



**RISK PROFILE OF
EVERGENT Investments S.A.**



Drive for
performance

RISK PROFILE OF EVERGENT Investments S.A.

Law 74/2015 on the managers of alternative investment funds Art. 15 paragraph

(3) AIFM shall at least make sure that:

c) the risk profile of the company corresponds to the size, portfolio structure and set investments strategies and objectives of EVERGENT Investments.

Art.23 paragraph (2) For each managed AIF from the European Union and for each AIF whose units it distributes in the European Union, AIFM should send FSA the following information:

c) **current risk profile** of the AIF and risk management systems used by the AIFM to manage market risks, liquidity risk, counterparty risk and other risks, including operational risks.

(EU) Regulation no. 231/2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general conditions for business, depositaries, leverage, transparency and supervision.

Art. 44. Risk Limits

(1) AIFM sets and applies quantitative, qualitative risk limits or both for each AIF it manages, taking into account all relevant risks. If there are only qualitative limits set, the AIFM should be able to justify this approach before the competent authority.

(2) Qualitative and quantitative risk limits for each AIF cover at least the following risks:

- a) market risks;
- b) credit risks;
- c) liquidity risks;
- d) counterparty risks;
- e) operational risks.

(3) On setting the risk limits, the AIFM takes into account the strategies and assets used for each managed AIF, as well as the national norms that apply to each of these AIFs. These **risk limits should correspond to the risk profile** of the AIF as notified to investors, in compliance with article 23 paragraph (4) letter c) of EU Directive 2011/61/EU and be approved by the management body.

Article 108 Regular notifications to investors

(4) Notification of the *risk profile* of the AIF, in compliance with art. 23 paragraph (4) letter (c) of Directive 2011/61/EU presenting:

(a) measures to assess the sensitivity of the AIF portfolio to the most relevant risks that the AIF is or may be exposed to;

(b) whether the risk limits set by the AIFM have been or are likely to be exceeded and, if these risk limits have been exceeded, a description of the circumstances and the corrective actions taken.

This information shall be disclosed as part of the AIF's regular reporting to investors in compliance with its rules or articles of association or at the same time the prospectus and offering documents are made available and at least at the same time as the annual report is made available or published in accordance with Article 22 paragraph (1) of Directive 2011/61/EU.

(EU) Regulation no. 1255/2021 amending (EU) Delegated Regulation no. 231/2013 with respect to sustainability risks and sustainability factors to be taken into account by alternative investment fund managers

Article 40 Risk Management Policy

(2) The risk management policy must include the procedures necessary to allow the AIFM to evaluate, for each AIF it manages, the exposure to market risk, liquidity risk, sustainability risk and counterparty risk, as well as the AIF's exposure to all other relevant risks that might have a significant impact for each managed AIF, including operational risks.

The Board of Directors sets the risk profile of EVERGENT Investments and ensures that the necessary measures are taken to fit the actual risks into the risk profile communicated to investors.

The risk profile represents all EVERGENT Investments' exposures to real and potential risks.

The risk profile is assessed at least once a year and as often as deemed necessary according to the risk matrix, based on the strategic objectives and, appropriately, the risk appetite. Its role is to determine the size of each relevant risk and the overall level of risk, based on relevant indicators.

For the proper monitoring of the relevant risks, in the context of compliance with EVERGENT Investments' regulatory framework, the following have been set for each relevant risk category:

- **Risk limits.** EVERGENT Investments has set quantitative risk limits for the relevant risks it is or may be exposed to, namely: *market risk, liquidity risk, sustainability risk, issuer risk, credit and counterparty risk and operational risk.*

In order to set risk limits, relevant *indicators*¹ were used for each individual risk category. The risk limit for each relevant indicator is given by the *risk tolerance*, namely the ability of EVERGENT Investments to accept or absorb that particular risk and *risk appetite*, namely the level up to which EVERGENT Investments is willing to undertake that particular risk.

In setting tolerance limits and risk appetites, the historic values recorded by EVERGENT Investments on the respective risk indicators were taken into account.

- **Risk tolerance** represents EVERGENT Investments' ability to accept or absorb risks. In EVERGENT Investments' view, keeping risks within the established tolerance margin constitutes a safety net in maintaining the level of risk appetite established strategically. Risk tolerance, a tool for adjusting risk appetite, in terms of valuation levels/limits/value ranges, is expressed in the form of the evolution of risk indicators specific to each relevant risk category identified and undertaken by EVERGENT Investments. Risk tolerance levels can be: high, medium, low.
- **Risk appetite** represents the level of risk expressed for each risk category, up to which EVERGENT Investments is willing to take risks, respectively to accept them, in accordance with the established investment strategy and policies, in the context of keeping the risks under control within the risk profile assumed for each risk category. The risk appetite expressed corresponds to the risk profile assumed by EVERGENT Investments. Risk appetite can be: high, medium, low.
- **Risk profile**, given the nature, size and complexity of EVERGENT Investments' activities.

Taking into account the investment policy and assets under management of EVERGENT Investments, *risk indicators*, *risk tolerance ranges*, *tolerance limits* and *risk appetite of EVERGENT Investments* have been established for the management of market risk, issuer risk, liquidity risk, sustainability risk, credit and counterparty risk and operational risk.

The risk indicators, tolerance limits and risk appetite for each risk are described in the operational risk management procedures.

The risk management function communicates on a quarterly basis to Executive Management and the Board of Directors updated information on the current level of risks to which EVERGENT Investments is exposed, as well as any existing or foreseeable breaches of established risk limits, to ensure that prompt and appropriate action can be taken.

¹ The method to measure the risk indicators for each risk is detailed in the risk management procedures and methodologies.

EVERGENT Investments' Risk Profile

Based on historic and current values of risk indicators, tolerance limits and risk appetite set by the Board of Directors, the risk profile of EVERGENT Investments is as follows:

Risk type	Risk level
Market risk	Medium
Issuer risk	Medium
Liquidity risk	Low
Sustainability risk	Medium
Credit and counterparty risk	Medium
Operational risk	Medium
Overall risk profile	Medium

For each qualitative level of risk there is a corresponding quantitative level. For each risk indicator, risk management procedures determine its weight in the overall risk profile. The product of the weight of each risk and the quantitative level of risk appetite determines the quantitative value of that risk. The overall quantitative risk value is determined by summing the quantitative values of all risks.

The overall risk profile undertaken by EVERGENT Investments is a **medium** one, corresponding to a **medium risk appetite**.

Information on the risk profile of EVERGENT Investments is disclosed as part of regular reporting to investors.

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