

# **SOCIETATEA DE INVESTIȚII FINANCIARE MUNTENIA S.A.**

## **RULES**

### **1. General provisions**

These Rules of **Societatea de Investiții Financiare Muntenia SA (SIF Muntenia/AIF)**, hereinafter referred to as the Rules, have been drawn up by the manager S.A.I. Muntenia Invest S.A. (SAI Muntenia Invest / AIFM) in compliance with the provisions of *Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing some normative acts and Regulation no. 7/2020 on the authorization and operation of alternative investment funds.*

### **2. Information on the Fund management company (AIFM)**

#### **2.1. AIFM identification details**

SIF Muntenia is managed by the external Alternative Investment Fund Manager (AIFM), the company Societatea de Administrare a Investițiilor Muntenia Invest SA (SAI Muntenia Invest), registered with the Bucharest Trade Register under no. J40 / 3307/1997, CUI 9415761.

SAI Muntenia Invest is registered as an AIFM according to Certificate no. 39 / 21.12.2017 and is registered in the FSA Register under no. PJRO7.1AFIAI / 400005 / 21.12.2017.

SAI Muntenia Invest is authorized as an investment management company by decision no. D6924 / 17.07.1997, reauthorized by decision no.110 / 13.01.2004, registered in the FSA Register as an Investment Management Company under no. PJR 05 SAIR / 400006 /13.01.2004.

The registered office of SAI Muntenia Invest is in Bucharest, 46-48, Serghei Vasilievici Rahmaninov St., sector 2, ground floor, rooms 3, 4, 5 and 2<sup>nd</sup> floor, Romania phone 021.387.32.10, fax 021.387.32.09, web address: [www.munteniainvest.ro](http://www.munteniainvest.ro), email: [sai@munteniainvest.ro](mailto:sai@munteniainvest.ro). At the date of drawing up these Rules, the management company does not have secondary offices.

The subscribed and paid-in share capital of SAI Muntenia Invest is 1,200,000 lei.

#### **2.2. Managemnt object and objective**

SIF Muntenia, Alternative Investment Fund (AIF) has as objective the management of a diversified portfolio of assets, in order to increase its value for the shareholders.

The general management objectives are:

- increasing the performance of SIF Muntenia's financial instruments portfolio reflected in the net asset value per share, respectively in the value of the dividend distributed to the shareholders;
- maintaining a portfolio structure that ensures framing in a degree of risk approved by the management body or the Board of Directors of SAI Muntenia Invest, in accordance with the provisions of Delegated Regulation (EU) no. 231/2013;
- strengthening the image of SIF Muntenia as an active, serious, trustworthy investor, able to take advantage of the opportunities offered by the market.

To achieve this objective, SAI Muntenia Invest approves and maintains an appropriate investment policy and portfolio. Details of the investment policy can be found in Chapter 4.2.

#### **2.3. List of commissions charged by the AIFM to investors**

The AIF managed by SAI Muntenia Invest is admitted to the BSE quota since 1999. All transactions with financial securities issued by the AIF are made according to the regulations

applicable to the capital market. Under these conditions, SAI Muntenia Invest cannot charge any commission directly to the investors.

#### **2.4. The expenses that the AIFM is empowered to make for the AIF and the method of calculating them**

SAI Muntenia Invest is authorized to make for SIF Muntenia the following expenses:

- a) expenses regarding the payment of fees due to SAI Muntenia Invest;
- b) expenses regarding the payment of fees due to the depositary of SIF Muntenia;
- c) expenses with fees due to intermediaries and other expenses directly or indirectly related to trading and / or the purchase / sale of SIF Muntenia assets or admission to trading, including fees and commissions due to the relevant market operators;
- d) expenses with turnover commissions and other banking services;
- e) interest expenses, in case SIF Muntenia concludes contract loans in accordance with the law;
- f) expenses with commissions and fees due to the FSA or other competent authorities, as well as any taxes or other fiscal obligations imposed as a result of SIF Muntenia's activity;
- g) issuance expenses with SIF Muntenia documents and any reporting and transparency obligations in connection with SIF Muntenia;
- h) expenses with the financial audit for SIF Muntenia, as well as any expenses with the non-audited services, which may be made by the financial auditor according to the legislation in force;
- i) the equivalent value of the amounts due on account of the loans contracted under the conditions imposed by the regulation;
- j) expenses related to investor relations and public relations in the interest of SIF Muntenia;
- k) expenses with the functioning of SIF Muntenia' Shareholders Representatives Council;
- l) expenses with independent evaluators authorized by ANEVAR for the evaluation according to the international evaluation standards of some shares from SIF Muntenia portfolio;
- m) expenses with lawyers / law firms for the representation of SIF Muntenia in courts;
- n) expenses with internal audit, GDPR or any mandatory activities according to the applicable legal regulations;
- o) leasing expenses for the headquarters – registered office (IFRS 16);
- p) expenses with the protocol and sponsorships within the provisions of the applicable legal regulations;
- q) expenses with services provided by third parties (taxes to the Trade Register, postal services, document translations, internet and telephony services, stamp duties, court costs, depreciation of fixed assets).

#### **2.5. Responsibility of the AIFM in carrying out the activity of managing the assets of the AIF**

SAI Muntenia Invest is responsible for the activity of managing SIF Muntenia's assets according to the provisions of the articles of incorporation of SIF Muntenia, the management contract concluded between SIF Muntenia and SAI Muntenia Invest and the applicable legal regulations.

### **3. Fund Depositary Information**

#### **3.1. Depositary identification details**

The depositary of the AIF is BRD-Groupe Societe Generale, headquartered in Bucharest, Bd. Ion Mihalache, no. 1-7, sector 1, registered at the Bucharest Trade Register Office under no. J40 / 608/1991, CUI R361579, registered in the FSA Registry with number PJR10DEPR / 400007 authorized by the FSA by Decision no. D4338 / 09.12.2003, telephone 021-2008372, fax 021-2008394, web address: [www.brd.ro](http://www.brd.ro).

#### **3.2. Object of the depositary contract concluded between the AIFM and the Depositary**

In accordance with the depositary and custody contract, the Depositary / Custodian undertakes, in compliance with the regulations in force, the AIF documents and the working procedures, to:

- a) performs depositary services for the AIF assets, including the calculation and / or certification of the AIF assets value within the time limits set out according to the regulations in force and AIF Documents;
- b) secure, through the custody services, all the assets held in custody;
- c) perform settlement services;
- d) perform any other activities provided for in the depositary / custody contract and in the working procedures.

#### **3.3. Duration of the contract concluded between the AIFM and the Depositary**

The contract is valid for a period of 3 (three) years from the date of entry into force, with the possibility of tacit extension, if neither party notifies in writing to the other party the intention to terminate the contract, subject to a notice period of 90 (ninety) calendar days.

#### **3.4. Types of instructions received by the Depositary from the AIFM**

The AIFM shall provide the Depositary / Custodian with instructions that will contain information to enable it to carry out the operations that the Depositary / Custodian is required to perform in order to fulfill its obligations. The vast majority of the instructions provided by the AIFM will authorize the performance of specific, routine or frequently repeated activities such as:

- issuance of Financial Instruments for settlement (in case of share sales);
- receipt of Financial Instruments after settlement (in case of share purchases);
- receiving Financial Instruments distributed free of charge;
- settlement of transactions carried out by the AIFM on behalf of SIF Muntenia;
- transfer of the Financial Instruments from / to the register of the Central Depositary for the registration of the operations of share capital increase / decrease;
- record of the Financial Instruments in the custody of the Custodian.

In case of special situations, the AIFM will send to the Depositary / Custodian special communications / instructions that will allow the resolution of the above mentioned situations in compliance with the incidental legal provisions.

### **3.5. Level of fees collected by the Depositary for the depositary activity**

The level of fees collected by the Depositary is established in the depositary / custody contract and is approved by the Fund manager.

The fees related to the services provided by the Depositary / Custodian are paid by the AIF based on the monthly invoice sent by the Depositary / Custodian, and the level of the monthly fee collected by the Depositary / Custodian is calculated according to the provisions of the depositary / custody contract as follows:

Deposit fee = Net Asset Value x 0.005% per annum for 1 calculation / month

Deposit fee = Net Asset Value x 0.007% per annum for 2 calculations / month

The custodian fee and the security fee vary depending on the type of market in which the financial instruments are traded.

The depositary and custodian fees amounted to 293,072 in 2019 lei and to 298,007 lei in 2020.

The depositary does not re-use the assets of the AIF in other ways to generate additional income for itself (such as collateral / collateral in other financial transactions) except for the benefit of the AIF.

### **3.6. Responsibilities of the Depositary towards the AIFM and towards the AIF investors for which it carries out the depositary activity**

The Depositary / Custodian shall be liable to the AIF or the AIF Investors for:

- a) loss of a financial instrument in custody. A financial instrument held in custody shall not be considered lost to the extent that the Custodian returns without delay to the AIF an identical financial instrument or one of the same value;
- b) the losses suffered by it as a result of the intentional or culpable non-fulfillment of the obligations incumbent on it as Depositary / Custodian of the AIF assets according to the regulations in force;
- c) direct damages produced as a result of the intentional or culpable non-fulfillment of the obligations by the Depositary / Custodian, as they will be established by a final court decision.

The Depositary / Custodian is not liable for any loss or default / delay that has occurred as a result of:

- i. an external event, outside its reasonable control, the consequences of which would have been inevitable despite all its reasonable efforts to counteract them, in accordance with the provisions of art. 101 and 102 of EU Regulation no. Commission Regulation (EC) No 231/2013 supplementing Directive 2011/61 / EU of the European Parliament and of the Council as regards derogations, general conditions of operation, storage, leverage, transparency and supervision, and other related regulations, with amendments and subsequent additions or as a result of other exonerating causes under the applicable law or as a result of the effects of acts and regulations of any governmental or supranational authority / body, market authority, supervisory or regulatory authority;
- ii. receiving from the AIFM incorrect instructions, transmitted incorrectly, received late or which cannot be considered appropriate or lead to their refusal by the Custodian / Depositary;

- iii. breach by the AIFM of its obligations under the contract or the regulations in force;
- iv. non-fulfillment of obligations by other entities / third parties.

### **3.7. Termination of the depositary contract**

The contract is automatically terminated, without the need for the intervention of a court or arbitration and without any additional formality, in the following situations:

- a) by unilateral termination of the contract by either party, subject to the written notice of termination sent to the other party with a notice period of 90 (ninety) calendar days. This term will run from the date of notification of the termination of the contract to the FSA, by the party requesting the termination of the contract;
- b) in case of withdrawal of the authorization / approval for the operation of any party by the FSA and / or NBR in the case of the Depositary / Custodian;
- c) in case of initiation of supervision or special administration procedures by the NBR in the case of the Depositary / Custodian, the AIFM will proceed to the unilateral termination of the contract according to letter a) above;
- d) in case of initiation of dissolution / liquidation proceedings or other similar procedures in case of the AIFM / AIF;
- e) in case of opening the bankruptcy procedure of any of the parties. The AIFM will proceed to the unilateral termination of the contract according to letter a) above;
- f) by the agreement of the parties and the conclusion of an addendum in this respect. AIFM shall send to the FSA a copy of the addendum, subject to a notice period of 90 (ninety) calendar days from the date of transmission to the FSA in original;
- g) by full termination, without the need for the intervention of a court or arbitration, without delay and without any other additional formality, if the other party does not fulfill, fulfills poorly or delays any of the obligations provided for or arising from the contract and does not remedy this non-performance within the period indicated by the party concerned in the notification communicated in this regard, a period which may not exceed 5 (five) working days

### **3.8. Force majeure in the depositary contract case**

The commitments undertaken by the AIFM by the contract shall not be terminated or suspended (or otherwise prejudiced or adversely affected) by any force majeure event, fortuitous event or for any other reason beyond the control of the AIFM, or by any delay or breach committed by a third party. For the avoidance of any doubt, enforceable payment obligations in cash or any other fungible goods (eg financial instruments) will not invoke the effects of force majeure, fortuitous event or other similar events.

## **4. Information on the AIF**

### **4.1. SIF MUNTENIA identification details**

The legal form of SIF MUNTENIA SA is a joint stock company, Romanian legal entity under private law, classified according to the applicable regulations as an alternative investment fund of

investment companies type - AIFC, the category of alternative investment fund for retail investors - AIFR, with a diversified, closed-ended investment policy, externally managed.

SIF Muntenia operates in compliance with the provisions of the legislation on the capital market, of Law no. 31/1990 on companies, republished with subsequent amendments and completions and AIF documents.

The registered office of the company is in Bucharest, 46-48, Sergei Vasilievich Rachmaninoff St., ground floor, room. 2, sector 2, code 020199, web address: [www.sifmuntenia.ro](http://www.sifmuntenia.ro).

At the date of drawing up these Rules, the subscribed and fully paid-up share capital of SIF Muntenia SA is 78,464,520.1 lei, divided into 784,645,201 registered shares, of which 784,645,201 are outstanding shares, with a value of 0.1 lei each.

## **4.2. The objectives, investment policy and specific risks of the AIF**

### **4.2.1. SIF Muntenia objectives**

SIF Muntenia has as financial objective the efficient management of the asset portfolio, able to ensure a constant flow of income, conservation and medium-long term capital growth, in order to increase the value for shareholders and obtain the highest returns on invested capital.

### **4.2.2. SIF Muntenia investment policy**

#### **General principles for meeting investment objectives**

SIF Muntenia's investments will be made mainly in Romania, focusing on investments in financial instruments admitted to the quota of an organized market.

SIF Muntenia will continue the process of restructuring its portfolio of financial assets so as to increase the share of financial assets that can ensure a long-term sustainable growth.

The investment activity carried out by SAI Muntenia Invest is monitored by the Shareholders' Representatives Council appointed by the General Shareholders Meeting of SIF Muntenia, based on the information and reports provided periodically by the AIFM.

In order to meet its investment objectives, the AIFM will take into account the following:

- active involvement in the activity of the companies in the Fund's portfolio in order to increase their value;
- transparency of the investment policy and the way in which it contributes to the achievement of the main investment objectives;
- maintaining effective communication with investors and members of the Shareholders' Representatives Council.

SAI Muntenia Invest, as manager, carries out its activity based on a management contract concluded with SIF Muntenia.

According to the management contract concluded with SIF Muntenia, SAI Muntenia Invest has the capacity to take all decisions regarding SIF Muntenia investments, in compliance with the guidelines specified in the investment policy, the provisions of the Articles of Incorporation and the provisions of the relevant laws and regulations in force. SAI Muntenia Invest will represent SIF Muntenia in connection with any transaction regarding the purchase, sale, redemption, loan or exercise of any other rights regarding the assets owned by SIF Muntenia. The delegation of authority mentioned above is limited by the legal provisions in force. In this sense, SAI Muntenia Invest is obliged to obtain the prior approval of the shareholders of SIF Muntenia for any

operations whose value exceeds during a financial year 20% of the total value of the fixed assets of SIF Muntenia less the receivables.

If it will not be possible to identify investment opportunities that offer satisfactory returns for the shareholders of SIF Muntenia, SAI Muntenia Invest may propose the use of revenues / part of the revenues from dividends received or from revenues from the sale of shares of portfolio companies for the implementation of techniques for increasing the value of SIF Muntenia shares by carrying out redemption programs by trading on the regulated market or by making public purchase offers, in compliance with the provisions of the applicable regulatory framework.

SAI Muntenia Invest must:

- carry out transactions at the lowest possible cost (to be established taking into account the commissions, execution efficiency and market impact);
- take the necessary measures to ensure the best execution at all times.

Most transactions carried out by the AIFM on behalf of the AIF take place on the regulated market operated by the Bucharest Stock Exchange and within the Multilateral Trading System (MTS) operated by the Bucharest Stock Exchange.

Within the policy of sending orders for execution on behalf of the AIF, SAI Muntenia Invest applies the following principles:

- the principle of obtaining the best possible results for the AIF;
- the principle of prompt and correct execution of orders on behalf of the AIF.

SAI Muntenia Invest must maintain an adequate liquidity that will allow it to cover at least:

- the operating and fiscal expenses of SIF Muntenia;
- the necessary funds for the payment of dividends due to SIF Muntenia shareholders or, as the case may be, for the redemption of shares according to the SGEM resolutions;
- capital expenditures for ongoing activities.

SAI Muntenia Invest does not take into account for the AIF the negative effects of investment decisions on sustainability factors according to Regulation (EU) 2019/2088 on information on sustainability in the financial services sector, as, given the diversification of AIF assets managed, the materialization of only one risk of sustainability has a low probability of significantly affecting the value of the net assets of the funds managed.

This is determined in principle by the fact that, at present, SIF Muntenia SA, as a financial product, is not a product that includes specific investment components with an impact on the environmental, social and governance principles. To the extent that these circumstances change, SAI Muntenia Invest will consider changes to the investment process to include risks related to sustainability and to take into account the adverse effects of investment decisions on sustainability factors in terms of sustainability related to SIF Muntenia. In the analysis of the issuers' activity in the investment process, SAI Muntenia Invest makes the necessary diligences to protect the investors' interest in the managed funds. However, due to the fact that information on sustainability factors may be difficult to obtain, inaccurate, based on estimates or incomplete at this time, there is a high probability that if the main negative effects of investment decisions on sustainability factors will be taken into account, they might not be accurate and do not strengthen the protection of final investors. Thus, the investment decision cannot be based on complete and complex information leading to investments in accordance with the principles set out in Regulation (EU) 2019/2088 and AIF documents.

Therefore, SAI Muntenia Invest SA will not take into account the negative effects of investment decisions on sustainability factors, proposing to reassess this situation periodically and inform investors about any future changes.

## Changes to the Investment Policy

SAI Muntenia Invest will annually review the Investment Policy of SIF Muntenia and will submit to the approval of the General Shareholders Meeting, the Management Program that will include the proposed changes. Any modification of the Investment Policy will be made in compliance with the limits provided by the applicable legislation.

## Borrowing capacity of SIF Muntenia

In order to fulfill its object of activity, SIF Muntenia will mainly use its own financial sources.

SIF Muntenia may issue bonds in accordance with the applicable legal provisions.

### 4.2.3. Specific risks of SIF Muntenia

#### Risk factors deriving from the AIF's investment policy

SIF Muntenia's investments are mainly subject to the following risk categories, but not limited to:

- **Market risk** is the risk of incurring losses due to adverse fluctuations in the prices at which the financial securities in the portfolio are traded – this category includes position risk, interest rate risk, currency risk and real estate investment risk;
- **Credit risk** is the risk of adverse outcome on profits and capital, following the failure of the debtor to fulfill contractual obligations – this category includes credit institution risk, credit risk related to equity securities, risk related to fund units, risk related to shares held, concentration risk and country risk;
- **Counterparty risk** is the risk that one of the parties to the contract will not fulfill its contractual obligations, leading to a loss for the other party;
- **Liquidity risk** is the risk of adverse outcome on profits and capital determined by the inability of the Fund to meet obligations at maturity;
- **Strategic risk** is the risk of adverse outcome on profits and capital determined by the inadequate implementation of decisions or making unfavorable business decisions, including by the lack of reaction to changes in the business environment; **Other risk categories**
- **Operational risk** is the risk of loss that results either from the use of inadequate internal processes, human resources or systems or that have not performed their function properly, or from external events – this category includes compliance risk, IT risk and legal risk;
- **Reputational risk** is the risk of adverse outcome on profits and capital determined by the unfavorable perception of the company's image by customers, counterparties, shareholders, investors or supervisory authorities.
- **Sustainability risks** refer to an environmental, social or governance event or condition that, if it occurs, could cause a significant, actual or potential adverse effect on the value of the investment.

About the likely impact of sustainability risks on the AIF yield, SAI Muntenia Invest believes that since portfolios of managed entities have a significant degree of asset diversification, sustainability risks would have an irrelevant effect on the yield.

SAI Muntenia Invest, through its permanent risk management function, defines the risk policy of SIF Muntenia, monitors and measures the risks, ensuring the permanent compliance of the risk level with the risk profile.

The risk profile of SIF Muntenia is defined according to the level of risk appetite associated with each category of significant risks. The risk profile is developed in a detailed system of key risk indicators that supports SAI Muntenia Invest in its risk management and control functions.



SAI Muntenia Invest periodically evaluates, monitors and reviews the adequacy and efficiency of the risk management policy and notifies the FSA on any significant change to it.

As SIF Muntenia does not have a defined objective of sustainable investments and the shares issued by it do not represent a financial product with environmental or social characteristics, SAI Muntenia Invest considers irrelevant at this time the risks related to sustainability in the Fund's investment decisions.

#### **4.2.4. Main categories of financial instruments to invest in**

In accordance with the applicable regulatory framework and the Articles of Incorporation, SIF Muntenia may invest in the following types of assets:

1. transferable securities and money market instruments registered or traded within a trading venue, in Romania or in a Member State;
2. transferable securities and money market instruments admitted to official listing on a third-country stock exchange, which operate regularly and are recognized and open to the public, provided that the choice of stock exchange is approved by the FSA in accordance with the requirements of eligibility from the regulations issued by the FSA;
3. newly issued securities, which are the subject of a public offer for admission to trading, in cumulative compliance with the following conditions:
  - a. the issuance documents include a firm commitment to require admission to trading on a trading venue or trading on a third-country stock exchange that operates regularly and is recognized and open to the public, provided that the choice of stock exchange is approved by the FSA;
  - b. this admission must be ensured within a maximum of one year from the issue;
4. participation titles of UCITS or AIF established or not in Member States, with the cumulative fulfillment of the following conditions:
  - a. the AIF are authorized or registered;
  - b. 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, in accordance with the redemption frequency offered to investors, as appropriate;
  - c. the AIF profile is included in the liquidity profile of SIF Muntenia;
5. deposits made with credit institutions, which are repayable on request or offer the right of withdrawal, with a maturity not exceeding 12 months, provided that the registered office of the credit institution is located in Romania or in a Member State. The registered office of the credit institution may also be in a third country, provided that the credit institution is subject to prudential rules equivalent to those issued by the European Union;
6. money market instruments, other than those traded on a trading venue, that are liquid and have a value that can be accurately determined at any time, with the exception of trading effects, provided that the issue or issuer is subject to regulation on the protection of investors and their savings, and that the instruments meet the following conditions:
  - a. they are issued or guaranteed by an administrative authority, central, local or regional, 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 situation of the federal states, by one of the component members of the federation or by an international public body, of which one or more Member States are members; or
  - b. they are admitted to the official quota of a stock exchange from a third country, which operates regularly and is recognized and open to the public, provided that the choice of the

stock exchange is approved by the FSA, in accordance with the eligibility requirements of the regulations issued by the FSA, and is provided in the fund rules or in the articles of incorporation of the investment company, approved by the FSA or

c. are issued or guaranteed by an entity, subject to prudential supervision, according to the criteria defined by European legislation, or by an entity that is subject to and complies with prudential rules, rules validated by the FSA as equivalent to those provided for by European legislation; or

d. are issued by other entities belonging to the categories approved by the FSA, provided that investments in such instruments are subject to investor protection, equivalent to that provided for in points a., b. or c., and the issuer is a company whose capital and reserves amount to at least the RON equivalent of 10,000,000 euros, which presents and publishes its annual financial statements, according to the applicable European legislation, or an entity which, within a group of companies which contains one or more listed companies, has the role of financing the group or is an entity dedicated to the financing of securitization vehicles that benefit from a bank financing line;

7. social parts of limited liability companies, regulated by Law no. 31/1990, republished, with subsequent amendments and completions, whose annual financial statements are audited according to law;
8. securities defined under art. 3 para. (1) point 26 of the Government Emergency Ordinance no. 32/2012<sup>1</sup> which are not admitted to trading on a trading venue or are not traded on a stock exchange in a third country;
9. currency, purchased on the domestic market, freely convertible, according to NBR criteria
10. government securities;
11. real estate assets, as they are defined under art. 2 point b of Law no. 243/2019<sup>2</sup>;
12. movable and immovable goods necessary for the development of SIF Muntenia's activity.

### **Restrictions on SIF Muntenia investments**

SIF Muntenia's investments will comply with the prudential investment limits listed below as well as any other prudential limits provided by the applicable regulatory framework:

- 1) may not hold more than 10% of the assets in securities and money market instruments issued by the same issuer, except for securities or money market instruments issued or guaranteed by a Member State, by the local public authorities of the Member State, by a third State or by international public bodies out of which one or more Member States are members. The 10% limit may be increased up to a maximum of 40%, provided that the total value of the securities held by SIF Muntenia in each of the issuers in which it holds holdings of up to 40% does not exceed 80% of the value of the assets in SIF Muntenia's portfolio;

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<sup>1</sup> OUG 32/2012 art. 3 point 26.

26. securities:

a) shares and other securities equivalent to shares;

b) bonds and other debt securities;

c) any other negotiable securities that give the right to acquire the respective securities by subscription or exchange.

<sup>2</sup> Law no. 243/2019 art. 2. For the purposes of this law, the terms and expressions below have the following meanings:

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b) real estate asset - an existing construction, the completion of which is certified on the basis of a report of reception of works or land;

- 2) may not hold more than 50% of the assets in securities and money market instruments issued by entities belonging to the same group defined as per art. 2 lit. j) of Law no. 243/2019<sup>3</sup>;
- 3) may not hold more than 40% of the assets in securities and money market instruments issued by entities belonging to the group to which SAI Muntenia Invest belongs;
- 4) the value of current accounts and cash to be within a maximum of 20% of its assets; the limit may be exceeded up to a maximum of 50%, provided that the amounts in question come from a new issue of shares / bonds, matured investments or the sale of financial instruments in the portfolio, and that the excess is not maintained for a period more than 90 days;
- 5) may not constitute and hold bank deposits made with the same bank representing more than 30% of its assets;
- 6) may not hold more than 20% of its assets in shares not admitted to trading on a trading venue or on a stock exchange in a third country, issued by a single AIF to retail investors;
- 7) may not hold more than 10% of its assets in shares not admitted to trading on a trading venue or on a stock exchange in a third country, issued by a single AIF to professional investors;
- 8) may not hold more than 50% of its assets in shares not admitted to trading on a trading venue or on a stock exchange in a third country, issued by other open-end AIF. In the case of the group to which the AIFM which manages that AIF belongs, the holding limit is 40% of its assets;
- 9) may not hold more than 40% of its assets in equity securities issued by a single UCITS authorized by the FSA or by a national competent authority of another Member State, as well as in units issued by a single UCITS admitted to trading on a trading venue in Romania, another Member State or on a stock exchange in a third country;
- 10) may not grant cash loans, may not participate / subscribe to syndicated loans, may not guarantee cash loans in favor of a third party, except for entities in the group to which SIF Muntenia belongs within 10% of its assets;
- 11) may not directly, partially or fully acquire loan portfolios issued by other financial or non-financial entities, except for investments in financial instruments issued by internationally recognized financial institutions, credit institutions or non-banking financial institutions authorized by the NBR or other central banks of a Member State or third countries;
- 12) may not hold more than 40% of the value of its assets in securities, money market instruments not admitted to trading on a trading venue or on a stock exchange in a third country, except for government securities and bonds issued by the Ministry of Public Finance, as well as of the holdings acquired by SIF Muntenia by law, in case of which the holding limit is not established;
- 13) may not hold more than 20% of the value of its assets in social parts issued by limited liability companies, regulated by Law no. 31/1990, republished, with subsequent amendments and completions;

If one or more of the above limits are exceeded for reasons beyond the control of the manager of SIF Muntenia, it is obliged to take the necessary steps to fall within the investment limits within 30 days from the date of exceeding that limit.

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<sup>3</sup> Law 243/2019 art 2 point j

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j) group - the group defined under art. 2 para. (1) point 12 of Law no. 24/2017 on issuers of financial instruments and market operations, (Law no. 24/2017)

Law no. 24/2017, art. 2 paragraph (1) point 12

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12. group - a parent company and all its subsidiaries

In case of exceeding the above mentioned limits, SAI Muntenia Invest has the obligation, within maximum two working days from taking notice of the exceeding, to inform the Depositary of SIF Muntenia and the FSA about exceeding the investment limits. The information shall be made in writing and shall contain at least:

- presentation of the causes that led to this situation;
- presentation of a plan of measures for compliance with the legal requirements within 30 days from the date of taking notice that the investment limits have been exceeded.

The exercise of the preference right related to some existing holdings, acquired by SIF Muntenia from the Romanian state on the basis of other regulations, does not constitute an exceeding of the investment limits.

SIF Muntenia may invest in corporate bonds not admitted to trading on a trading venue, in compliance with the following conditions:

- a. the issuer of corporate bonds must have at least 2 years of activity at the time SIF Muntenia makes the investment in the issue of corporate bonds. If the issuer of corporate bonds not admitted to trading has less than 2 years of activity, SAI Muntenia Invest, on behalf of SIF Muntenia, can only invest in issues of corporate bonds guaranteed by a credit institution authorized by the NBR or a Romanian branch of a credit institution authorized in another Member State or with other liquid / due guarantees representing at least 100% of the value of the corporate bond issue;
- b. the annual financial statements of the corporate bond issuer must be audited in accordance with the law and not indicate significant risks, such as creditworthiness, liquidity or solvency risk, regarding its financial position, which may lead to non-compliance of obligations related to coupon and principal payments of the issue of corporate bonds;
- c. the issuer of corporate bonds not admitted to trading must not be registered in the list of taxpayers with fiscal arrears published on the website of the National Agency for Fiscal Administration;
- d. the issuer of corporate bonds not admitted to trading has registered a profit in at least the last 3 previous financial years, as it results from the related annual financial statements, audited according to the law; if the issuer of corporate bonds has less than 2 years of activity, then it has recorded a profit in all financial years.

In the case of corporate bonds not admitted to trading, which are issued by a company in which SIF Muntenia SA holds at least 51% of the share capital, the aforementioned restrictions do not apply.

Investments in real estate assets will be made in compliance with the following conditions:

- a. SIF Muntenia cannot invest directly in unfinished constructions that do not fall within the definition of real estate assets specified under art. 2 lit. b) of Law no. 243/2019;
- b. SIF Muntenia may buy or sell real estate assets only if they have been previously valued by an independent appraiser, registered in the Public Register of the FSA, in compliance with the regulations issued by the FSA;
- c. The purchase of real estate assets cannot be done at a price that is more than 10% higher than the one determined by the independent appraiser;
- d. The sale of real estate assets cannot be done at a price that is more than 10% lower than the one determined by the independent appraiser;
- e. Transactions with real estate assets can be made in violation of the limits provided in points c. and d. only under the conditions of approval of the transaction by the management structure of SAI Muntenia Invest, taking into account a firm offer for subsequent sale at a higher price. higher than the respective acquisition one, taking into account unforeseen situations which, by selling the real estate asset at a price that is more than 10% lower than the one determined by the independent appraiser, would diminish a potential imminent subsequent loss. Details

of the transactions carried out as mentioned above will be the subject of a current report which will be sent to investors no later than 30 days from the date of the transaction.

- f. The transactions performed under the conditions mentioned under point e will be presented in the annual report of SIF Muntenia, specifying the reasons for the transaction, the date of the transaction, the counterparty of the transaction, as well as the contract price.

#### **4.2.5. Persons responsible for analyzing investment opportunities**

The Board of Directors of SAI Muntenia Invest is responsible for the elaboration of the general investment policy of the AIF, which will be in accordance with the provisions of the AIF documents. AIFM directors / executive management are responsible for implementing the overall investment policy for the AIF.

Within the AIFM there is a separate department called the Investment Opportunities Analysis and Asset Placement Department, responsible for analyzing investment opportunities in accordance with the investment strategies approved by the directors.

#### **4.2.6. Recommended duration of investments**

SAI Muntenia Invest SA recommends a minimum investment period of 5 years. The recommendation aims to obtain relevant performance, covering possible unfavorable short-term developments in the share price. The decision on the term of the investment belongs exclusively to the investors.

### **5. Calculation of SIF Muntenia's Net Asset Value. The value of FIA net assets**

#### **5.1. Rules for assetsevaluation in the AIF portfolio**

The financial securities from SIF Muntenia's portfolio will be evaluated as follows:

1. Financial instruments admitted to trading and traded in the last 30 trading days (working days) on a regulated market or in trading systems other than regulated markets, in a Member State, including an alternative trading system in Romania, as well as those admitted to the official quota of a stock exchange or an alternative trading system from a third state are evaluated as follows:
  - 1.1. the shares and any other negotiable securities that give the right to acquire the respective securities by subscription or exchange are valued as follows:
    - 1.1.1. at the closing price of the market segment considered as the main market, corresponding to the day for which the calculation is made, in the case of shares admitted to trading on that regulated market in the Member State / non-member State stock exchange, or
    - 1.1.2. at the reference price for the day for which the calculation is made, in the case of shares traded in trading systems other than regulated markets, including in 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 is calculated based on the trading activity from the date of the day for which the asset is calculated, used as a benchmark in the opening of the trading session the next day;
  - 1.2.fixed income financial instruments are valued as follows:
    - 1.2.1. at the closing price of the market segment considered as the main market, corresponding to the day for which the calculation is made, in the case of fixed income financial instruments admitted to trading on that regulated market in the Member State / non-member stock exchange or at the reference price which is performed in the case of fixed income 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 the reference price is calculated based on the trading activity from the date of the day for which the asset is calculated, used as a benchmark in the opening of the trading session the next day;

or

- 1.2.2. by the method based on the daily recognition of the interest and the depreciation of the discount / premium related to the period elapsed from the date of the investment;

1.3. money market instruments, similar to the provisions of point 1.2.2,

1.4. the participation titles issued by the UCI, similar to the provisions of point 1.1.

In addition to the valuation rules specified for the types of financial securities mentioned under points 1.1-1.4, the following general rules shall be taken into account:

- a) The financial instruments referred to under points 1.1-1.4 admitted to trading on several regulated markets and / or within several trading systems, other than regulated markets, in a Member State, including alternative trading systems in Romania, traded in the last 30 trading days (working days), shall be valued at the closing price of the market section considered as the main market or at the reference price provided in the alternative systems with the highest degree of liquidity and frequency of trading of that financial instrument determined based on the volume and number of transactions recorded in the previous calendar year.
  - b) If the financial instruments referred to under points 1.1-1.4 are also admitted on stock exchanges or alternative trading systems from a third country, the market price with the highest degree of liquidity and frequency of trading shall be taken into account.
  - c) In the case of financial instruments admitted to trading exclusively on several stock exchanges and / or alternative trading systems from third countries, they will be valued at the closing price of the stock exchange or at the reference price provided within the alternative systems 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 last 365 days, corresponding to the day for which the calculation is performed. The calculation is performed with an annual frequency, at the beginning of each calendar year
  - d) In the case of joint stock companies admitted to trading within a regulated market or a multilateral trading system with a liquidity considered by the management of SIF Muntenia Invest as irrelevant for the application of the market marking valuation method, it may decide that the shares of those companies be evaluated on the basis of an evaluation report. The determination of the relevance of an issuer's market liquidity will be made on the basis of a prudent value judgment of the active market as defined by the fair value measurement standard (IFRS 13). If the management of SIF Muntenia Invest opts to apply this valuation method to the shares of an issuer in the portfolio of SIF Muntenia whose shares are considered illiquid, the valuation method will be mandatory for a period of at least 12 months from the adoption of the decision. The annual report on the management of SIF Muntenia will necessarily contain a substantiation regarding the adoption of this valuation method which will also include an analysis of the issuer's liquidity that has not been evaluated based on the market marking principle.
2. Financial instruments not admitted to trading on a regulated market or in trading systems other than regulated markets, including alternative trading systems in Romania, in a Member State or a third party shall be valued as such.:
    - 2.1. If SIF Muntenia holds more than 33% of the share capital of an issuer not admitted to trading on a regulated market or in trading systems other than regulated markets, the value of the financial securities issued by that issuer will be assessed by applying valuation

methods in accordance with International Valuation Standards (in accordance with the fair value principle);

- 2.2. If SIF Muntenia holds less than 33% of the share capital of an issuer not admitted to trading on a regulated market or in trading systems other than regulated markets, the assessment of the value of the financial instruments issued by that issuer will be made according to one of the applicable model methods described in the valuation models of the participations held by SIF Muntenia as they were reviewed and approved by the Board of Directors of SAI Muntenia Invest;
  - 2.3. Fixed income financial instruments will be valued by the method based on the daily recognition of interest and depreciation of the discount / premium related to the period elapsed from the date of the investment;
  - 2.4. Money market instruments will be valued by the method based on the daily recognition of interest and depreciation of the discount / premium related to the period elapsed from the date of the investment;
  - 2.5. The participation titles issued by the UCI will be valued at the last net asset value calculated and published by their administrator or published by internationally recognized private companies (eg Bloomberg, Reuters).
  3. Financial instruments admitted to trading on a regulated market, within an alternative trading system or within systems other than regulated markets, in a Member State, including within an alternative trading system in Romania, as well as those admitted to official listing of a stock exchange or an alternative trading system from a third country, but not traded in the last 30 trading days (working days), will be valued, starting with the 31st non-trading day as follows:
    - 3.1. the shares and any other negotiable securities giving the right to acquire the respective securities by subscription or exchange are valued by the methods specified under points 2.1 and 2.2 respectively from this document;
    - 3.2. fixed income financial instruments and money market instruments will be valued according to the method specified under point 2.3; the daily recognition of the interest and the depreciation of the discount / the related premium will be made starting from that price level starting with the date of the modification of the valuation method.
- The financial instruments mentioned at 2 and 3, issued by the same entity, but purchased in different tranches, will be valued similarly to point 2.
4. The shares of limited liability companies are valued on the basis of valuation reports prepared with the application of valuation methods in accordance with the valuation standards in force, according to the law (in which the fair value principle is used), approved by the senior management of SAI Muntenia Invest. The evaluation reports will be updated at least annually.
  5. Holdings from current accounts shall be valued by taking into account the balance available on the date for which the calculation is made. The amounts existing in the current accounts of SIF Muntenia opened with the credit institutions that are in the bankruptcy procedure will be included in the net assets at zero value.
  6. Bank deposits and certificates of deposit shall be valued using the method based on the daily recognition of interest for the period elapsed from the date of the investment.
  7. Deposits with interest payment in advance, regardless of the duration of the deposit, shall be valued at the amount of the initial amount set up as a deposit for the entire period of the deposit.
  8. If interest receipts have been made for the deposits referred to under point 6 before maturity, the amounts so collected shall be deducted from the calculated value.
  9. Money market instruments of the trade effects type are valued similarly to the calculation method of fixed income financial instruments, mentioned under point 1.2.2.

10. Shares issued by companies admitted to trading on a regulated market or in trading systems other than regulated markets, but not traded in the last 30 trading days, in connection with which the FSA or another competent authority has decided to open the financial recovery procedure by special administration, shall be assessed according to the methods specified under point 2.1. respectively 2.2.
11. Shares suspended from trading for a period of at least 30 trading days (working days), following the decision of the market or system operator in order to inform investors of information that may lead to changes in the issuer's share price will be evaluated as follows:
  - 11.1. at the weighted average price for the last 30 trading days (working days), calculated up to the date of occurrence of such an event as the arithmetic mean of the weighted average prices in each of the last 30 trading days, or
  - 11.2. at the value determined by using the methods specified under points 2.1 and 2.2 of this document.
  - 11.3. if the suspension from trading takes place during the trading session, for the calculation of the value of the asset of that day, the shares are valued at the closing / reference price, as appropriate, following that to the purpose of counting the 30 trading days (working day), the first day to be considered as the next working day following the suspension. If the suspension takes place right from the beginning of the trading session, the first day is considered the day of the suspension. If the weighted average prices in each of the last 30 trading days are not available for calculating the arithmetic average, SAI Muntenia Invest uses for the determination of the price of the suspended shares only the value determined by using valuation methods in accordance with international valuation standards (where the fair value principle is used).
12. Shares not admitted to trading, including those issued by credit institutions or admitted to trading and not traded in the last 30 trading days (working days), whose financial statements are not obtained within 90 days from the legal submission dates, are included in the asset as follows:
  - 12.1. with zero value, or
  - 12.2. at the value determined by using the methods specified under points 2.1 and 2.2 respectively;

In the case of shares admitted to trading and not traded in the last 30 trading days (working days), as well as in the case of non-traded shares, it will be considered that the methods indicated under points 12.1 and 12.2 will be applied only if the website of the regulated market, of the alternative trading system, of the Ministry of Public Finance or of the issuer does not make available quarterly / half-yearly financial reports based on which the value of the respective shares could be established. For the purpose of counting the 30 days of non-trading, it will be considered that the first day of non-trading is the first working day in which the share has not registered transactions.

13. The shares of the companies regulated by Law no. 31/1990 in the insolvency or reorganization procedure are included in the net assets of SIF Muntenia at zero value.

The valuation at zero value of the shares issued by the companies in the situation referred to under point 13 shall be made from the date on which the announcement was made public on the website of the regulated market, the alternative trading system on which it is traded or on the date of publication of the announcement in the Insolvency Bulletin, any of the conditions comes first.

14. The shares of the companies regulated by Law no. 31/1990 in the judicial liquidation procedure or in other forms of liquidation and of those in temporary or permanent cessation of activity are included in the net assets of SIF Muntenia at zero value, from the date on which the announcement was made public on the web site of the regulated market, of the alternative trading system on which it is traded or from the date of publication of the announcement in the



Insolvency Proceedings Bulletin or from the date of registration with the Trade Register (in case of temporary or permanent cessation of activity), any of condition comes first.

15. The shares of companies in insolvency or reorganization proceedings, which were readmitted to trading on a regulated market or alternative trading system following the issuance of a final court decision on the confirmation by the appointed syndic judge of the reorganization plan of the respective issuer and the confirmation from the issuer / market or system operator regarding the non-appeal with appeal of the sentence regarding the confirmation of the reorganization plan, the evaluation of the respective shares will be done as follows:
  - 15.1. if transactions have been recorded in the period between the date of readmission to trading and the date for which the net assets of SIF Muntenia are calculated, the shares will be valued using the method mentioned under point 1.1;
  - 15.2. otherwise, the shares will be valued according to the method set out under points 2.1 and 2.2 respectively until the date of registration of an available reference price.
16. The shares of the companies regulated by Law no. 31/1990 or the applicable legislation of Member States or third countries from the portfolio of SIF Muntenia that are not admitted to trading or admitted to trading on a regulated market, under an alternative system or under other trading systems, in a Member State, including within an alternative trading system in Romania, as well as those admitted to the official share of a stock exchange or an alternative trading system in a third country, but not traded in the last 30 trading days (working days), with negative values of equity, are included in the net assets calculation at zero value.
17. If a company admitted to trading on a regulated market / alternative trading system, which has a negative equity value, is not traded for a period of more than 30 trading days and this period coincides with the suspension period from the trading of the respective share, then the respective share is valued in the portfolio of SIF Muntenia at zero value.
18. In the event of a division / consolidation of the nominal value of shares admitted to trading on a regulated market or in trading systems other than regulated markets, the shares resulting from the division shall be valued, starting with ex-dates and up to the date of trading by dividing the price before division by the division coefficient, respectively by multiplying by the consolidation coefficient.
19. In the case of operations to reduce the share capital by reducing the number of shares of companies admitted to trading on a regulated market or in trading systems other than regulated markets, starting with ex-dates and until the date of their introduction to trading, the shares are valued by dividing the last available market price prior to the operation of the change of the share capital at the share capital decrease coefficient.
20. Dividends, as well as shares distributed without consideration in cash resulting from participation in capital increases are recorded in the assets of SIF Muntenia on the first day when investors who buy shares no longer receive a dividend or on the first day when investors who buy shares can no longer participate in the capital increase.

If, due to lack of information, the registration in the assets of dividends related to the holding of shares listed on foreign markets cannot be performed in accordance with the provisions of point 20, the equivalent value of those dividends must be registered in the assets on the date the depositary of SIF Muntenia enters the possession of the information regarding the ex-dividend date for the securities from their portfolio, which can be proved with several documents / extracts / publications.

Dividends distributed by companies not admitted to trading on a trading venue in a Member State or on a stock exchange in a third country shall be recorded in the accounts of closed-end investment companies as receivables according to the SGM resolutions approving the balance sheet of that company.

Dividends distributed by companies not admitted to trading on a trading venue in a Member State or on a stock exchange in a third country are recorded in the assets of SIF Muntenia on the date of their collection.

21. In the case of share capital increases that involve a cash consideration from investors, without issuing preference rights, SAI Muntenia Invest will take into account the value of shares due to them and the amount due for newly issued shares only if SAI Muntenia Invest decides for SIF Muntenia SA to participate in the share capital increase of the issuer. The value of the shares due determined according to these rules and the amount due as a result of the participation in the share capital increase are recorded in the assets of SIF Muntenia as follows:

- 21.1. starting from the first day on which the investors who buy the shares can no longer participate in the capital increase, in case the market price is higher than the subscription price;
- 21.2. on the date of effective payment of the subscribed shares upon the increase of the share capital, in case the market price is lower than the subscription price.

In the situation when the operation of increasing the share capital with cash consideration from the investors is not carried out within the legal term established by Law no. 31/1990 from the date of adoption of the SGm resolution, SAI Muntenia Invest will exclude from the portfolio of SIF Muntenia the subscribed shares and will register the amounts paid related to the capital increase not operated on the item «Other assets - Amounts receivable». SAI Muntenia Invest will use all legal steps to recover the cash consideration paid to the issuer for the shares that have not been subscribed for objective reasons attributable to it.

22. In the case of share capital increases that involve a cash consideration from investors, with the issuance of preference rights, the due shares are registered in the assets of SIF Muntenia in compliance with the following rules:

- 22.1. The date on which the due shares are registered is the date of the effective payment of the shares subscribed for the share capital increase;
- 22.2. Until the moment of admission to trading, the shares subscribed by SIF Muntenia within an initial public offering for sale of shares are considered "newly issued securities" and are valued based on the purchase price of the shares subscribed within the public offer. This method of registration and evaluation of the respective shares subscribed by SIF Muntenia is maintained until the date of the first stock exchange transaction;
- 22.3. If the admission to trading of the respective shares is not made within a maximum of 12 months from the date of initiation of the offer period, the shares indicated under point 22.2. will be valued similarly to the shares not admitted to trading, according to the methods specified under point 2.1. respectively point 2.2;
- 22.4. If the public offer of securities indicated under point 22.2. involves the issuance of tradable allotment rights, the allotment rights belonging to SIF Muntenia, which subscribed and paid in full shares within the offer indicated under point 22.2, respectively within the period of exercising the right of preference, are evaluated as follows:
  - 22.4.1. between the date of issue and the date of eventual admission to trading of the allocation rights based on the acquisition price of the shares subscribed within the public offer;
  - 22.4.2. between the date of the eventual admission to trading of the allotment rights and the effective date of the admission to trading of the shares, based on the evaluation of the respective allotment rights according to the rule mentioned under point 1.1;
- 22.5. If SIF Muntenia has subscribed and paid in full for shares within the offer indicated under point 22.2, holding shares of the respective issuer acquired prior to the public offer and the admission to trading of the respective shares, they are evaluated as follows:

- 22.5.1. between the date of issue and the date of eventual admission to trading of the allocation rights, according to the methods specified under 2.1, respectively in point 2.2;
- 22.5.2. between the date of the eventual admission to trading of the allotment rights and the effective date of the admission to trading of the shares, based on the evaluation of the respective allotment rights according to the methods specified under point 1.1.
- 22.6. The allocation rights provided for under point 22.4. will be presented in the reporting forms of SIF Muntenia as follows:
  - 22.6.1. until the moment of admission to trading, within the sections related to the holdings of other securities and money market instruments not admitted to trading;
  - 22.6.2. from the moment of admission to trading and until the moment of issuing the shares subscribed in the public offer, within the sections related to the holdings of other securities assimilated to the shares and money market instruments admitted or traded.
- 23. Newly issued bonds that include a listing commitment are valued up to the date of admission to trading according to the rules provided under point 2.3.
- 24. The shares of companies not admitted to trading resulting from share capital increases without cash consideration are recorded in the assets of SIF Muntenia from the date of operation of the share capital increase at the Trade Registry Office, based on supporting documents provided by the company, certifying the new value of equity corresponding to the new share capital.
- 25. The shares of the companies not admitted to trading resulting from the share capital increases with cash consideration will be evaluated as follows:
  - 25.1. until the date of operation of the share capital increase at the Trade Registry Office, at the subscribed value;
  - 25.2. from the date of operation of the share capital increase at the Trade Registry Office, similar to the provisions from point 2.2., corroborated with the provisions from points 12, 13, and 14.
- 26. The evaluation of the shares held by SIF Muntenia as a result of the participation in the share capital increase without cash consideration, as well as of those with cash consideration registered in assets according to the provisions of point 21 is performed at the closing price of the market section considered as the main market or at the reference price provided in systems other than regulated markets, including alternative trading systems by the Operator of that trading system, on the day for which the calculation is made.  
  
The amount due as a result of participating in the capital increase with cash consideration recorded in assets is valued at the subscription value. In the event that the FSA does not approve the prospectus for the issue of new shares decided by the SGEM of an issuer, the newly issued shares previously registered in the assets of SIF Muntenia according to the provisions of the present rules are eliminated from the assets of SIF Muntenia.
- 27. Preference rights
  - 27.1. If the capital increase is made with the issuance of preference rights, they will be registered in the assets of SIF Muntenia on the first day when the investors who buy the shares can no longer participate in the capital increase.
  - 27.2. Until the moment of the first trading day, the valuation of the preference rights is performed at the theoretical value. The theoretical value of the preference right is calculated according to the formula:

$$\begin{aligned}
 & \text{The theoretical value of the right of first refusal} = \\
 & = (\text{market price of old shares} - \text{the subscription price of new shares based on preference rights}) * \\
 & \quad * [\text{number of new shares} / (\text{number of old shares} + \text{number of new shares})] * \\
 & \quad * [\text{number of old shares} / \text{number of preference rights issued}]
 \end{aligned}$$

where

*the market price of the old shares is the price assessed according to point 1.1, from the last day on which those who buy shares have the right to participate in the capital increase*

- 27.3. Following admission to trading, the preference rights will be valued at the price assessed according to point 1.1. from the day for which the calculation is performed. If no transactions are recorded, the valuation will be maintained at the theoretical value.
  - 27.4. After the trading period of the preference rights and until the moment of exercising them, the preferential rights will be valued at the last closing price of the trading period and recorded in a distinct position "Dividends or other receivables".
  - 27.5. At the time the preferential rights are exercised, the due shares will be duly recorded in the assets of the AIF.
28. Dividends and shares distributed without cash consideration
- 28.1. Dividends and shares distributed without cash consideration, as well as those distributed with cash consideration and amounts due to SIF Muntenia are recorded in a separate position "Dividends or other receivables" within the assets of SIF Muntenia.
  - 28.2. In the event that dividends and shares distributed without cash consideration are not paid / allocated within the legal term / term established in the SGM resolution, they will be included in the assets at zero value. If the legal / established term in the SGM for the payment / dividend allocation falls on a non-working day, it is extended until the end of the first working day.
29. If the principal and the coupons related to fixed income instruments are not paid within 10 working days from the term provided in the issue prospectus, they will be included in the assets at zero value. In monitoring the number of 10 working days, the calendar to be taken into account is the calendar related to the country of residence of the fixed income instruments, in case there may be differences between the working days in Romania and the working days related to other states. If the payment deadline coincides with a non-working day, it is automatically extended until the end of the first working day.
30. For fixed income financial instruments not admitted to trading within a regulated market or an alternative trading system, held in the portfolio of SIF Muntenia, for prudential purposes, in the situation when SAI Muntenia Invest notices, according to the periodic financial statements of the issuer, that there is a significant risk that it will not meet its payment obligations related to periodic coupons and principal, SAI Muntenia Invest will make gradual value adjustments to the exposure on the respective instrument, according to an internal analysis or a valuation report prepared by an authorized evaluator. Those value adjustment applications shall be notified to the FSA once the application of this procedure is initiated.

The depreciation of the value of fixed income financial instruments is also applied in the situation where there are delays in the payment of coupons, changes in the payment date, after their maturity, as well as changes in the maturity date.

SAI Muntenia Invest will publish in the half-yearly and annual activity report submitted to the FSA based on the provisions of the FSA Regulations, complete information on the substantiation, the causes that determined the value adjustment, as well as the detailing of the methodology used for the gradual value adjustment for the financial assets from the portfolio of SIF Muntenia.

If, following the application of the value adjustment, the issuer of fixed income financial instruments not admitted to trading on a regulated market or an alternative trading system does not actually fulfill its payment obligation related to the periodic coupons and the principal, then they will be included in the assets at zero value.

If, following the inclusion in the assets of SIF Muntenia, at zero value in accordance with the provisions of the above paragraph, the issuer of fixed income financial instruments not admitted to trading on a regulated market or an alternative trading system fulfills all outstanding obligations of payment related to the offer documents, then the respective instruments are revalued in the assets of SIF Muntenia, in accordance with the provisions of the present rules.

31. The money market operations, respectively the reversible purchases / sales of assets eligible for trading (repo / reverse repo), are registered in the portfolio of SIF Muntenia as follows:
  - 31.1. reversible purchases in which SIF Muntenia buys assets eligible for trading, with the counterparty's firm commitment to repurchase those assets at a later date and at a price set at the date of the transaction, are valued by daily recognition of the receivable added to the value of acquisition;
  - 31.2. reversible sales in which SIF Muntenia sells assets eligible for trading are not allowed.
32. In the case of operations to reduce the share capital of a company, whose shares are admitted to trading on a regulated market or in an alternative trading system, without the distribution of sums of money, as a result of a reduction in the number of shares, the new diminished number of shares will be reflected in the assets of SIF Muntenia starting with the ex-date, and the evaluation will be performed according to the provisions of the present rules. In the event that the FSA does not approve the operation of reducing the share capital, the amounts previously registered in the assets of SIF Muntenia according to the provisions of the present rules will be eliminated from the assets of SIF Muntenia starting with the date of the individual act of rejection.
33. Registration in the assets of SIF Muntenia of the cash resulting from the distribution to the shareholders of sums of money on the occasion of the operations of reducing the share capital by reducing the nominal value of the share or as a result of the reduction of the number of shares and distribution to the shareholders existing on the registration date of a sum of money corresponding to the reduction of the nominal value or number of shares approved by the SGM Decision, is made in the same manner as used to register dividends distributed to shareholders, provided under point 28, respectively the registration in the assets of SIF Muntenia of the amounts received as a result of the decrease in share capital under the position "Dividends and other receivables", in return for the reduction in the number of shares related to the share capital decrease.
34. SAI Muntenia Invest registers the financial instruments from the portfolio of SIF Muntenia starting with the date of the transaction.
35. The real estate assets in the portfolio of SIF Muntenia are valued on the basis of a valuation report prepared by an independent appraiser, registered in the Public Register of the FSA, in compliance with the regulations issued by the FSA. The revaluation of each real estate asset from the portfolio of SIF Muntenia will be performed at least annually, as well as every time transactions with the respective real estate asset are registered.

The costs of real estate evaluations will be borne by the AIF.

## **5.2. The method of calculating the net asset value**

The net asset value of SIF Muntenia (NAV) will be calculated in accordance with the provisions of the legislation in force.

The NAV calculation formula is:

$NAV = \text{Total value of assets} - \text{Total amount of debt} - \text{Total amount of income recorded in advance}$

Where:

The total value of the assets in the portfolio of SIF Muntenia is determined for each day of calculation of the NAV in compliance with the rules specified in the Operating Documents of SIF Muntenia.

The total value of the debts is determined based on the information taken from the accounting system of SIF Muntenia organized and managed in accordance with the legal provisions in force, respectively from the verification balance closed for the month for which the NAV is determined.

The net asset value per share (NAV per SHARE) will be equal to the NAV divided by the number of issued and outstanding shares (no. Sh.).

The calculation formula of NAV per SHARE is:  $NAV / \text{no. Sh.}$

Where:

Number of issued and outstanding shares (no. Sh.) = With the total number of issued shares - treasury shares - the number of shares related to certificates of deposit or certificates of interest of own shares repurchased and held at the reporting date.

NAV and NAV per SHARE will be calculated by SIF Muntenia's manager and will be certified by SIF Muntenia's Depository

The activities regarding the depository / custody of the assets of SIF Muntenia are ensured by the Depository Romanian Development Bank - Groupe Societe Generale SA (BRD-GSG) based on a depository and custody contract concluded between SIF Muntenia as AIF and BRD-GSG, in compliance legal provisions in force

### **5.3. Frequency of calculating the net asset value**

The net asset value (NAV) and the net asset value per share (NAV per SHARE) of SIF Muntenia are calculated on a monthly basis, according to the applicable legal provisions.

### **5.4. Means, places and frequency of publication of the net asset value**

NAV and NAV per SHARE will be monthly made public, within a maximum of 15 calendar days from the end of the month for which the NAV is determined, by SIF Muntenia's manager, on the website [www.sifmuntenia.ro](http://www.sifmuntenia.ro) and through the information dissemination system of Bucharest Stock Exchange.

## **6. Replacement conditions for the AIFM and the Depository**

### **6.1. Conditions for replacing the AIFM**

SAI Muntenia Invest SA can be replaced in the following situations:

1. In the case of a merger of the managed AIF, if the fund resulting from the merger will be managed by another investment management company;
2. In the event of withdrawal by the FSA of the operating license as a result of:
  - the express request of SAI Muntenia Invest SA;
  - the sanctioning decision;

3. Any other situations provided for under the FSA regulations in force.

In accordance with applicable legal regulations, the FSA will give its opinion on the replacement of the AIFM within 15 working days from the date of submission of the complete documentation, if this operation does not harm the interests of investors. The replacement documentation is that provided in the applicable legal regulations.

The FSA it is entitled to refuse to give its opinion on the replacement if it considers that prudent investment management cannot be ensured.

## **6.2. Conditions for replacing the Depositary**

According to the applicable legal regulations, the Depositary may be replaced by:

- a) termination of the contract by either party, notified to the FSA at least 90 days before it takes effect;
- b) initiation of special supervision or administration procedures by the NBR or opening bankruptcy proceedings;
- c) withdrawal of the operating permit / authorization by the FSA, NBR or the competent authorities of the Member State supervising the activity of the credit institution.

## **6.3. Rules for ensuring investor protection in case of replacement of the Management Company or the Depositary.**

I. In the event of withdrawal of the operating license upon request, the replacement of the S.A.I. MUNTENIA INVEST S.A. will be made by another authorized management company, based on the following documents to be submitted to the FSA:

- a) the delivery / receipt protocol on the transfer of the attributions and operations specific to the management activity to another AIFM, including the transfer of registers and records, of correspondence, advertising materials, contracts and any other documents, in original, of the management bodies;
- b) a report on the termination of the activity and transfer of responsibilities, with the content and annexes provided for the annual report of the undertakings for collective investment (UCI) under management, as well as for the individual investment portfolios managed (if applicable), audited by a financial auditor, member of CAFR

If the operating license of the management company is withdrawn as a result of a sanctioning decision, the FSA designates at the same time a provisional manager, who will perform only administrative acts for the conservation of the patrimony of the managed entities, as well as the obligatory transfer of the management to an AIFM and the publication of this situation, with all due diligence.

Within 15 days from its appointment by the FSA, the provisional manager will publish, in at least 3 national newspapers, the list of entities taken over under temporary management and will make known, in this way, its availability to receive requests to take over those entities, for management by other AIFM.

The interim manager is obliged to make all the information available to the applicants so that they can make an informed decision.

The interim manager has the obligation that, within a maximum of 90 days from its appointment, to identify and propose the FSA the appointment of another AIFM.

During its activity, the interim manager prepares and publishes the reports related to the activity of the entities taken over under temporary management, within the term and according to the requirements provided by the FSA regulations in force.

If the interim manager exceeds the aforementioned 90-day period, the FSA may extend its term of office only once for a period of 90 days, or it may decide to change it, a change which must take place within a maximum period of 15 days from the end of the term of office of the previous provisional manager.

If the condition of identifying and proposing the appointment of another AIFM has not been met even after the expiry of the 90-day time limits mentioned above, the FSA is entitled to order the liquidation of the AIF and to appoint a liquidator.

II. The termination of the depositary contract at the initiative of a signatory party can be achieved after granting a written notice of at least 90 days, which runs from the date of notification of the termination of the contract to the FSA. The AIFM has the obligation to conclude a new depositary contract within 90 days from the termination of the contract, the entry into force of the new contract will be made at the latest on the first working day following the 90th day.

If the supervision or special administration or bankruptcy proceedings are initiated against the depositary, within maximum 5 days from the initiation of such a procedure, the AIFM shall proceed to change the depositary for SIF Muntenia SA, by unilaterally terminating the contract in writing. In case of bankruptcy, the procedure is considered to have been initiated following the issuance by the syndic judge of the decision to open it. Within a maximum of two working days from the date of conclusion of the new depositary contract (as a result of the termination of the previous one), it is sent to the FSA for approval. Within a maximum of two working days from the date of the communication regarding the approval by the FSA of the depositary contract, the assigning depositary begins the full transfer of the assets held for the UCI to the new depositary who has concluded a contract with the AIFM.

The replacement of the management company and / or of the Depositary will be carried out in compliance with the legal provisions and with ensuring the protection of investors, regardless of the causes that led to the replacement of the mentioned entities.

## **7. Leverage calculation methods (gross method or commitment method)**

SAI Muntenia Invest does not actively use leverage in the portfolio management process, respectively does not use methods to increase the exposure of SIF Muntenia's portfolio.

**These Rules have been approved by the Board of Directors of SAI Muntenia Invest and can be consulted together with all SIF Muntenia documents at the headquarters of SAI Muntenia Invest / SIF Muntenia or on the website [www.sifmuntenia.ro](http://www.sifmuntenia.ro)**

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**SAI Muntenia Invest SA**