

Policies and Procedures for Asset Evaluation and Net Asset Value per Share (NAVPS) calculation

The policies and procedures for the evaluation of assets and calculation of net asset value per share (NAVPS) are drafted based on the following legal provisions:

Law no.74/2015 on managers of alternative investment funds Art. 18. - (1)

AIFMs shall ensure that, for each AIF that they manage, appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the AIF can be performed in accordance with this law, the applicable national law and the AIF rules or instruments of incorporation.

(2) Rules applicable to the valuation of assets and calculation of the net asset per unit or share of the AIF shall be laid down in the law of the country where the AIF is established and/or in the AIF rules or instruments of incorporation.

(3) AIFMs shall also ensure that the net asset value per unit or share of AIFs is calculated and disclosed to the investors in accordance with this law, the applicable national law and the AIF rules or instruments of incorporation.

F.S.A. Regulation no. 10/2015 on Alternative Investment Fund Managers with its later amendments and additions.

Art. 17 line (8) For the application of the provisions of art. 18 paragraph (1) and (8) and in compliance with the provisions of art. 7 line (2) letter e and art. 19 line (1) Law no. 74/2015, AIFM notifies FSA at the time of submission of the application for authorization and subsequently, whenever changes occur in the manner the valuation function is provided.

The notification shall also comprise information and data attested by the internal evaluators or depending on the case the external evaluators of the conditions foreseen by art. 18 line (8) letter a and those foreseen by art. 18 line (9) Law no. 74/2015, in the case of external evaluators, respectively those stipulated in art. 18 line (8) letter b of the same law, in case of internal evaluators, as well as the provisions of art. 67-74 of (EU) Regulation (UE) no. 231/2013. AIF asset valuation function is the one that calculates the net asset value per share according to the valuation methods established by national law.

Law no.243/2019 on the regulation of alternative investment funds and for the amending and supplementing certain normative acts

Art. 37. - The Assets in a RAIF's portfolio shall be evaluated in accordance with the provisions of art. 18 of Law no. 74/2015, as subsequently amended and supplemented, and with those of the FSA regulations.

Regulation (EU) no. 231/2013 on the authorization and functioning of alternative investment funds

Art. 45. – The financial instruments in the RIAIF portfolio, less the greenhouse gas emission certificates, are valued in accordance with the provisions art. 113 - 122 from the ASF Regulation no. 9/2014 in conjunction with art. 17 (7) of the ASF Regulation no. 10/2015

European Union Regulation no. 231/2013: art. 67 - 73 [Article 19 of Directive 2011/61/EU]

Article 67 Policies and procedures for the valuation of the assets of the AIF

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Chapter 1

EVERGENT Investments' Assets

The categories of assets in which EVERGENT Investments may invest are established by primary/secondary Romanian capital market legislation applicable to diversified alternative investment funds, intended for retail investors (diversified RAIF).

Investments made by EVERGENT Investments S.A., a self-managed diversified alternative investment fund authorised by the ASF as manager of alternative investment funds, shall be made in compliance with the internal decision-making framework, namely:

- (a) according to the provisions of the Memorandum of Association (art. 14 Prudential rules regarding the investment policy) „The investment policy is approved by the General Meeting of Shareholders and abides by the prudential rules imposed by legal regulations and provisions.”;
- (b) in agreement with the main activity and development direction of the company, and implicitly with the investment strategies, responsibilities assigned to the Board of Directors;
- (c) substantiation of investment strategies is provided by specialized structure that hold the proper knowledge and understanding of the assets EVERGENT invests in.

Chapter 2

Evaluation of Assets in EVERGENT Investments' Portfolio

The evaluation activity of the assets in the company's own portfolio is internally provided by the **Assets Evaluation Office**, abiding by the provisions of art. 18 (2) Law no. 74/2015 on managers of alternative investment funds: *“The rules applicable to the valuation of assets and the calculation of the net asset value per unit or share of the AIF shall be laid down in the law of the country where the AIF is established and/or in the AIF rules or instruments of incorporation.”* and art. 17 line (7) of Regulation no.10/2015 *“ For the application of the provisions of Art. 18 line. (2) Law no. 74/2015, **the valuation rules of the assets of AIFs** which the **AIFM** or external **evaluator** uses shall be those provided in Art. 113-122 of Regulation no. 9/2014.”*

The department meets the function of company assets evaluation, namely the calculation of net asset per share value (NAV) according to the evaluation method set by national law, position defined by art. 17 line (8) of Regulation no. 10/2015 regarding alternative investment funds management.

The Board of Directors sets the valuation methods used and approves the lists of companies that are evaluated through an evaluation report according to the International Evaluation Standards.

Evaluation is made through impartiality, competence, prudence and professional diligence.

The Department is responsible for:

A. Calculation of net asset value (NAV), with the following responsibilities:

- (a) Coordination and insurance of the activity regarding the calculation of net asset value of EVERGENT Investments :
 - . coordinating and ensuring the work on EVERGENT Investments' net asset calculation, NAVPS calculation, which is done on a monthly basis and in the event of increases or,

reductions of capital uses a specialized computer application, which transposes the rules of asset valuation from the national legislation: Regulation no. 9/2014, art. 113-122 and Regulation no. 10/2015, art. 17 para. (The asset valuation rules are detailed in Chapter 3.

Note: for NAV calculation the data processed in the IT application is used as follows:

- (i) data from different official sources is automatically imported (e.g. BVB, Bloomberg);
 - (ii) specific data for each type of assets is processed and the unitary value of that asset results by applying the calculation algorithm;
 - (iii) the resulted value per share resulted from the evaluation reports compliant with the international evaluation standards is entered.
- . presents the IT application modification specifications in case the legal calculation rules for net assets are modified and verifies the accuracy of the modifications requested.
- (b) collaboration and communication with the entities, departments and staff in charge with the registration and generation of data included in net asset calculation, making sure the deadlines and updates of the internal regulation framework are abided by, including the net asset calculation procedure.
 - (c) insuring the relationship with the depository company for the calculation and certification of the company's net asset.
 - (d) providing the net assets reports, according to applicable regulations and reports that have the net asset data as main source (e.g. statistic reports to BNR, FSA, AIFM specific reports as per Annex IV to EU Regulation no. 231/2013)
 - (e) carrying out regular analysis regarding the structure and evolution of the company's net asset.
 - (f) the preparation of the section of the annual activity report of the Board of Directors on the justification of the decision which includes an analysis of the liquidity of the issuer(s) which has/have not been marked to market, thereby further developing the decision that certain listed issuers are valued on the basis of a valuation report prepared in accordance with International Valuation Standards

B. Evaluation of certain individual assets (shares) through Evaluation Reports according to international valuation standards and for the verification of reports drafted by third parties (member of the National Association of Certified Evaluators from Romania(ANEVAR) specialized in enterprise evaluation or another international organization recognized by ANEVAT, with an equivalent specialization), expressing an opinion for internal use, as well as for the submission of information for net asset calculation purposes.

- (a) Regarding the *net asset calculation activity*, the responsibility of the department is the drafting of evaluation reports compliant with the International Evaluation Standards for shares in EVERGENT Investments' portfolio classified in the case of net assets, in various categories (e.g. shares issued by unlisted companies, shares issued by listed companies not traded over the last 30 days, shares issued by companies in insolvency, shares suspended from trading for at least 30 trading days).

On the basis of the recommendations received from the portfolio management

departments, following the monitoring activity of the issuers in the EVERGENT Investments portfolio (portfolios classified by various categories), the Asset Valuation Service together with the Portfolio Managers analyses and proposes for the approval of the Board of Directors, the companies to which valuation is applied based on the valuation report prepared in accordance with the applicable International Valuation Standards.

- (b) Other assessment responsibilities for the internal use of EVERGENT Investments:
- assets evaluation, in case EVERGENT Investments intends to invest, for the grounding of the decision regarding investment opportunity and selection, in compliance with the investment objectives and strategy;
 - evaluation of EVERGENT Investments' individual financial statements for financial reporting and reports specific to the capital markets, in accordance with IFRS;
 - verification / preparation of evaluation reports by third parties for the assets in EVERGENT Investments' investment intention;
 - verification of evaluation reports for the companies and/or assets in EVERGENT Investments' portfolio, prepared by third parties;
 - preparation and participation to the drafting of evaluation methodologies for the assets EVERGENT Investments invests in for the first time, and for which no proper evaluation methodologies exist.

It reports to the Chief Executive Officer, is coordinated by the Director and is independent of the departments responsible for portfolio management, investment policy implementation and trading operations.

The staff of the department meets the following requirements:

- individuals who calculate NAVPS carry out this activity solely within the company and their pay is not connected to the value of evaluated assets.
- the individuals who carry out the individual evaluation of the assets compliant with the International Evaluation Standards have the professional competence necessary and abide by the independence and conflict of interest requirements in relation with the evaluated companies, namely: he/she is not a significant shareholder, he/she is not an administrator/censor/auditor/employee and has not had such a position in the last year.

Chapter 3

Assets Evaluation Rules

The norms applicable to asset evaluation are set by national law, namely FSA Regulation no. 9/2014, art. 113-122. Regulation no. 10/2015, art. 17 line (7) states the use of these rules: *“In the application of the provisions of art. 18 line (2) of Law no. 74/2015, the evaluation rules of AIF that AIFM or external evaluator uses accordingly are those foreseen by art. 113-122 of Rule no. 9/2014 applicable to UCITS ...”, as well as FSA Regulation no. 7/2020, art. 45 line. (1) “Financial instruments in RAIF portfolio, less greenhouse gas emission certificates are evaluated in accordance with the provision of art. 113-122* of FSA Regulation no. 9/2014 corroborated with art. 17 line (7) of FSA Regulation no. 10/2015 “.*

EVERGENT Investments does not use models for assets evaluation, as per art. 68 (EU) Regulation no. 231/2013..

“The evaluation rules and procedures for EVERGENT Investments' assets” are presented for

each asset type and displayed on the website www.evergent.ro. The frequency of EVERGENT Investments' assets evaluation for the purpose of calculating net asset value is:

- monthly, for liquid assets, where there is a market price;
 - at least annually, based on an assessment report, in case of joint stock companies:
 - . not allowed for trading on a regulated market or alternative trading system in which AIF holds over 33% of the share capital;
 - . admitted to trading on a regulated market or a multilateral trading facility with a liquidity considered by EVERGENT Investments SA as irrelevant for the application of the mark-to-market valuation method.
- (a) The valuation methodologies for each type of asset in which the company may invest, subject to the relevant legal provisions, are set out in the Annex.
- (b) In the case of valuation of assets where a market price exists the valuation methodology chosen must take into account the relevant market and market prices. By exception, in the case of share companies admitted to trading on a regulated market or a multilateral trading facility with a liquidity considered by EVERGENT Investments SA, on the basis of a prudential value judgment relating to the asset market defined by International Financial Reporting Standard 13 - Fair Value Measurement (IFRS 13), as not relevant for the application of the mark-to-market valuation method, EVERGENT Investments SA may decide that the shares of such companies shall be valued on the basis of a valuation report prepared in accordance with the valuation standards in force, as required by law. If it opts for the application of this valuation method, it shall maintain the said valuation method for a period of at least one calendar year for those shares considered illiquid.
- (c) In the case of valuation of assets where there is no market price, valuation standards or book value per share shall be applied as appropriate in determining value.

The Board of Directors is responsible for approving asset valuation methods in accordance with International Valuation Standards, which mainly include:

- market approach method;
- income approach method;
- cost approach method.

Before investing for the first time in a certain asset type, EVERGENT Investments identifies the proper valuation methodology or methodologies.

The risk management function provides appropriate support on policies and procedures adopted for the valuation of assets.

Chapter 4

Calculation and Monitoring of relevant threshold

EVERGENT Investments – certified internally managed AIF/AIFM – calculates and monitors the relevant threshold depending on the value of managed assets, including all assets acquired through the use of the lever effect, in compliance with the requirements of art. 3-4 Regulation no.10/2015.

Chapter 5

Calculation of net asset value per share (NAVPS). Reporting

Net asset value per share is calculated according to national legislation by EVERGENT Investments, within the administrative functions it exercises.

EVERGENT Investments has fully standardized calculation procedures and methodology for the calculation of net asset value per share, through:

- (a) internal work procedures regarding Net Asset Calculation, which are connected to the asset portfolio monitoring procedures and the (individual) assets evaluation procedure, in accordance with the international evaluation standards;
- (b) work procedures with the depository, annexes to the Deposit and Custody Agreements that include provisions for the calculation and certification of net assets value.

The calculation of the net asset value per share (NAVPS) is done monthly by EVERGENT Investments and in the case of capital operations (increases/decreases s.a.), using a specialized computer application, which transposes the rules of asset valuation. The asset custodian certifies the monthly statement.

EVERGENT Investments reports them to BVB and displays them on its website www.evergent.ro/raportari_periodice/activ_net_lunar/:

- *monthly*: “Statement of assets and liabilities of EVERGENT Investments” within maximum 15 calendar days from the end of the reporting period, for the period for which reporting is done; if the last day of transmission to the A.S.F. or of publication of the reports is not a working day, they shall be transmitted on the next working day after this date (form according to the regulations in force);
- *quarterly*: “Statement of EVERGENT Investments’ assets” - detailed presentation of asset categories, together with the quarterly activity report of the Board of Directors (form in accordance with the regulations in force).

Also, in the monthly Newsletter - written in Romanian and English (BVB, www.evergent.ro, mailing list of shareholders) relevant data on EVERGENT Investments assets are presented: structure, exposure by sectors of activity, NAVPS evolution, price, discount, top companies.

In the event of an improper valuation of an asset, the Asset Valuation Office informs the executive management immediately after becoming aware of this situation, which orders

the revision of the value of the asset in order to remedy the deviation. The correction of the differences in value or other problems arising from the valuation of assets shall be carried out within 3 working days of the discovery of the error.

The review process addresses the reasonable nature of each value and includes:

- . checking prices against prices from external sources and against prices over time
- . validating values by comparing realised prices with recent book values
- . examining the reputation, consistency and quality of the valuation sources used
- . comparison with values generated by a third party
- . examination of derogations and their formalisation
- . highlighting and analysing differences that appear unusual or vary according to the reference level established for the asset in question
- . identifying stale prices
- . comparison with the prices of any related assets
- . analysis of the input data used for asset pricing.

The adjusted VUAN (which includes individual asset value adjustments), in conjunction with the reporting obligations set out in Chapter 5, will be communicated to investors (BVB, www.evergent.ro, mailing list of shareholders):

- either as soon as the error is corrected, in case the error is significant
- or in the following reporting document, in case the error is insignificant.

Chapter 6

Risks connected to professional responsibility

Risks related to professional liability are covered by additional own funds in accordance with Article 9(7) of Directive 2011/61/EU on the risks of loss or damage caused by a relevant person through negligence in the performance of activities for which the AIFM bears legal responsibility as regards "the valuation of assets or the mispricing of shares" (Article 12(2)(e) of the Regulation).

Chapter 7

Tasks of the Depository regarding the evaluation of shares foreseen in art. 94 of EU Regulation no. 231/2013

Depository Agreement. EVERGENT Investments conclude a written contract with the depository. The depository contract and working procedures shall regulate the flow of information deemed necessary to enable the depository to perform its functions, with the aim of ensuring a high level of investor protection in accordance with the law. The depository agreement and working procedures shall meet the legal requirements and include at least provisions on:

- (a) the specific rights and obligations of the Depository and EVERGENT Investments;
- (b) the proper safekeeping of all EVERGENT Investments assets by the Depository;
- (c) the categories of assets in which EVERGENT Investments may invest and the geographical regions in which EVERGENT Investments intends to invest.
- (d) the manner in which the depository performs its supervisory and control functions:

- business risk assessment and business complexity: the depositary assesses risks related to the nature, size and complexity of EVERGENT Investments' strategy and organisation with a view to developing appropriate oversight procedures for the company and the assets in which it invests, which are then implemented and enforced;
 - control over assets not in custody: the depositary shall ensure that procedures are in place so that registered assets cannot be allocated, transferred, exchanged or delivered without the depositary or its delegate being informed of such transactions and that the relevant third parties grant it access to documentary evidence of transactions;
 - cash flow monitoring: appropriate procedures to identify, at the end of the working day, significant cash flows and in particular those that may be inconsistent with the company's activities;
 - Responsibilities regarding EVERGENT Investments procedures: the custodian ensures that the company establishes and implements a number of procedures, such as valuation procedures;
 - access to accounting registries.
- (e) a statement that the depositary's liability is not affected by the delegation of its custodial functions, unless it is exempted from liability in accordance with the law;
- (f) the period of validity and the conditions for modification and termination of the contract, including the situations that could lead to termination of the contract and details of the termination procedure and, if applicable, the procedures by which the depositary must transmit all relevant information to the successor entity;
- (g) the confidentiality obligations that apply to the parties under applicable laws and regulations.

The depositary's tasks relating to the assessment of the actions provided for in Article 94 of Regulation (EU) No 231/2013 are:

- (a) it verifies on an on-going basis that adequate and consistent procedures have been established and applied for the valuation of assets in accordance with Article 19 of Directive 2011/61/EU and its implementing measures and the company's rules and instruments of incorporation;
- (b) it makes sure that evaluation policies and procedures are effectively implemented and reviewed periodically;
- (c) the depositary's procedures must be applied with a frequency that corresponds to the frequency laid down for the AIF valuation policy defined in Article 19 of Directive 2011/61/EU and its implementing measures;
- (d) if the depositary considers that the value of the AIF shares has not been calculated in accordance with the applicable law, the AIF rules or Article 19 of Directive 2011/61/EU, it shall inform the AIFM and/or the AIF and ensure that corrective measures are taken in a timely manner in the interest of AIF investors.

If the depositary finds that the errors could not be remedied in the course of current operations, it triggers an escalation procedure, whereby it: requests the AIFM to communicate the remedial measures and the deadline for remedy, which may not be more than 3 working days from the date of notification; ensures that the deviation has been remedied in compliance with the regulations in force and the AIF rules and instruments of incorporation; notifies the AIFM at the latest on the working day following the expiry of the deadline for remedy.

If the deviation cannot be remedied, the Depositary shall notify the ASF no later than the business day following the expiry of the period within which the AIFM was to remedy the deviation.

Chapter 8 **Revision of the Policy**

The review of the Policy and procedures for valuing assets and calculating the unit net asset value per share (VUAN) is carried out at least once a year (usually in the first quarter).

Revision is mandatory in the following cases:

- legislative changes and legal regulations on the rules for the evaluation of assets;
- before EVERGENT Investments engages in a new investment strategy or in investing in a new type of asset not subject to the current valuation policy;
- The decision of the Board of Directors to revise the valuation procedures and methods, following recommendations made by a third party, following a review of their continued appropriateness and effective implementation.

The process of reviewing policies and procedures for asset valuation will be done with assistance of the risk management function and consultation with the depositary.

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