be recorded on a daily basis, taking into account the following:

- the distribution of costs does not lead to significant changes in the value of unit assets;
- expenditure is scheduled on a monthly basis, recorded daily in the net asset value calculation and settled at the end of the month (administrative charges, storage charges);
- expenditure shall be estimated on a daily basis, recorded and settled periodically.

The main categories of expenditure that can be carried out by S.I.F. Oltenia S.A., as provided for by Law no. 243/2019 and FSA Regulation no. 7/2020, are:

- charges for the payment of fees due to the depositary:
 - S.I.F. Oltenia S.A. pays a monthly storage fee representing the value in RON of EUR 1,500 plus the applicable VAT rate. The fee is invoiced in RON at the official rate of the last working day of the reference month.
 - custody fee — free of charge plus the retention fee charged by Depozitarul Central S.A. as a percentage component;
 - a settlement fee based on the market on which it is traded;
 - fees for corporate actions according to the number of notifications and requests;
- charges for fees due to intermediaries and other charges directly or indirectly linked to the trading and/or the acquisition/sale of assets or admission to trading, including fees and commissions due to market operators;
- charges for turnover and other banking services;
- interest expenses if S.I.F. Oltenia S.A. contracts loans under the terms of the law;
- charges for commissions and fees due to the F.S.A. or other competent authorities, and any taxes or other tax obligations imposed as a result of the activity;
- issue expenses owed to the F.S.A. with fund documents and any reporting and transparency obligations;
- IT audit expenses;
- the value of the sums due on loans taken out under the conditions imposed by the AIFRI regulations;
- expenditure on financial audit and any expenditure on non-audit services which may be incurred by the internal financial auditor in accordance with the laws in force;
- legal expenses imposed by courts, stamp duty, fees for lawyers and/or experts, and/or public notaries, etc.;
- the value of the cancelled fund units (at redemption price) that have not been paid to investors;
- expenses incurred in connection with redemption programs;
- expenditure relating to investor relations and public relations;
- operating expenses (wages and salaries, administrative expenses).

The categories of expenditure and their estimated amount are set out in the revenue and expenditure budget, approved by the shareholders annually, at the shareholders' general meetings.

1.5. The responsibility of S.I.F. Oltenia S.A. in the performance of asset management activities

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.

II. Information about the depositary, the relationship between S.I.F. Oltenia S.A. and the depositary

2.1. The depositary's identification details

The depositary of S.I.F. Oltenia S.A. is Raiffeisen Bank S.A., with the registered office in Bucharest, Sky Tower building, 246C Calea Floreasca, 1st district, postal code 014476, Romania. Raiffeisen Bank S.A. is registered in the Trade Register under J40/44/1991 and registered in the Bank Register under number RB-PJR-40-009/1999. Raiffeisen Bank is authorized as a depositary by decision of CNVM no. D2479/20.05.1998 and its company registration code is 361820. The web address of the depositary is www.raiffeisen.ro.

For the performance of the function of safe-keeping (custody) of the foreign assets of S.I.F. Oltenia S.A., the depositary uses the regional custody network of Raiffeisen Bank International (RBI).

2.2 The scope of the storage contract

The scope of the storage contract is the supply to S.I.F. Oltenia S.A., of the safe-keeping/safe-keeping/custody activities of S.I.F. Oltenia S.A., in accordance with the terms and conditions of the storage contract, in compliance with the provisions of Law no. 74/2015 on Alternative Investment Fund managers, FSA Regulation no. 10/2015 on Alternative Investment Fund Management, as well as any other local or European regulations regarding the activity of the alternative investment funds and AIF managers applying to the capital market in Romania, as stated in the Commission Delegated Regulation (EU) no. 231/2012 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

2.3. The duration of the storage contract

The contract shall be entered for an indefinite period and may be renegotiated according to the wishes of the parties; its terms and conditions shall be modified by means of an addendum.

2.4. The types of instructions received by the depositary from S.I.F. Oltenia S.A.

The depositary will make payments from the account of S.I.F. Oltenia S.A., on the basis of instructions issued in accordance with the applicable legal rules, for the purchase of financial instruments by the company, for the settlement of liabilities (including interests, fees, commissions and operating expenses) and for any other purpose indicated in the instructions submitted, in accordance with the articles of association.

2.5. The level of the fee charged by the depositary for the storage activity

S.I.F. Oltenia S.A. pays a monthly storage fee to the Depositary, representing the value in RON of EUR 1,500 plus the applicable VAT rate, calculated at the official exchange rate on the last business day of the reference month.

In addition, besides the deposit fee, the company owes fees to the depositary depending on the services provided by the latter (custody, settlement, corporate transactions).

Custody

Shares/bonds/certificates held in the custody of Raiffeisen Bank (recorded in the Depozitarul Central systems)	free of charge*
State securities held in the custody of Raiffeisen Bank (registered in the Safir-BNR/Depozitarul Central systems)	free of charge*
Financial instruments registered in Austria	0.015% per year
Financial instruments registered in the EEA (European Economic Area - excluding Austria)	0.025% per year

Applied to the value of the assets in custody on the last day of the month, plus the applicable VAT rate. For other markets, fees will be negotiated separately.

**The maintenance fees charged by Depozitarul Central shall be added to these, which are a percentage component (in the case of Depozitarul Central, see paragraph 82 of the schedule of fees and charges due by participants in the Depozitarul Central system, currently 0.015 % per year).*

Settlement:

Transactions in shares/bonds/government securities/investment certificates settled via Depozitarul Central	free of charge**
Transactions in state securities settled through the Safir-BNR system	free of charge**
Primary payment - government securities	0.01% of the allocated amount
Transactions/transfers carried out on the Austrian market	17.5 EUR/operation
Transactions/transfers on EEA markets (excluding Austria)	20 EUR/operation
Transfer of financial instruments settled through the Depozitarul Central and the Safir-BNR system	free of charge**

***The transfers charged by Depozitarul Central/SAFIR on the date of the transfer are additional to these.*

Corporate operations:

Notifications of OGSM/EGSM rulings (local/external markets)	50 RON/notification
Representation of GSM/EGSM	200 RON/participation ***
Revenue collection - dividends, coupons, free shares, subscribed shares (local market / external markets)	50 RON/ request

The applicable VAT rate shall be added. Corporate operations - services provided only at the sole and nominal request of S.I.F. Oltenia S.A. for the listed companies in its portfolio.

**** Additional travel and notarial expenses shall be added (if applicable)*

2.6. The depositary's responsibilities toward S.I.F. Oltenia S.A. and investors

The depositary shall be liable to S.I.F. Oltenia S.A. and its shareholders for any loss suffered by the company as a result of the default or inadequate performance of the obligations entered into through the contract, with the following exceptions:

- in the event of loss of financial instruments held in custody by a third party to whom the depositary has delegated, in whole or in part, its powers which may be delegated in accordance with the provisions of Article 20, paragraph 11 of Law no. 74/2015, the depositary may be released from liability if

they prove that the following conditions are met on a cumulative basis:

(a) all requirements for the delegation of its custody tasks provided for by the legislation in force are met;

(b) there is a written contract between the depositary and the third party expressly transferring the liability of the depositary for the third person concerned and such contract offers S.I.F. Oltenia S.A. the possibility to claim remuneration from the third party for the loss of financial instruments or the depositary the possibility to claim those damages on behalf of S.I.F. Oltenia S.A.; and

(c) there is a written agreement between the depositary and S.I.F. Oltenia S.A., which expressly allows for an exemption of the depositary and sets out the objective reason for such exemption.

- where the legislation of a third country in which S.I.F. Oltenia S.A. invests assets requires that certain financial instruments should be held in custody by a local entity and there are no local entities that meet the delegation requirements laid down in the applicable law, the depositary may be released from liability, under the conditions of the law, provided that all of the following conditions are met:

(a) the Articles of Association of S.I.F. Oltenia S.A. expressly allows such an exemption for the depositary;

(b) S.I.F. Oltenia S.A. has requested the depositary, explicitly and in writing, to delegate the custody of the financial instruments in question to a local entity;

(c) there is a written agreement between the depositary and S.I.F. Oltenia S.A. that explicitly allows such an exemption; and

(d) there is a written contract between the depositary and the third party explicitly transferring the liability of the depositary to the relevant local entity and providing S.I.F. Oltenia S.A. with the possibility to claim compensation from the local entity for the loss of financial instruments or the depositary with the possibility to claim those damages on behalf of S.I.F. Oltenia S.A..

Storage and safe-keeping/custody activities shall comprise at least the following services:

- safe-keeping of all financial instruments that can be held in custody with the depositary by entry in separate accounts opened in the name of S.I.F. Oltenia S.A. or physical delivery to the depositary;

- corporate share services in connection with assets in the portfolio of S.I.F. Oltenia S.A.;

- for assets which cannot be held securely with the depositary, verification of the ownership of S.I.F. Oltenia S.A. and keeping a record of these assets;

- calculation and certification of the unit value of the assets of S.I.F. Oltenia S.A.;

- monitoring the cash flows for the portfolio of S.I.F. Oltenia S.A.;

- monitoring of the operations of selling, issuing, repurchase, redemption and cancellation of the shares of S.I.F. Oltenia S.A.;

- execution of the instructions of S.I.F. Oltenia S.A., unless they conflict with the applicable national law or the articles of association;

- monitoring of transactions involving the assets of S.I.F. Oltenia S.A.;

- monitoring the beneficiary's compliance with investment restrictions and leverage limits where/when applicable.

The depositary, as a commercial bank, carries out the entire range of banking operations, according to the authorization issued by the National Bank of Romania.

2.7. The termination of the storage contract

The storage contract may be terminated only in accordance with the provisions of the regulations in force, namely:

- by unilateral denunciation notified to the F.S.A. not less than 90 (ninety) days before the date on which the contract is intended to be terminated. Within 90 (ninety) days, S.I.F. Oltenia S.A. is required to enter a new storage contract with another depositary approved by the F.S.A. to carry out such storage activities. The depositary is required to exercise due diligence in order to transfer assets to the new depositary in good time;

- the initiation of proceedings for supervision or special administration of the depositary by the N.B.R. or the opening of insolvency proceedings;

- withdrawal of the operational approval/authorization granted to the depositary by the F.S.A. and/or the N.B.R.;

- withdrawal of the authorization granted to S.I.F. Oltenia SA by F.S.A.

2.8. Force majeure in the case of storage contracts

Any circumstances beyond the control of the parties which have occurred after the date of signature of the storage contract and which prevent its performance shall be deemed to be force majeure and shall release from liability the party invoking it. The following circumstances are considered as force majeure: war, revolution, earthquake, large floods and embargo.

If the circumstances of force majeure which oblige the performance of the contract to be suspended extend for a period exceeding 30 (thirty) days, either party may request the termination of the contract.

III. Information regarding S.I.F. Oltenia S.A. as an A.I.F.R.I.

3.1. Legal name: S.I.F. OLTENIA S.A.

Headquarters: Craiova/Dolj, 1 Tufanele street, zip code 200767 – Romania, phone: 0251-41.93.98, 0251-41.93.97, fax 0251-41.93.40, website: www.sifolt.ro, e-mail: public@sifolt.ro ;

Company registration code: RO 4175676

Number and date of registration with the ONRC: J16/1210/03.03.2014

LEI CODE: 254900VTOM8GL8TVH59

ISIN Code: ROSIFEACNOR4

3.2. Used currency

The company's management considers that the currency used is the Romanian leu (RON).

3.3 The objectives of S.I.F. Oltenia S.A.

3.3.1. Financial objectives

The investment objective of the Fund is to increase the value of the portfolio by investing in the categories of assets permitted by the laws applicable to diversified AIFRI (such as transferable securities and money market instruments, UCITS or AIF equity, derivatives, shares of limited liability companies, etc.).

The objectives are achieved through direct exposure to the underlying assets of the investment, in line with the strategy approved by the general shareholder meeting. The investment return is determined on the basis of changes in the market value of the portfolio held and the dividends received from the issuers in the portfolio.

S.I.F. Oltenia S.A. shall not actively use the leverage effect in the management process of its financial instruments portfolio.

S.I.F. Oltenia S.A. cannot carry out short sales, as defined in Regulation (EU) No 236/2012, on short selling and aspects of credit default swaps, unless this is for hedging purposes.

The financial objectives are set out in the annual strategy, namely:

- the functioning of the company on the basis of the principle of continuity of activity;
- the harmonization of short-term and long-term objectives in the context of the dynamics of the internal and external financial markets;
- efficient use of company assets with a focus on increasing the market value of the portfolio and its ability to generate dividends;
- continuing the quantitative and qualitative restructuring of the portfolio;
- implementing an investment policy that would generate medium- and long-term added value for the benefit of shareholders;
- pursuing the policy of remuneration of shareholders and increasing their confidence in the shares held, with the distribution of dividends and/or performance of programmes for the redemption of their shares with simultaneous reduction of the share capital in order to increase the market price of the share and reduce the discount between the net asset unit value and the transaction price.
- ensuring that the company is able to meet its payment obligations on time;
- increasing the attractiveness and liquidity of S.I.F. Oltenia S.A., the reduction of the gap between the market value and the net asset value per share.

The financial performance of S.I.F. Oltenia S.A. is influenced by developments in the national and international economic environment, in particular by the evolution of the share markets, as well as by the evolution of the level of short-term and long-term interest rates and by factors specific to the assets in the portfolio. In order to achieve the objectives, S.I.F. Oltenia S.A. will pursue a diversification of assets by asset classes and instruments in order to mitigate the risk assumed by investors.

3.3.2. The investment policy

Investments are made in the categories of assets allowed by the laws applicable to diversified AIFRI and subject to investment limits, while considering the possibility of diversifying investments into new instruments permitted by law. Investments are made through the optimization and ongoing restructuring of the asset structure, so that the proportions of sectoral exposures take into account the evolution of the macroeconomic framework.

S.I.F. Oltenia S.A. takes into account the main negative effects of investment decisions on sustainability factors, meaning that Article 4(1)(a) of Regulation (EU) 2019/2088 on sustainability in the financial services sector applies.

Given the specific nature of the activity of S.I.F. Oltenia S.A., in the elaboration and implementation of the investment policy, in addition to the arguments of economic, financial and opportunity nature, S.I.F. Oltenia S.A. pays attention to the assessment of the main indirect negative effects on the sustainability factors induced by the activities of the companies in the portfolio, where investments are made or investments are intended to be made. In the internal process of valuation and management of its own portfolio, together with the financial reporting of the firms in which investments are made, non-financial reports issued by the companies in accordance with the applicable legal provisions are also analysed within S.I.F. Oltenia S.A. The analysis and valuation of data contained in non-financial reports are used to identify the main categories of sustainability risks and expected adverse effects (depending on the sector of activity in which the company operates) and how responsible business codes of conduct are followed, in order to align the companies' activities with the objectives of the Paris Agreement. The investment monitoring process also aims at identifying possible negative impacts at sustainability factors, which are expected to reduce investment returns, in order to make timely investment/disinvestment decisions for S.I.F. Oltenia S.A.

Moreover, through the investments made, S.I.F. Oltenia S.A. has indirect exposure to the sustainable investments made by the companies in its portfolio, which take into account the characteristics of each sector of activity to which the companies belong. Through the exposures in its own portfolio, S.I.F. Oltenia S.A. is an indirect beneficiary of investment in economic activities contributing to environmental objectives (such as the efficient use of energy resources, renewable energy, the implementation of programmes/investments associated with the circular economy, etc.) or social objectives (such as combatting inequality, promoting social cohesion, social integration, investments in human capital or economically or socially disadvantaged communities, etc.). The company shall invest exclusively in those assets permitted by the regulations in force and subject to the limits imposed by those regulations. The investment return is determined on the basis of changes in the market value of the supporting assets and the dividends received from the issuers in the portfolio.

The investments of S.I.F. Oltenia S.A. are carried out in compliance with the limits imposed by the legislation in force and in case such limits are exceeded, exclusively in situations beyond its control, S.I.F. Oltenia S.A. must comply again with the legal requirements within 30 days from the date on which the limit is exceeded. S.I.F. Oltenia S.A. is required to inform the depositary and the F.S.A., within two working days, unless the prospectus or the tender document, as the case may be, or the company's articles of association provide for a shorter period, if the limits have been exceeded, in a document containing a justification of the causes leading to the situation and a plan of measures to restore compliance with the legal requirements within 30 days of the date of the overrun. The exercise of the right of preference attached to existing holdings acquired by the company from the Romanian State under other regulations does not lead to the above limits being exceeded.

3.3.3. The main categories of financial instruments in which investments will be made

S.I.F. Oltenia S.A. invests in particular in securities and, in order to ensure immediate liquidity, also in money market instruments. Following this line, S.I.F. Oltenia S.A. has invested and aims to invest predominantly in shares, equity instruments of collective investment undertakings in transferable securities and alternative investment funds, as well as

in money market instruments, bank deposits and current accounts. Investments are made in the financial instruments allowed by the law and subject to investment limits, while considering the possibility of diversifying investments into new instruments permitted by law. S.I.F. Oltenia S.A. invests cash only in assets and financial instruments that can be assessed and whose risks can be properly identified, measured, monitored, managed, controlled and reported.

The company's own funds and cash resources cannot be used in transactions with a collective investment undertaking managed by S.I.F. Oltenia S.A.

The investments of S.I.F. Oltenia S.A. can be made in financial instruments permitted by the applicable legislation, i.e. in one or more of the following asset classes:

- securities and money market instruments admitted to or traded on a trading venue in Romania or in a Member State;
- 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.;
- 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 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 investment company, as approved by the F.S.A.;
 - such admission is ensured not later than one year after the issue;
- 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
- 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 situated in Romania, in a Member State or in a third state; in the latter case, provided that the credit institution is subject to prudential rules equivalent to those issued by the European Union;
- derivatives, with final settlement in cash or in the supporting share of the instrument, traded on a trading venue or on a third country exchange, and/or derivatives traded outside regulated markets, 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 markets, 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.

- 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;

- 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,

- 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;

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

- government bonds;

- real estate assets, in compliance with the regulations of the F.S.A. and the provisions assumed in the AIFRI documents;

- 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;

- movable and immovable property which is strictly necessary for the pursuit of the business of the company.

Depending on the opportunities available on the market and its own risk profile, S.I.F. Oltenia S.A. may decide to extend the range of asset classes in which it has invested predominantly so far (*shares, units of collective investment undertakings or alternative investment funds, bank deposits, current accounts*), by taking into account other asset classes, of those permitted by the relevant legislation, subject to prudential requirements.

3.3.4. Technical tools used in portfolio management

S.I.F. Oltenia may use in the management of its portfolio the technical and money market instruments under the established conditions and limits, provided that those techniques and instruments are used for the efficient and prudent management of the portfolio and in

compliance with legal requirements. Under no circumstances will such operations lead the company to breach its investment objectives set out in the prospectus.

Within the active portfolio management strategy, a number of specific and integrated tools/techniques will be used (*such as fundamental analysis, statistical analysis, analysis of market indicators, analysis of macroeconomic conditions, etc.*). to offer a real image of the capital market in Romania and to provide the possibility of identifying the most attractive investment opportunities for the shareholders of S.I.F. Oltenia S.A.

At the time of drawing up this document, S.I.F. Oltenia S.A. did not hold any derivative financial instruments in its portfolio. However, S.I.F. Oltenia S.A. could invest in derivative financial instruments in compliance with the limitations imposed by the applicable law.

S.I.F. Oltenia S.A. cannot carry out short sales, as defined in Regulation (EU) No 236/2012, on short selling and aspects of credit default swaps, unless this is for hedging purposes.

3.3.5. The minimum recommended investment time

The shares of S.I.F. Oltenia S.A. are addressed to investors who seek to improve their capital in the medium and long term and who are willing to accept the risks associated with exposure to their investments (mainly shares). This type of investment does not match the profile of an investor who has no loss-bearing capacity and wants a steady income.

Any natural/legal person, resident/non-resident, who acquires shares issued by the company, becomes a shareholder of S.I.F. Oltenia S.A.

Shares are traded on the BVB regulated market and the company applies the transparency and reporting requirements imposed by corporate governance, which allows any investor to be informed and properly understand the opportunities, risks and recommended duration of the investment as set out in the simplified prospectus.

The minimum recommended holding period of the investment is 5 years. However, the shares issued by S.I.F. Oltenia S.A. can be traded at any time on the regulated market organized by the Bucharest Stock Exchange during trading hours.

3.3.6. Risk factors deriving from the investment policy

Investments in the company's shares involve not only specific benefits, but also the risk that objectives are not achieved, as well as losses to investors, since revenues from investments generally are proportional to risk. In its current activities, S.I.F. Oltenia S.A. may face both the specific risks resulting from its current operation, as well as indirect risks resulting from the performance of operations and services in cooperation with other financial entities. Specific instruments also aim at a pro-active identification of the factors and possible events that could negatively influence the company's work, with a view to adopting the best preventive measures. Thus, appropriate risk management mechanisms and procedures aim at achieving proper risk management so as to minimize their impact.

Risk factors deriving from the investment policy of S.I.F. Oltenia S.A. are as follows:

Market risk is the current or future risk of adverse outcome on profits, caused by fluctuations in the market prices of equity securities - in terms of activities belonging to the trading portfolio - as well as interest rate and exchange rate fluctuations for the entire activity of the Company. The company monitors market risk with the objective of optimizing profitability in relation to the associated risk in accordance with approved policies and procedures. From the point of view of S.I.F. Oltenia S.A., the relevant market risks are: price risk (position risk), foreign exchange risk, interest rate risk. **The position risk** is caused by market price volatility, such as fluctuations in the market in financial instruments, as a result of changes in market prices, either caused by factors affecting all instruments traded on the market or by factors specific to individual instruments or their issuer. S.I.F. Oltenia S.A. monitors both the systemic component (general risk determined by macro-factors) and the specific risk arising from the issuers' own activity, so that when price risks are not consistent with internal policies and procedures, it will act accordingly by rebalancing the asset portfolio. **The interest rate risk** is the current or future risk of loss of profits and capital due to adverse changes in interest rates. The interest rate directly influences the income and expenditure attached to the

financial assets and liabilities bearing variable interest rates. **Foreign exchange risk** is the risk that the value of a financial instrument will be affected as a result of fluctuations in foreign exchange rates. This risk takes into account all positions held by S.I.F. Oltenia S.A. in foreign currency deposits, financial instruments denominated in foreign currency, irrespective of the holding period or the level of liquidity recorded by those positions. The company does not use derivative financial instruments to protect itself against interest rate fluctuations. The company is continuously seeking to minimize possible adverse effects associated with market risk through an active policy of prudential diversification of the portfolio of financial assets under management.

The liquidity risk is the risk of profit impairment due to operations associated with financial instruments that are not liquid (which could lead to difficulties in buying or selling these financial instruments within a reasonable time with a minimum loss) and the possible risk that S.I.F. Oltenia S.A. cannot fulfil its short-term financial obligations. S.I.F. Oltenia S.A. constantly monitors the maintenance of a liquidity level appropriate to its underlying obligations, based on an assessment of the relative liquidity of assets on the market, taking into account the time required for liquidation and the price or value at which those assets can be liquidated, and their sensitivity to market risks or other external factors. The company shall systematically monitor the liquidity profile of the asset portfolio taking into account the contribution of each asset on liquidity and the significant, contingent or other kind of liabilities that the company may have in relation to its underlying obligations.

In assessing the level of liquidity of a financial instrument in the portfolio of S.I.F. Oltenia S.A., the following factors are considered, *inter alia*: the size of the financial instrument position in relation to its liquidity and the depth of the market recorded at the trading venue where it is listed/relevant, the time period during which the position in the financial instrument is intended to be closed, in relation to the average liquidity of that financial instrument (over a period of time), and the possibility that the portfolio of financial instruments may be restructured/negative effects offset over an optimal time horizon, in the event of accelerated depreciation of stock indices having an impact on the portfolio value.

Operational risk refers to losses resulting from acts undertaken (or negligence) in the pursuit of business activities. Operational risk is also assimilated to legal risk. With a view to assessing the level of operational risk to which it is exposed, S.I.F. Oltenia S.A. acts to identify and frame operational risk events within specific categories, that will allow to establish the most efficient methods of controlling and reducing potential effects. The functional departments within S.I.F. Oltenia S.A. are responsible for the preliminary analysis of the operational risks arising in their area of activity.

S.I.F. Oltenia S.A. uses self-assessment as a tool to analyse and manage operational risk.

The credit risk is the risk that S.I.F. Oltenia S.A. has losses as a result of the insolvency of its debtors. Credit risk expresses the possibility that debtors or issuers of financial instruments may not meet their obligations at maturity due to a deterioration in the financial situation of the borrower and the insolvency or the general economic situation. Credit risk arises in relation to any type of claim.

The main credit risk elements identified, which may significantly influence the activity of S.I.F. Oltenia S.A. are as follows:

- the risk of non-collection of dividends from portfolio companies;
- the risk of non-collection of the contract value in the case of the activity of the sale of shares in closed-ended companies under a sales contract;
- the risk that, in the event of the liquidation of a portfolio undertaking, the value obtained will be less than the value of the initial investment, or nothing will be recovered;
- settlement risk in the case of transactions in shares issued by listed companies;
- concentration risk.

The significant risk management strategy takes into account the process of analysing and determining the risk profile that S.I.F. Oltenia S.A. considers acceptable in order to optimize

the risk-to-profit ratio and correlate the capital requirements on different business lines. The risk management policies that are implemented at the level of S.I.F. Oltenia S.A. comprise all the procedures required for S.I.F. Oltenia S.A. to assess the exposure to the main relevant risk categories, which may have a significant impact on the stability and performance of S.I.F. Oltenia S.A..

In addition to specific activities aimed at managing these relevant financial risks, S.I.F. Oltenia S.A. integrates into the decision-making process and continuously assesses the relevant sustainability risks, i.e. those environmental, social or governance events or conditions that, if they occur, could have an impact on the financial profitability of the investments. So far, given the specific nature of the activity of S.I.F. Oltenia S.A., the investment policy and the concrete measures to implement it, no direct sustainability risks were reported as relevant to the performance of S.I.F. Oltenia S.A.. However, the exposure of S.I.F. Oltenia S.A. to sustainability risks is indirect, as it is determined by the concrete characteristics of the companies in the portfolio of S.I.F. Oltenia S.A.. Therefore, based on the portfolio of S.I.F. Oltenia S.A., sustainability risks take diverse forms ranging from social, labour, human rights and equal opportunities issues (which are closely monitored and managed by issuers in the financial sector, but not only) to those regarding climate impact and the need for transition to the circular economy (much more relevant to companies in the natural resources and related services sectors). The monitoring of these indirect risks shall be carried out in an integrated manner within the framework of the internal portfolio management procedures of S.I.F. Oltenia S.A., in order to substantiate timely investment/divestiture decisions. In the event of a sustainability risk, the effect on the return on the investment made by S.I.F. Oltenia S.A. is estimated both in the short and in the medium/long term, in order to implement a decision that would be based on the company's investment policy.

Moreover, the company aims to support low-carbon and environmentally sustainable development projects. In this context, on the basis of the approval given by the General Shareholder Meeting, the investment decisions of S.I.F. Oltenia S.A. will be oriented toward making placements in companies that consider making production processes more efficient and including in them technologies compatible with sustainable development (as a result of implementing appropriate sustainability policies at their level). As a result, the investments made by S.I.F. Oltenia S.A. intend to make placements in issuers that have developed a culture of implementation of sustainability factors related to the environment, social relations, respect for human rights, governance.

In addition, S.I.F. Oltenia S.A. will engage in social responsibility activities, by financing programmes/projects associated with the concept of sustainability (including issues such as health, education, community development, etc.). Information on the main negative effects on the sustainability factors induced by the activity of S.I.F. Oltenia S.A. is available in the periodic reports issued by the company in accordance with the relevant legal provisions.

S.I.F. Oltenia S.A. has assumed a medium risk appetite, and has continuously sought to address all specific risks at the medium level.

Each of the above risks shall be defined in the prospectus.

S.I.F. Oltenia has designated a person in charge with risk management, authorized by the Financial Supervisory Authority, who assesses and monitors the above-mentioned risks. The company shall periodically review the adequacy and effectiveness of the risk management policy and procedures and submits to the Management Board for approval, notifying the Financial Supervisory Authority accordingly, any change in the internal regulatory framework.

3.3.7. Investment limits applicable in compliance with Law no. 243/2019

The investments of S.I.F. Oltenia S.A. will be carried out within the following limits, according to the relevant legal provisions:

- they may not hold more than 10 % of the assets in transferable securities and money market instruments issued by the same issuer, with the exception of transferable securities or money market instruments issued or guaranteed by a member state, by the local public authorities of a member state, by a third state or international public bodies to which one or more member states belong. The limit of 10 % may be increased up to a maximum of 40 %, provided that the total value of the securities held by S.I.F. Oltenia S.A. in each of the issuers in which it has holdings of more than 40 % must in no case exceed 80 % of the value of its assets;

- they may not hold more than 50 % of the assets in transferable securities and money market instruments issued by entities belonging to the same group. For the group to which the AIFM that administers the relevant AIF belongs, this limit shall be 40 %;

- the exposure to counterparty risk in a transaction with derivatives traded outside regulated markets cannot exceed 20% of its assets, irrespective of the counterparty of the transaction;

- the overall exposure to derivatives cannot exceed the total value of its assets;

- the value of current accounts and cash must fall within 20% of its assets; this limit may be exceeded up to a maximum of 50%, provided that the amounts involved derive from the issue of equity securities, from investments that are due or from the sale of the portfolio financial instruments and that such excess does not cover more than 90 days.

- they may not establish and hold bank deposits placed with the same bank representing more than 30 % of their assets;

- they may not hold more than 20% of their assets in securities not admitted to trading on a trading venue or on a third country exchange issued by a single AIF intended for retail investors;

- they may not hold more than 10% of their assets in securities not admitted to trading on a trading venue or on a third country exchange issued by a single AIF for professional investors;

- they may not hold more than 50% of their assets in securities not admitted to trading on a trading venue or on a third country exchange issued by other open-ended AIF. For the group to which the AIFM that administers the relevant AIF belongs, this limit shall be 40 % of their assets;

- they may not hold more than 40 % of their assets in securities issued by a single UCITS authorized by the F.S.A. or by a competent national authority of another member state, as well as in securities issued by a single collective investment undertaking admitted to trading on a trading venue in Romania, another member state or on a third-country exchange;

- they may not grant loans of financial instruments representing more than 20 % of their assets, the period for granting the loan may not exceed 12 calendar months, in accordance with the rules on margin transactions and loan transactions issued by the F.S.A. The limit of 20 % of their asset may be increased to 30 %, subject to the approval of the F.S.A., under the conditions laid down in the F.S.A. Regulations;

- they may not lend in cash, participate/subscribe in syndicated loans, guarantee cash loans to a third party, except for entities within the group of the AIFRI set up as an investment company within 10 % of its assets and they cannot purchase directly part or all of the portfolios of loans issued by other financial or non-financial entities, except for investments in financial instruments issued by internationally recognized financial institutions, credit institutions or non-bank financial institutions authorized by the N.B.R. or other central banks of a Member State or of third countries;

- they may not hold more than 40 % of the value of their assets in securities, money market instruments not admitted to trading on a trading venue or on a stock exchange of another third country, except for government securities and bonds issued by the Ministry of Public Finance, as well as holdings acquired by this AIFRI according to the law, where no holding limit is established;

- they may not hold more than 20 % of the value of their assets in shares issued by limited liability companies governed by Law no. 31/1990, republished as amended and supplemented;

- they may not hold more than 10 % of the value of their assets in greenhouse effect certificates.

S.I.F. Oltenia S.A. may invest up to 35 % of its assets in money market instruments of the type of promissory notes, in accordance with its investment policy and within certain limits, i.e. the exposure obtained by the company through direct and indirect investments in money market instruments such as promissory notes must not exceed 20% of its assets in the case of the OCIU with a diversified investment policy.

S.I.F. Oltenia cannot own - as a shareholder of a market operator - directly or together with the persons with whom it acts in concert, more than 20 % of the total voting rights.

3.3.8. The valuation methods used for each type of investment

S.I.F. Oltenia S.A. identified valuation methodologies for each type of asset in the managed portfolio. These methodologies shall be those laid down in national law, as follows:

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

Evaluation methods:

- 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

Evaluation methods:

- one of the methods specified in paragraph 1.1, depending on the venue where the instruments are traded;

or

- 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

- 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

- 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;

or

- 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.

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.

1.3. Money market instruments shall be valued in the same way as in paragraph 1.2

1.4. Derivative financial instruments

Evaluation methods:

- 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

or

- 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.

1.5. The securities issued by the UCITS

Evaluation methods:

- 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

or

- 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.

The following rules shall be taken into account when assessing the above-mentioned financial instruments:

- 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 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

Evaluation methods:

- 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;

or

- 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.

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 methods specified above.

2.2. Fixed income financial instruments

Evaluation methods:

- 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;

or

- 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

- the method based on the use of BID-type quotations where there is no relevant-type quotations where there is no relevant composite price benchmark;

or

- 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.

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.

2.3. Money market instruments

Evaluation methods:

- 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;

or

- 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

- the method based on the use of BID-type quotations where there is no relevant-type quotations where there is no relevant composite price benchmark;

or

- 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.

2.4. Financial derivatives — shall be measured using techniques established in financial markets in a manner that respects the principle of fair value.

2.5. The equity securities issued by the O.P.C. shall be valued at 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).

The following rules shall be taken into account when assessing the above-mentioned financial instruments:

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);

- the above financial instruments issued by the same entity but purchased in different tranches will be appraised according to 2.1. – 2.5.

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

Evaluation methods:

- 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

or

- 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.

3.2. Shares issued by companies in which S.I.F. Oltenia S.A. holds more than 33% of the registered capital are assessed exclusively in compliance with International Valuation Standards, based on a valuation report that is updated at least on an annual basis.

3.3. Fixed income financial instruments

Evaluation methods:

- 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;

and/or

- 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).

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.

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.

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.

3.4. Money market instruments

Evaluation methods:

- 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

- 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).

3.5. Financial derivatives shall be measured using techniques established in financial markets in a manner that respects the principle of fair value.

3.6. The equity securities issued by the O.P.C. shall be valued at 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* shall be valued by taking into account the balance available on 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* shall be valued using the daily recognition of interest for the period since the investment date.

The following rules shall be taken into account when assessing bank deposits and deposit certificates:

- 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* shall be 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* will be valued at:

- 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

- 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.

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 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. *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 from the legal 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 shall be assessed:*

- 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 in the event of a division/consolidation of the nominal value of shares admitted to trading on a regulated market or on trading facilities other than regulated markets shall be valued from the ex-date until the date on which they are placed for trading, by dividing the pre-division price by the division coefficient, respectively by multiplying the consolidation coefficient.*

15. *Shares resulting from downsizing of share capital by reducing the number of shares of companies admitted to trading on a regulated market or on trading systems other than regulated markets shall be assessed from the ex-date to the date on which they are placed for trading, by dividing the last available market price before the change in share capital by the share capital reduction coefficient.*

16. *Dividends and shares distributed without a remuneration in money, resulting from the participation in capital increases, are registered 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.*

These are shown as a separate point 'Dividends or other rights to be collected' in the assets of the company.

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:

- 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.

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:

- 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

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:

- 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.

These are shown as a separate point 'Dividends or other rights to be collected' in the assets of the company.

These shares shall be assessed:

- 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.

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.

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.

18. Shares following capital increases involving cash consideration from investors with the issuance of rights of preference shall be recorded as assets of S.I.F. Oltenia S.A. on the date of actual payment of the shares subscribed to the share capital increase date.

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.

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:

- the assessment of preference rights shall be done at the theoretical value, up to the first trading day. The theoretical amount of the preference right shall be calculated according to the formula:

*Theoretical amount of the preference right = (market price of old shares - price for subscription of new shares on the basis of preference rights) * [number of new shares / (number of old shares + number of new shares)] * [number of old shares / number of preferred rights issued],*

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.

- 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

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.

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:

- 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.

For the assessment of shares following subscription to an initial public offer for the sale of shares, the following rules shall be considered:

- 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

Valuation methods

- 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

The allocation rights will be presented in the reporting templates of S.I.F. Oltenia S.A. as follows:

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*

Valuation methods

- 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 none 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 with a listing commitment* shall be 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* shall be assessed 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* shall be 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. *The shares of limited liability companies covered by Law no. 1990 whose annual financial statements are audited in accordance with the law* shall be assessed at least annually on the basis of the value determined by applying valuation methods which comply with the valuation standards in force according to the law (in which the fair value principle is used), approved by the senior management of the company.

27. *Reverse purchases/sales of eligible assets (repo/reverse repo)*

Valuation methods

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;

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:

- 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;

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 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* 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:

- 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;
- 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;
- the most recent reference price for the symbol (reference price remains unchanged), provided that all of the following requirements are met:
 - (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.

Valuation methodologies for the assets in the portfolio managed by S.I.F. Oltenia S.A. shall be those laid down in national law.

S.I.F. Oltenia S.A. is classified as an internally managed AIF (AIFM) whose securities are also marketed to retail investors. 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.

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 company may decide that the shares of those companies are valued in assets 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 assessment method, it maintains that assessment method for a period of at least one calendar year, for those shares considered to be illiquid and shall include in the annual report a basis for its decision which will also include an analysis of the liquidity of the issuer that has not been assessed on the basis of the mark-to-market principle.

In case SIF will invest in other types of assets - according to the investment strategy - the internal procedure will be modified accordingly.

3.4. The persons in charge with analysing investment opportunities

S.I.F. Oltenia S.A. did not enter a contract for the provision of investment advisory services in relation to its assets.

The responsibility for carrying out the investments according to the strategy approved by the general shareholder meeting lies with the Board of Directors and the senior management of the company, depending on the value of the investment. The Board of Directors of S.I.F. Oltenia S.A. is responsible for the elaboration of the general investment policy for the company and can set up consultative committees, subject to the relevant legal provisions. One of these advisory committees is the Investment Policy — Strategy Committee, composed of two non-executive directors, which assists the Board of Directors in fulfilling its responsibilities in the development of investment strategies and policies, the follow-up of decisions on the implementation of investment policy, the analysis of the performance of the portfolio of financial instruments and the management of the related risks, and proposes that possible investments be made in line with market opportunities.

A distinct structure responsible for analysing investment opportunities and placing assets in accordance with the general investment policy (*i.e. the Office for the review of the timeliness, execution and capitalization of investments*) operates within S.I.F. Oltenia S.A. This structure shall develop studies and analyse investment opportunities in accordance with the established strategy, prepares the necessary documents to make or exploit financial placements in closed-ended companies, follows the implementation of Council decisions on the participation of S.I.F. Oltenia S.A. in the share capital increase of the companies in the portfolio, ensures that the investment limits set by the FSA regulations are calculated and verified.

3.5. Information on the issue, sale, redemption and cancellation of shares

3.5.1. Subscription/redemption of shares

The shares of S.I.F. Oltenia S.A. are nominal, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is 0.1 RON.

The shares of S.I.F. Oltenia S.A. are listed in the Premium category of the Bucharest Stock Exchange since 1999.

S.I.F. Oltenia S.A. can increase the share capital by issuing new shares.

The operation of increasing the share capital is subject to the approval of the extraordinary general shareholder meeting which also determines the conditions for the increase: the issue value of a share, the total number of shares issued, the registration date necessary for determining the shareholders who may participate in the increase, etc.

S.I.F. Oltenia S.A. may carry out share buy-back programs only with the prior approval of the extraordinary general meeting of shareholders, under the terms of Article 103¹ of the Law no. 31/1990 on companies, as republished, as amended and supplemented. The redemption of shares by S.I.F. Oltenia S.A. may take place under the following conditions:

- the authorization for the acquisition of its own shares shall be given by the extraordinary general shareholder meeting, who shall determine the conditions for such acquisition, and in particular the maximum number of shares to be acquired, the duration for which the authorization is granted, which shall not exceed 18 months from the date of publication of the judgment in the Official Gazette of Romania, Part IV, and, in the case of acquisition for consideration, their minimum and maximum value;

- the nominal value of the own shares acquired by the company, including those already in its portfolio, may not exceed 10 % of the subscribed share capital;

- the transaction may relate only to fully paid-up shares;

- the payment of the shares thus acquired shall be made only from the company's distributable profits or available reserves entered in the last approved annual financial statement, except for legal reserves.

3.5.2. The suspension by the F.S.A./AIFM of the issue and redemption

The Financial Supervisory Authority and S.I.F. Oltenia S.A. may temporarily decide to limit the issue and/or redemption of units in one of the following situations and/or conditions:

- difficulties in the fair valuation of assets;

- significant exposures of the company's net asset to financial instruments suspended from trading by decision of the F.S.A., ESMA or another competent authority of another Member State;

- the existence of divergences in the valuation of assets between the company and the depository of assets, which would lead to the depository's refusal to certify the N.A.V.;

- establishing that the undertaking's investment objectives cannot be achieved for reasons not attributable to its managers;

- other situations justified by the protection of the public interest and investors.

3.5.3. The final date for the purchase or redemption of units

The company's shares are listed on the Bucharest Stock Exchange under the Premium Category. The acquisition of shares may be carried out at any time during the trading hours through financial investment services companies.

Within the i.e., General Shareholder Meeting of S.I.F. Oltenia S.A of 29 October 2020, the operating life of the company was set at 25 years. However, according to the applicable law, the operating life may subsequently be amended on the basis of a decision of the extraordinary general shareholder meeting of S.I.F. Oltenia S.A., adopted under the necessary conditions of validity.

3.5.4. The name and address of the distributors of fund units

Not applicable

3.6. Methods for determining the value of the net assets of S.I.F. Oltenia S.A.

3.6.1. Asset pricing rules

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

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.

The value of the assets is the value quantification of the financial assets using various specific benchmarks (*stock quotation, acquisition cost, net asset value, etc.*), according to the relevant regulations.

In accordance with IFRS 9 “Financial instruments”, S.I.F. Oltenia S.A. classifies the financial instruments held into financial assets and financial liabilities.

The entity classifies financial assets as: measured at the amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, using the company’s business model for managing financial assets and the characteristics of contractual cash flows of the financial asset. In accordance with IFRS 9, the company classifies financial assets into one of the following categories:

1. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are:

- equity instruments held for trading;
- equity instruments designated to be measured at fair value through the profit or loss account;
- debt instruments.

A financial asset or financial liability is held for trading if it meets all of the following conditions: it is held for sale and redemption in the near future and, upon initial recognition, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent real pattern of short-term profit tracking.

This category includes financial assets or financial liabilities held for trading and financial instruments designated at fair value through profit or loss at the time of initial recognition.

Derivatives are classified as held for trading if they are not instruments used for hedge accounting.

2. Financial assets assessed at fair value through other elements of the comprehensive income

Financial assets assessed at fair value through other comprehensive income elements are equity instruments designated to be measured at fair value through other comprehensive income elements.

A financial asset of the nature of debt instruments shall be measured at fair value through other comprehensive income if the following conditions are met:

- the financial asset is held under a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets and

- the contractual terms of the financial asset give rise, on certain dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company's investments in equity instruments (shares) are fully classified as financial assets measured at fair value through other comprehensive income.

The company's investments in fund units are classified and measured at fair value through the profit or loss account.

The other financial assets and debts are presented at the depreciated cost, revaluated value or historical cost.

The method used for removing the company's investments in capital instruments (shares) is 'first in, first out' when quantifying and measuring the company's performance on a fair value basis.

Financial assets assessed at fair value through other comprehensive income elements are assessed at fair value through other comprehensive income elements.

Fair value changes are recognized in other comprehensive income until the investment is derecognized, when the cumulative gain or loss is reclassified from other comprehensive income to retained earnings for the period.

Dividends received from entities in which the company holds shares are recognized in profit or loss at gross value only when:

- the right of the company to receive the payment of the dividend is established;
- the economic benefits related to dividend are likely to be generated for the company;

and

- the amount of the dividend can be measured reliably.

3. Financial assets measured at amortized cost

The financial assets measured at amortized cost are debt instruments. A financial asset shall be measured at amortized cost if the following conditions are met:

the financial asset is held under a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows and

- the contractual terms of the financial asset give rise, on certain dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. Financial debt

Financial debt is measured at the amortized cost, except for financial liabilities classified at fair value through profit or loss.

Financial assets and liabilities shall be recognized on the date on which the company becomes a contractual party to the terms of that instrument. When the company first recognizes a financial asset, it classifies it at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income (as required by paragraphs 4.1.1–4.1.5 of IFRS 9) and measures it in accordance with IFRS 9 (*a financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability that is not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the asset or liability*).

The company initially recognizes deposits with banks when they are established.

All other financial assets and liabilities are initially recognized at the date of the transaction.

After initial recognition, the company classifies all financial liabilities at the amortized cost, except:

- financial debt measured at fair value through profit or loss;
- financial liabilities arising when the transfer of a financial asset does not qualify for derecognition;
- financial security contracts, valued at the greater of the amount of the provision for losses and the amount initially recognized less the cumulative income;

- liabilities for the provision of a loan at an interest rate below the market value, valued at the higher of the amount of the provision for losses and the amount initially recognized less the cumulative income;

- contingent consideration recognized by an acquirer in a business combination (to which IFRS 3 applies). Such contingent consideration must be subsequently assessed at fair value with changes recognized in profit or loss.

S.I.F. Oltenia S.A. measures the fair value of a financial instrument using prices quoted on an active market for that instrument. A financial instrument has an active market if quoted prices are readily available for that instrument on a regular basis. The company measures the instruments quoted on active markets using the closing price.

A financial instrument is considered to be quoted on an active market when quoted prices are immediately and regularly available from an exchange, dealer, broker, industry association, pricing service or regulatory agency, and these prices reflect real and regular transactions carried out under objective market conditions.

The category of shares listed on an active market includes all those shares admitted to trading on the Stock Exchange or on the alternative market and which present frequent transactions. The market price used to determine fair value shall be the close-out price of the market on the last trading day before the measurement date.

For the calculation of fair value, for equity instruments (shares), the company uses the following hierarchy of methods:

- *Level 1*: quoted (unadjusted) prices in active markets for identical assets and liabilities;

- *Level 2*: entries other than the listed prices included in Level 1 which are observable for assets or liabilities, either directly (e.g. prices) or indirectly (e.g. price derivatives);

- *Level 3*: valuation techniques based largely on unobservable elements. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the evaluation of the instrument.

The fair value measurement of the *equity instruments (shares)* held is as follows:

- for listed and traded securities in the reporting period, the market value was determined by considering the quotation of the last trading day (*closing quotation on the main capital market for those listed on the regulated market - BVB, respectively the reference price for the alternative system - AERO for level 1, and for level 2, quotations are taken for shares the trading in the last 30 trading days*);

- for listed securities that have no transactions in the last 30 days of the reporting period, as well as for unlisted securities, the market value is determined as it results from the last approved yearly financial statement of the entity;

- for securities not admitted to trading on a regulated market or under an alternative trading system in Romania issued by issuers where there are holdings in excess of 33 % of the share capital, they shall be assessed solely in accordance with International Valuation Standards on the basis of an assessment report, updated at least annually;

- for securities relating to companies in insolvency proceedings or in reorganization, the valuation shall be made at zero.

The securities issued by the mutual fund are assessed taking into account the last unit value of the net asset, calculated and published.

If the company reclassifies financial assets, then all affected financial assets will be reclassified. Financial liabilities may not be reclassified after initial recognition.

The company applies the reclassification of financial assets prospectively from the reclassification date. Any previously recognized gains, losses or interest will not be retreated.

In the event of a reclassification, the company shall proceed as follows:

- when reclassifying an asset from the category of amortized cost to the fair value through profit or loss, fair value is determined at the reclassification date. The difference between the amortized cost and the fair value is recognized in profit or loss;
- when reclassifying an asset from fair value through profit or loss to the amortized cost, the fair value at the reclassification date becomes the new gross carrying amount;
- when reclassifying an asset from the category of amortized cost to the fair value through other elements of the comprehensive income, fair value is determined at the reclassification date. The difference between the amortized cost and the fair value is recognized in other comprehensive income elements without adjusting the effective interest rate or expected credit losses;
- when reclassifying an asset from the fair value category through other comprehensive income into the amortized cost, the reclassification is made at the fair value of the asset at the reclassification date. Amounts previously recognized in other comprehensive income are eliminated in relation to the fair value of the asset without affecting the profit or loss account. The effective interest rate and expected credit losses are not adjusted as a result of the reclassification;
- when reclassifying an asset from the category of fair value through profit or loss to the category of fair value through other comprehensive income elements, the asset continues to be measured at fair value;
- when reclassifying an asset from the category of fair value through other elements of the global result to that of fair value through profit or loss, the financial asset continues to be measured at fair value. The amounts previously recognized in other comprehensive income are reclassified from equity into profit or loss, as an adjustment from reclassification (according to IAS 1).

Other financial assets and liabilities are measured at amortized cost using the effective interest method.

Intangible assets are initially assessed at cost. After initial recognition, an intangible asset is accounted for at cost less accumulated amortization and any accumulated impairment losses.

Tangible assets recognized as assets are initially assessed at the acquisition cost (for those purchased on an onerous basis), at the contribution value (for those received as an in-kind contribution when setting up / increasing the share capital), respectively at the fair value from the acquisition date for those received free of charge. Tangible assets are classified by S.I.F. Oltenia S.A. in the following classes of assets of the same nature and with similar uses:

- land and buildings;
- machinery and equipment and means of transport;
- furniture, office equipment, equipment for the protection of human and material values and other tangible assets.

For further recognition, the company adopted the reassessment model.

After recognition as an asset, property, plant and equipment items of the nature of buildings and land whose fair value can be reliably measured are accounted for at a reassessed amount, this being the fair value at the date of reassessment minus any subsequent accumulated amortization and any accumulated impairment losses.

Other tangible assets are measured at cost less the accumulated amortization and any impairment losses.

The reassessments should be done regularly enough to ensure that the carrying amount does not differ significantly from what would have been determined by using the fair value at the reporting period. If an item of property, plant and equipment is reassessed, then the entire class of property, plant and equipment that is part of that item is subject to reassessment.

If the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income elements and accumulated in equity, with the title of surplus from the reassessment. However, the increase will be recognized in profit or loss to

the extent that it offsets a decrease in the reassessment of the same previously recognized asset in profit or loss.

If the carrying amount of an asset is impaired as a result of a reassessment, this decrease is recognized in profit or loss. However, the reduction will be recognized in other comprehensive income elements to the extent that the reassessment surplus has a credit balance for that asset. Transfers from the reassessment surplus to the carried over result are not made through profit or loss.

The surplus from the reassessment included in the own capital and related to an item of property, plant and equipment is transferred directly to the result carried over as the amortization is made and when the asset is derecognised at the disposal or assignment.

Land and buildings are shown at reassessed value, which represents the fair value at the date of reassessment less accumulated amortization and impairment losses. The reassessments are carried out by specialized evaluators, members of ANEVAR. The frequency of reassessments is dictated by the dynamics of the markets to which the lands and constructions owned by the company belong.

If the book value of an asset is impaired as a result of a reassessment, this decrease must be recognized as profit or loss. However, the reduction must be recognized in other comprehensive income elements to the extent that the reassessment surplus presents a credit balance for that asset. The reduction recognized in other elements of the comprehensive income reduces the amount accumulated in the equity as a revaluation surplus.

Land does not depreciate. The depreciation of other tangible assets is calculated using the method of linear depreciation, allocating costs related to the residual value, in accordance with the related service life.

Tangible assets that are sold or disposed are removed from the statement of financial position along with the corresponding cumulative depreciation. The gain or loss resulting from the derecognition of an item of property, plant and equipment is included in the current profit or loss account when the item is derecognised.

Real estate investments are real estate (land, buildings or parts of a building) owned by the company for the purpose of rental or for increase of value or both.

Certain properties include a part that is held for rental or for the purpose of increasing value and another part that is held for the purpose of producing goods, providing services or for administrative purposes. A real estate investment is recognized as an asset if and only if:

- a future economic benefit associated with the real estate investment is likely to enter the

company;

- the cost of the real estate investment can be reliably assessed.

An investment property is initially assessed at cost, including trading costs. The cost of a purchased real estate investment consists of its purchase price plus any directly attributable expenses (*for example, professional fees for the provision of legal services, fees for the transfer of ownership and other trading costs*). The subsequent assessment of real estate investments is carried out based on the fair value model, by evaluators members of the National Association of Romanian Appraisers (ANEVAR). These assessments are reviewed periodically by the company's management. Gains or losses resulting from changes in the fair value of real estate investments are recognized in the profit or loss account of the period in which they occur. The fair value of real estate investments reflects market conditions at the balance sheet date.

Transfers to and from the category of real estate investments must only be made when there is a change in the use of the asset, as shown by:

- the start of usage by the company - for the transfers from the category of real estate investments into the category of tangible assets used by the company;

- the beginning of the process of development with a view to sale - for the transfers from the category of real estate investments into the category of stocks;

- termination of use by the company - for transfers from the tangible assets into the category of real estate investments;

- starting an operational lease with another party - for transfers from the stock category to the real estate investment category.

The book value of a real estate investment is derecognised upon disposal or when the investment is definitively withdrawn from use and no future economic benefits from its disposal are expected. Gains or losses resulting from the divestment or disposal of a real estate investment are recognized in the profit or loss account when it is sold or disposed of.

The book value of the company's assets that are not of a financial nature, other than deferred tax assets, is reviewed on each reporting date to identify the existence of impairment indications. If such indications exist, the recoverable amount of such assets is estimated.

The recoverable amount of an asset or cash-generating unit is the maximum between the use value and its fair value less the costs for selling that asset or unit. To determine the net use value, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to that asset.

The asset pricing rules of S.I.F. Oltenia S.A. are those laid down in national law, namely those laid down in articles 113-122 of Regulation no. 9/2014 *concerning the authorization and operation of investment management companies, undertakings for collective investment in transferable securities and depositaries of undertakings for collective investment in transferable securities*, as well as the provisions of Regulation no. 7/2020 *on the authorization and operation of alternative investment funds*.

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 remuneration policy.

S.I.F. Oltenia S.A. identified valuation methodologies for each type of asset in the managed portfolio. These methodologies shall be those laid down in national law.

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:

- these rules 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. The approval of the model by the senior management 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 rules/policies/procedures shall be carried out annually during December and shall be communicated to investors within 60 days of the end of each year.

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.

3.6.2. The method of calculating the net asset value

The net asset value is determined as the difference between the total value of assets and the sum of liabilities and revenues recorded in advance.

The total value of the assets shall be calculated by aggregating:

1. fixed assets, including:
 - intangible fixed assets;
 - tangible assets;
 - financial assets;
2. current assets;
3. derivatives;
4. accrued expenses.

The total amount of the debts shall be determined on the basis of information supplied by the company's own accounting, organized and conducted in accordance with the legal provisions in force.

For the purposes of calculating the unit value of the asset, own shares redeemed by the company shall be assimilated to certificates of deposit and certificates of interest issued by a third party based on those underlying shares.

The securities of S.I.F. Oltenia S.A. admitted to trading or traded on a trading venue or a stock exchange of a third country fall under the category "shares" in the net asset of the CIU as well as in the reports submitted by the company to the F.S.A.

The net asset unit value shall be calculated according to the following formula and the definitions above, expressed in RON:

$$\text{The unit value of the net asset on that date} = \frac{\text{Valoarea netă a activului la acea dată}}{\text{numărul de acțiuni emise și aflate în circulație}}$$

3.6.3. The frequency of calculating the net asset value

S.I.F. Oltenia S.A. is classified as an internally managed alternative investment fund whose securities are also marketed to retail investors (AIFRI). As a result, the asset valuation and the calculation of the net asset value (N.A.V.) and the unit net asset value (U.N.A.V.) shall be carried out on a monthly basis, as well as in the event of increases or reductions in the share capital.

3.6.4. The means, places and frequency of publication of the net asset value

S.I.F. Oltenia S.A. shall draw up, submit to the Financial Supervisory Authority 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.

S.I.F. Oltenia S.A. is responsible for the correct valuation of the assets of the fund, 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 Depositary.

The publication of the net asset value is brought to the attention of investors every month by publication on the page of the market operator Bucharest Stock Exchange as well as on the website of S.I.F. Oltenia S.A., www.sifolt.ro, under Investors info/Reports/Net Assets - Monthly Reporting.

S.I.F. Oltenia S.A., as an AIFRI admitted to trading on a regulated market, 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 www.sifolt.ro website under Investors info/Reports/Periodical reports.

The N.A.V. and the U.N.A.V. are also permanently available to investors as they are published on the website and/or can be consulted at the company's registered office.

S.I.F. Oltenia S.A. submits to the Financial Supervisory Authority and makes available to investors, by publication on its website and/or consultation at its registered office, half-yearly

and annual reports on the state of assets and liabilities, including the detailed investment situation at the reporting date, in the content and form provided for by the legislation in force. The half-yearly and annual reports shall be submitted to the F.S.A. and shall be made available to investors within the time limits laid down in the regulations issued by the F.S.A. on the submission of annual financial statements and half-yearly accounting reports.

The monthly, half-yearly and annual reports will also provide explanations on the valuation methods used for those financial instruments for which valuation methods have been chosen that comply with international valuation standards (in line with the fair value principle), the level of the leverage and the exposure value of S.I.F. Oltenia calculated according to the Regulation (EU) 231/2013.

3.6.5. The initial amount of a fund unit

The main characteristics of the shares issued by the company are: ordinary, nominative, of equal value, issued in a dematerialized form, fully paid when subscribed, registered to the account and granting equal rights to their holders, except for the limitations in the legal provisions and regulations; indivisible, the issuer recognizes a single representative for the exercise of the rights resulting from a share; each share shall give the right to a vote. The nominal value of a share in S.I.F. Oltenia is 0.1 RON.

3.7. Conditions for replacing the depositary and A.I.F.M.

3.7.1. Situations when the depositary may be replaced

The Financial Supervisory Authority shall decide whether to issue or withdraw an authorization for S.I.F. Oltenia S.A. within a maximum of 60 days of registration of the application and of the complete documents provided for by the regulations of the F.S.A., as submitted by the company.

The replacement of the depositary by S.I.F. Oltenia can be done through either of the following methods:

1. Termination by a party of the contract that was entered, with 90 (ninety) days' notice from the date of notification of termination of the contract to the F.S.A.;

The decision to terminate the contract shall be published in the F.S.A. newsletter, at the expense of the party denouncing the contract. Within the 90 (ninety) days mentioned, S.I.F. Oltenia S.A. is required to enter a new storage contract with another depositary approved by the F.S.A. to carry out such storage activities. The depositary is required to exercise due diligence in order to transfer assets to the new depositary in good time. If the transfer of assets to a new depositary is not carried out within this period, the depositary is required to notify the F.S.A, which will restrict the company's accounts until the transfer is made. The transfer period shall not exceed 30 days from the date of the approval of the new depositary by the F.S.A.

2. In case of withdrawal of the of the operational approval/authorization granted to the depositary by the F.S.A. or the N.B.R.;

In the event of withdrawal of the notice of breach by the depositary, the F.S.A. shall communicate its decision to the depositary and S.I.F. Oltenia S.A.. Upon receipt of the decision of the F.S.A. to withdraw the depositary's approval, the company shall proceed with the depositary's change by unilateral written denunciation of the contract.

3. The initiation of proceedings for supervision or special administration of the depositary by the N.B.R. or the opening of insolvency proceedings.

If special supervision or administration or bankruptcy procedures are initiated against the depositary, S.I.F. Oltenia S.A. shall change the depositary by denouncing the contract unilaterally in writing.

In the event of bankruptcy, the proceedings shall be deemed to have been initiated following the issuance by the syndic judge of the decision opening the proceedings.

3.7.2. Rules on investor protection

Where the need to replace the depositary arises, the primary objective will be to protect and provide adequate disclosure to investors in accordance with the legal regulations in force. The party responsible for the loss or damage caused by the transfer shall be responsible for the part of the fault which caused the damage.

In order to ensure investor protection, S.I.F. Oltenia S.A. Provides, without limitation: the enforcement of corporate governance principles, employee ethics and conduct rules, prevention and management of conflict-of-interest situations, resolution of petitions relating to company activity, communication strategies.

3.7.3. Situations when the A.I.F.M. may be replaced

The change of the form of administration and/or replacement of the A.I.F.M. will be carried out according to the relevant legal provisions,

3.8. Methods for calculating the leverage level (gross method, accrual method)

S.I.F. Oltenia S.A. does not have any borrowed amounts and does not have investments in derivatives in the managed portfolio.

The leverage shall be calculated based on the provisions of the Delegated Regulation (EU) no. 231/2013 of the Commission of 19 December 2012 supplementing Directive 2011/61 / EU of the European Parliament and of the Council regarding derogations, general operating conditions, deposits, leverage, transparency and supervision.

According to the Regulation, leverage is calculated using two methods: **the gross method** by which the overall exposure of the company will be determined, and **the accrual method**.

In establishing calculation formulas, efforts were made to adapt them to the specific nature of the portfolio managed by S.I.F. Oltenia S.A..

EXPOSURE CALCULATION USING THE ACCRUAL METHOD

Leverage = exposure of S.I.F. Oltenia S.A. / net assets of S.I.F. Oltenia S.A.

where:

SIF exposure = (securities portfolio + equity + bank deposits
in RON and foreign currency + cash in RON and currency)

EXPOSURE CALCULATION USING THE GROSS METHOD

Leverage = exposure of S.I.F. Oltenia S.A. / net assets of S.I.F. Oltenia S.A.

where:

SIF exposure = (securities portfolio + equity + bank deposits
in RON and foreign currency + cash in RON and currency) - (Cash +
Cash equivalents)

Cash = cash and bank accounts

Cash equivalent = liquid investments that can be converted into a known amount in
cash = value of BVB quoted shares + value of quoted shares
AeRo + Securities*

*Securities - the listed securities

3.9. Obligations of transparency and disclosure to investors

S.I.F. Oltenia S.A. observes the right to information of its shareholders by providing them with relevant and up-to-date information to enable them to exercise their rights in a fair manner. The information about the company's activity which is considered to be capable of influencing the share price is disseminated through the submitted current reports or communications, and is made available to investors on both the Bucharest Stock Exchange website and on the company's own website.

These rules have been approved by the Board of Directors of S.I.F. Oltenia S.A. at its meeting of 19.05.2021.

These rules shall enter into force as from the date of authorization by the Financial Supervisory Authority of S.I.F. Oltenia S.A. as an alternative investment fund.

Date of drawing up these rules: 12/01/2021

Date of revision of these rules: 19/05/2021

S.I.F. Oltenia S.A.

President/General Manager

Vice-president/Deputy General Manager

Sorin - Iulian Cioacă

Mihai Trifu