



Drive for  
performance

A large, light blue diamond shape with rounded corners, centered on a white background. The text is positioned in the upper-left portion of the diamond.

**VALUATION  
POLICIES FOR  
ASSETS of  
EVERGENT Investments S.A**

## **Policies and procedures for the valuation of assets and for calculating the net asset value per share (NAVPS)**

*Policies and procedures for the valuation of assets and for calculating the net asset value per share (NAVPS) are prepared in accordance with the following legal provisions:*

### **Law no. 74/2015 on the issuers of alternative investment fund managers Art. 18.**

- (1) AIFMs shall ensure that, for each AIF managed, adequate and consistent procedures are established so that an appropriate and independent valuation of the assets of the AIF can be carried out in accordance with this law, the specific applicable law and the rules or articles of incorporation of the AIF.

(2) The rules applicable to the valuation of the assets and the calculation of the unit net asset value of the AIF shall be laid down in the law of the country where the AIF is established and/or in its rules or articles of incorporation.

(3) The AIFM shall also ensure that the unit net asset value of the AIF is calculated and disclosed to investors in accordance with this law, applicable capital market legislation and the AIF rules or articles of incorporation.

### **FSA Regulation no. 10/2015 on alternative investment fund management, as subsequently amended and supplemented**

Art. 17 line (8) In the application of the provisions of art. 18 line (1) and (8) and with the abidance by the provisions of art. 7 line (2) letter e) and art. 19 line (1) Law no. 74/2015, AIFM notifies FSA at the time the authorization application is submitted and subsequently whenever changes occur, regarding the manner in which the valuation function is ensured. The notification includes information and data that certify that the internal valuator or, depending on the case, the external valuator meet the requirements foreseen by art. 18 line (8) letter a) and those of art. 18 line (9) Law no. 74/2015, in case of external valutors, those foreseen by art. 18 line (8) letter b) of the same law, in the case of internal valutors, the provisions of art. 67-74 of Regulation (EU) no. 231/2013 as well. The asset valuation function of the A.I.F. is the function that calculates the net asset value per share, in accordance with the valuation methods established under national legislation.

### **Law no.243/2019 regarding the regulation of alternative investment funds and the amendment and supplementation of certain normative acts**

Art. 37. - The assets in the portfolio of an AIFRI are valued in accordance with the provisions of Article 18 of Law No. 74/2015, as subsequently amended and supplemented, and with the regulations issued by the F.S.A.

### **FSA Regulation no. 7/2020 on the authorization and operation of alternative investment funds**

Art. 45. – (1) The financial instruments in AIFRI portfolio, less greenhouse gas emission certificates, are valued in accordance with the provisions of art. 113-122\* from the FSA Regulation no. 9/2014 in conjunction with art. 17 line (7) of FSA Regulation no. 10/2015.

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

*Article 67 Policies and procedures for the valuation of the assets of the AIF*  
*Article 68 Use of models to value assets*  
*Article 69 Consistent application of valuation policies and procedures*  
*Article 70 Periodic review of valuation policies and procedures*  
*Article 71 Review of individual values of assets*  
*Article 72 Calculation of the net asset value per unit or share*  
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## Chapter 1

### Assets of EVERGENT Investments

The categories of assets in which EVERGENT Investments may invest are established by the primary and secondary capital market legislation in Romania, applicable to diversified alternative investment funds intended for retail investors (diversified A.I.F.R.I).

Investments made by EVERGENT Investments SA, a self-managed diversified alternative investment fund, authorized by the F.S.A. as an alternative investment fund manager, are carried out in compliance with the internal decision-making framework, namely:

- (a) in accordance with the provisions of the Memorandum of Association - art.13. Company's Investments, prudential rules regarding the investment policy "The investment policy is approved by the General Meeting of Shareholders and complies with the prudential rules imposed by regulations and legal provisions.";
- (b) in line with the main business and development directions of the company, and implicitly with the investment strategy, responsibilities that fall within the mandate of the Board of Directors;
- (c) the substantiation of investment strategies is carried out by specialized structures that possess adequate knowledge and understanding of the assets in which EVERGENT Investments invests.

## Chapter 2

### Valuation of assets in EVERGENT Investments portfolio

The activity of valuing assets in proprietary portfolio is ensured internally by the **Asset Valuation Department**, in compliance with the provisions of art. 18 (2) din Law no.74/2015 on the issuers of alternative investment fund managers: *"rules applicable to the valuation of assets and the calculation of the net asset value per unit of the A.I.F. are established in the legislation of the country where the A.I.F. is established and/or in its rules or articles of incorporation."* and art.17 line (7) Regulation no.10/2015 *"in the application of art. 18 line (2) Law no. 74/2015, **the rules for AIF valuation**, that AIFM or the external valuator uses, are those foreseen by art. 113-122 Regulation no. 9/2014."*

The department performs the function of valuing the company's assets, namely calculating the net asset value per share (NAV) in accordance with the valuation methods established by national legislation, a function defined by Article 17 (8) of Regulation No. 10/2015 on the management of alternative investment funds.

The Board of Directors approves the valuation methods used and approves the list of companies that are valued based on a valuation report prepared in accordance with the International Valuation Standards (IVS). The valuation is carried out in an objective, transparent, and impartial manner, in compliance with IVS, acting with honesty, fairness, and professional diligence.

**The Department** is responsible for the:

- A. **Calculation of net asset unit value (NAV)**, having the following responsibilities:
  - (a) coordinates and ensures the calculation of the net asset value (NAV) and the net asset value per share (NAPS) of EVERGENT Investments:

- . calculation of net asset value of EVERGENT Investments and calculation of NAVPS which is performed monthly and also in the event of share capital increase or reduction (EVER).  
NAV/NAVPS calculation uses a specialised IT application that implements the asset valuation rules from national legislation: Regulation no. 9/2014, art. 113-122 and Regulation no. 10/2015, art. 17 line (7).  
The asset valuation rules are presented in detail in Chapter 3. Note: for NAVPS calculation, data entered in the IT application is used as follows:
  - (i) data are automatically imported from various official sources (e.g., Bucharest Stock Exchange, Bloomberg) representing observable fair values;
  - (ii) the portfolios process specific data (ownership data; financial-accounting data; issuer status; unit fair values certified by the issuer) for each type of asset, and by applying the calculation algorithm, the fair value of the asset is obtained;
  - (iii) the fair value of the asset resulting from valuation reports prepared in accordance with the International Valuation Standards (IVS) is entered.
- . Submits specifications for modifying the IT application in the event of changes to the legal rules for calculating the net asset value and verifies the correctness of the implemented modifications.
- (b) collaborates and communicates with the entities, departments, and personnel responsible for recording and generating the data used in the net asset value calculation, ensuring compliance with deadlines and updates to the internal regulatory framework, including the net asset value calculation procedure.
- (c) in order to calculate and certify the company's net asset value, ensures collaboration and the flow of sending and receiving documents with the depositary company.
- (d) Prepares net asset reports in accordance with applicable regulations and reports that primarily use data from the net asset value (e.g., statistical reports to the National Bank of Romania and the F.S.A.; specific reports of the A.I.F.M. in accordance with Annex IV of EU Regulation No. 231/2013)
- (e) conducts periodic analyses regarding the structure and evolution of the company's net asset value.
- (f) prepares the section of the Board of Directors' annual activity report regarding the decision-making rationale, which includes an analysis of the liquidity of issuers that have not been valued based on the mark-to-market principle, thereby justifying the decision by which certain listed issuers are valued based on a valuation report prepared in accordance with the International Valuation Standards.

**B. Valuation of individual assets (interests) based on valuation reports prepared in accordance with the International Valuation Standards and verification of the valuation reports prepared by third parties.** The preparation of these valuations by authorized valuers who are members of the National Association of Authorized Valuers of Romania (ANEVAR) specialized in business valuation, or by a member of another international organization recognized by ANEVAR, with an equivalent specialization. The authorized valuator expresses his opinion for the internal use of EVERGENT Investments to calculate net asset value:

- (a) For the *net asset calculation activity*, the department's responsibility consists of preparing the valuation reports in accordance with the International Valuation

Standards for the equity interests in EVERGENT Investments' portfolio that fall into different categories (e.g. shares issued by unlisted companies, shares issued by listed companies not traded in the last 30 days, shares issued by companies in insolvency, shares suspended from trading for at least 30 days, shares listed that are classified as having no active market).

Based on the recommendations received from the managers of portfolio management departments, following the activity of monitoring issuers in EVERGENT Investments' portfolio (portfolios classified into different categories), the Asset Valuation Department, together with portfolio managers analyse and propose to the Board of Directors the companies for which the valuation method based on valuation reports prepared in accordance with the application International Valuation Standards shall be used".

- (b) Other valuation responsibilities for the internal use of EVERGENT Investments:
- evaluates the assets in which EVERGENT Investments intends to invest, in order to support the decision regarding the appropriateness and selection of the investment, in accordance with the investment objectives and strategy;
  - evaluates the individual assets of EVERGENT Investments for financial reporting and capital market-specific reporting, in accordance with IFRS;
  - reviews/prepares valuation reports produced by third parties for assets under the investment consideration of EVERGENT Investments;
  - reviews valuation reports of companies and/or assets in EVERGENT Investments' portfolio prepared by third parties;
  - upon the proposal of the portfolio managers, prepares and participates in the development of asset valuation methodologies for assets in which EVERGENT Investments is investing for the first time and for which valuation methodologies have not yet been approved.

The department is subordinate to the Deputy CEO and is functionally independent from the departments that are responsible for portfolio management, implementation of investment policy, trading operations and remuneration policy and it is governed by measures designed to ensure the limitation of conflicts of interest and prevention of undue influence on the employees.

The deputy-CEO reviews the documents issued by AVD that area subject to the approval of the Management Committee.

The staff of the department meets the following requirements:

- The person calculating NAVPS carries out this activity solely within the company and their remuneration is not connected to the value of assets being valued.
- The person valuating the AIF's holdings is an authorized valuator, member of the National Association of Authorized Valuators of Romania (ANEVAR) with a specialization in the valuation of enterprises, goodwill, other intangible assets, and non-financial liabilities, and/or a member of another recognized international organization with an equivalent specialization, who complies with independence requirements and conflict-of-interest management in relation to the asset being valued, and whose remuneration is not linked to the value of the assets being valued.

### Chapter 3 Asset Valuation Rules

Rules applicable to asset valuation are set by national law, namely FSA Regulation no. 9/2014, art. 113-122. Regulation no. 10/2015, art. 17 line (7) specifies the use of these rules: *“In the application of the provisions of art. 18 line (2) Law no. 74/2015, the rules for the valuation of AIF assets that AIFM or the external valuator uses accordingly are those foreseen under article 113-122 Regulation no. 9/2014.”*, as well as FSA Regulation no. 7/2020, art. 45 line (1) *“The financial instruments in AIFRI portfolio, less greenhouse gas emission certificates, are valued in accordance with the provisions of art. 113-122\* from the FSA Regulation no. 9/2014 in conjunction with art. 17 line (7) of FSA Regulation no. 10/2015 “.*

EVERGENT Investments does not use models for asset valuation, in the meaning of art. 68 Regulation (EU) no. 231/2013.

*“The rules and procedures for the valuation of EVERGENT Investments’ assets”* are presented in the attachment for each asset type and posted on website [www.evergent.ro](http://www.evergent.ro). The frequency of EVERGENT Investments’ asset valuation for the purpose of calculating the net asset value is carried out:

- monthly, for liquid assets, where a market price exists;
  - at least annually, based on a valuation report, in case of joint-stock companies:
    - . not admitted for trading on a regulated market or an alternative trading system, in which the A.I.F. holds over 33% of the share capital;
    - . admitted for trading on a regulated market or a multilateral trading system, with liquidity considered by EVERGENT Investments SA to be 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, in compliance with the applicable legal provisions, are presented in the annex.
- (b) In the case of valuing assets for which a market price exists, the chosen valuation methodology must take into account observable prices and the relevant market. By way of exception, for joint-stock companies admitted to trading on a regulated market or a multilateral trading system with liquidity considered irrelevant (based on a prudential judgment regarding the active market as defined by International Financial Reporting Standard 13 – Fair Value Measurement) for the application of the mark-to-market valuation method, EVERGENT Investments SA may decide that the shares of such companies be valued based on a valuation report prepared in accordance with the applicable valuation standards under the law. If this valuation method is applied, the chosen method must be maintained for a period of at least one calendar year for the respective shares considered illiquid.
- (c) In the case of valuing assets for which no market price exists, the determination of value shall, as appropriate, apply the valuation standards or the book value per share.

The Board of Directors has the responsibility to approve the asset valuation methods in accordance with the International Valuation Standards, which include:

- market approach methods;
- income approach methods;
- cost approach methods.

Before investing for the first time in a particular type of asset and upon a change in the status of a financial instrument, EVERGENT Investments identifies the appropriate valuation methodology or methodologies.

The risk management function provides appropriate support regarding the policies and procedures adopted for asset valuation.

#### *Chapter 4*

### **Calculation and monitoring of relevant threshold**

EVERGENT Investments – self-managed, authorized AIFM/AIF calculates and monitors the relevant threshold based on the value of managed assets, including all assets acquired through the use of leverage, in accordance with the requirements of articles 3-4 Regulation no.10/2015.

#### *Chapter 5*

### **Calculation of net asset per share value (NAVPS). Reports**

The net asset value per share is calculated in accordance with national legislation by EVERGENT Investments within the administrative functions it performs.

EVERGENT Investments has procedures and methodologies for calculating the net asset value per share that are fully formalized, through:

- (a) internal working procedures regarding the Net Asset Value calculation, aligned with the procedures for monitoring the asset portfolio and with the procedure for valuing individual assets based on a valuation report prepared in accordance with the International Valuation Standards;
- (b) working procedures with the depositary, annexes to the Depositary and Custody Agreement, which include provisions for the calculation and certification of the net asset value.

The calculation of the net asset value per share (NAVPS) is performed monthly by EVERGENT Investments and in the event of capital operations (increases/decreases, etc., where the number of shares resulting from the operation does not correspond to the number of shares in circulation), using a specialized IT application that implements the asset valuation rules. The depositary of the assets certifies the monthly statement.

EVERGENT Investments reports to BSE and posts on its website:

[www.evergent.ro/raportari\\_periodice/activ\\_net\\_lunar/](http://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, except where the last day for submission to FSA or publication of the report is not a business day, in which case they are submitted on the following business day after that date ( form in accordance with the applicable regulations);
- *quarterly*: “Detailed statement of EVERGENT Investments’ investments” – detailed presentation of asset categories.

In the monthly newsletter – prepared in Romanian and English (Bucharest Stock Exchange, [www.evergent.ro](http://www.evergent.ro), shareholder mailing list) – relevant data regarding EVERGENT Investments' assets are presented: net result, investments, asset structure, sector exposure, NAVPS evolution, market price, top companies, performance/risk indicators, etc.

In the event of detecting an incorrect valuation of an asset, immediately after becoming aware of the situation, the Asset Valuation Department informs executive management, which orders a revision of the value of the respective asset to remedy the deviation. Correction of valuation differences or other issues arising from asset valuation is carried out within 3 business days from the detection of the error.

The revision process covers the reasonable nature of each value and includes:

- . verification of prices by comparison with prices from external sources and historical prices;
- . value validation by comparing prices obtained with recent book values;
- . examination of the reputation, consistency, and quality of the sources used for valuation;
- . comparison with values generated by a third party;
- . examination of exceptions and their formalization;
- . highlighting and analysing differences that appear unusual or vary according to the reference level set for the asset in question;
- . identification of stale prices;
- . comparison with prices of any related assets;
- . analysis of the input data used to ascertain the value of assets available on the reference date of the next asset value calculation.

The corrected value of NAVPS (which includes corrections to the value of the individual assets) in correlation with the reporting obligations set out in Chapter 5 will be communicated to investors (BSE, [www.evergent.ro](http://www.evergent.ro), shareholder mailing list):

- . either immediately following the correction of the error, in case the error is significant;
- . or in the following report, in case the error is insignificant.

## *Chapter 6*

### **Risk related to professional liability**

Risks related to professional liability are covered through additional own funds, in accordance with Article 9(7) of Directive 2011/61/EU, concerning the risks of loss or damage caused by a relevant person through negligence in the performance of activities for which the A.I.F.M. bears legal responsibility, with regard to 'incorrect asset valuation or share price calculation' (Article 12(2)(e) of the Regulation).

## *Chapter 7*

### **Duties of the depositary regarding the valuation of shares foreseen in article 94 Regulation (EU) no. 231/2013**

**Depository Agreement.** EVERGENT Investments enters into a written agreement with the depositary. The depository agreement and working procedures regulate the flow of information considered necessary to enable the depositary to perform its functions, with the aim of ensuring a high level of investor protection, in accordance with legal provisions.

The Depositary Agreement and work procedures meet the legal requirements and include provisions regarding at least the following:

- (a) the specific rights and obligations of the depositary and EVERGENT Investments;
- (b) proper safekeeping of all EVERGENT Investments' assets by the depositary;
- (c) the categories of assets in which EVERGENT Investments may invest and the geographic regions in which EVERGENT Investments intends to invest.
- (d) the way in which the depositary fulfils its supervision and control functions:
  - assessment of activity risks and activity complexity – the depositary assesses risks related to the nature, size, complexity of EVERGENT Investments' strategy and organization, in order to develop appropriate supervision procedures for the company and assets in which it invests, which are then implemented and applied;
  - control over assets not held in custody – the depositary ensures that procedures exist so that recorded assets cannot be allocated, transferred, exchanged, or delivered without its knowledge, either directly or through its delegate, and that relevant third parties provide access to supporting documentation regarding the transactions;
  - monitoring of cash flows – appropriate procedures to identify, at the end of the business day, significant cash flows, particularly those that could present inconsistencies with the company's activities;
  - responsibilities regarding EVERGENT Investments' procedures – the depositary ensures that the company sets and implements a set of procedures, such as valuation procedures;
  - access to accounting records.
- (e) the statement confirming that the depositary's liability is not affected by the delegation of its custody functions, except in cases where it is exempt from liability in accordance with legal provisions;
- (f) the duration and conditions for amending and terminating the contract, including situations that may lead to termination and details regarding the termination procedure and, if applicable, the procedures by which the depositary must transfer all relevant information to the successor entity;
- (g) the confidentiality obligations applicable to the parties in accordance with applicable laws and administrative acts.

The duties of the depositary regarding the valuation of shares foreseen under art. 94 of Regulation EU no. 231/2013 are:

- (a) verify on an on-going basis that appropriate and consistent procedures are established and applied for the valuation of the assets of the AIF in compliance with Article 19 of Directive 2011/61/EU and its implementing measures and with the AIF rules and instruments of incorporation of the company;
- (b) ensure that the valuation policies and procedures are effectively implemented and periodically revised;
- (c) the depositary's procedures shall be conducted at a frequency consistent with the frequency of the AIF's valuation policy as defined in Article 19 of Directive 2011/61/EU and its implementing measures;
- (d) Where a depositary considers that the calculation of the value of the shares or units of the AIF has not been performed in compliance with applicable law or the AIF rules or with Article 19 of Directive 2011/61/EU, it shall notify the AIFM and, as the case may be, or the AIF and ensure that timely remedial action is taken in the best interest of the investors in the AIF.

If the depositary ascertains that the errors could not be resolved during normal

operations, it starts an escalation procedure whereby it request the AIFM to communicate corrective measures and remediation deadlines that cannot be exceeded, within 3 business days from the date of notification. It makes sure that the deviation has been corrected in accordance with the applicable regulations and the AIF's rules and constitutive documents. The depositary shall inform FSA no later than the next business day after the remediation deadline.

In case the deviation cannot be remedied, the depositary will inform FSA no later than the next business day following the expiration of the deadline by which the AIFM was required to correct the deviation.

## *Chapter 8*

### **Policy Review**

The review of the Policy and the procedures for asset valuation and for calculating the net asset value per share (NAVPS) is carried out at least once a year (typically in the first quarter).

Review is mandatory in the following cases:

- legislative amendments and legal regulations concerning the asset valuation rules;
- before EVERGENT Investments engages in a new investment strategy or invests in a new type of asset that is not covered by the current valuation policy;
- the resolution of the Board of Directors to review the valuation procedure and methods following recommendations made by a third party, after an analysis of their continued adequacy and effective implementation.

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

Claudiu Doroş,  
President of the Board of Directors

Cătălin Iancu,  
CEO

Gabriel Lupaşcu,  
Compliance Manager