



# QUARTERLY REPORT

1<sup>ST</sup> JANUARY- 31<sup>ST</sup> MARCH 2018

Report prepared in accordance with Law no. 297/2004, Law no. 24/2017, NSC Regulation no. 1/2006 and 15/2004, BSE Code and FSA Rule no. 2/2018

by **Societatea de Administrare a Investițiilor Muntenia Invest S.A.**

Report date: 31.03.2018

Company Name	Societatea de Investiții Financiare Muntenia S.A.
Headquarters	16, Splaiul Unirii, Bucharest, sector 4
Sole Registration Code	3168735
Trade Registry Registration Number	J40/27499/1992
LEI Code	2549007DHG4WLBMAAO98
FSA Registry number	PJR09SIIR/400005
Subscribed and paid up share capital	80,703,651.5 lei
Number of issued shares	807,036,515
Shares characteristics	Common, nominative, indivisible, dematerialized
Face value	0.1 lei
Regulated Market on which the issued securities are traded	Bucharest Stock Exchange, Main segment, Premium Tier, SIF4 symbol
Main object of activity	Openly attracting financial resources from natural/legal persons with a purpose to investing them according to the legislation in force related to the capital market and to the NSC Regulations. CAEN Code 6499 - Other financial service activities, except insurance and pension funding n.e.c
Shareholding structure	100 % private
Free float	100%
Depository and custodian services	BRD Groupe Societe Generale
Shares and shareholders registry	Depozitarul Central S.A.
Financial auditor	KPMG Audit S.R.L.
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REPORT PREPARED BY SOCIETATEA DE ADMINISTRARE A INVESTIȚIILOR MUNTENIA INVEST S.A.



Authorised by NSC Decision no. D6924/17.07.1997  
 Reauthorised by NSC Decision no. 110/13.01.2004  
 Registered in the NSC Registry under no. PJR05SAIR/400006/as of  
 21.12.2017 following the registration as AIFM  
 Address: 16 Splaiul Unirii, Sector 4, Bucharest, Romania  
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## 1 GENERAL INFORMATION

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SIF Muntenia is a Romanian legal person, constituted as a private joint stock company. The functioning of the company is governed by the provisions of ordinary and special Romanian laws, incidents in the field of financial investment companies, as well as by the provisions of its Articles of Incorporation.

SIF Muntenia was incorporated as a joint stock company in November 1996, through the reorganization and transformation of the Muntenia Private Property Fund IV, pursuant to Law no. 133/1996 for the transformation of the Private Property Funds into financial investment companies.

SIF Muntenia S.A. is a collective investment institution undertaking in Romania in accordance with the provisions of Law no. 31/1990, Law no. 297/2004 regarding the capital market, Law no. 74/2015 regarding alternative investment fund managers and Law no. 24/2017 on issuers of financial instruments and market operations.

SIF Muntenia is registered in the F.S.A. Registry of Financial Instruments and Investments in the Alternative or Closed Investment Companies Section.

During the first quarter of 2018 there were no significant reorganizations of SIF Muntenia's activity. There were no changes to the Articles of Incorporation. SAI Muntenia Invest S.A convened the General Shareholders Meeting for the amendment of the Articles of Incorporation for the 26/27 April 2018. Details in the General Shareholders' Meetings chapter.

SIF Muntenia professionally uses financial instruments with significant effects on the valuation of its assets, liabilities, financial position and profit or loss. Acquisitions and disposals of assets carried out by SIF Muntenia during the first quarter of 2018 refer to sale and purchase transactions of financial instruments.

Details on these transactions are provided below in this Report.

Other considerations about the macroeconomic situation, the evolution of some industrial sectors, the capital market and the financial market are presented in the body of the report in the sections where they may be relevant.

## 2 ACTIVITY ANALYSIS

**The overall objective of the management** is to maintain SIF Muntenia as a diversified balanced fund, which combines a balanced growth of the asset with satisfactory incomes at an average risk level.

The main strategic objectives for 2018, which will be submitted for approval to the shareholders during the SGM on 26/27 April 2018, are:

- Continuing the process of portfolio restructuring and its efficient management so as to ensure a sustainable long-term growth.
- Continue the investment process, focusing on investments in Romania and in listed shares.

The main financial milestones of SIF Muntenia evolution in the last quarter / last year are presented below.

ASSETS EVOLUTION in lei	Q1 2017	2017	Q1 2018
<b>TOTAL CERTIFIED ASSET</b>	1,331,548,415	1,465,569,907	1,545,059,815
<b>NET ASSET VALUE (NAV)</b>	1,222,689,602	1,370,925,950	1,446,552,550
<b>NET ASSET VALUE PER SHAR (NAV per SHARE)</b>	1.5150	1.6987	1.7924

SIF Muntenia reported an increased value of the total certified asset by 5.42% in the first three months of 2018 and increasing by 16% in 2018 (year on year). NAV and NAV per SHARE increased by 5.42% and 5.52% respectively in Q1 2018 (16% and 18% year on year respectively). Details in the TOTAL ASSETS AND NET ASSETS chapter.

DIVIDENDS-lei	2015	2016	2017
<b>GROSS DIVIDEND PER SHARE</b>	0.045	0.040	0.0347*

In Q1 2018 the dividends for the financial years 2014, 2015 and 2016 continued to be distributed in the gross amount of RON 1.2 mn. lei.

\* The administrator's proposal for profit distribution will be subject to shareholders' approval as a separate item on the SGM's agenda on 26/27 April 2018.

SHARES	Q1 2017	2017	Q1 2018
<b>CLOSING PRICE END OF PERIOD lei</b>	0.712	0.980	0.880
<b>MARKET CAPITALISATION mil lei</b>	574.61	790.90	710.19
<b>NET ASSET DISCOUNT</b>	53.0%	42.3%	50.9%

The trading value of SIF Muntenia shares declined by 10.2% in Q1 2018 compared to the end of 2017 and was higher by 23.6% compared to the same period of the previous year. The net asset discount rose from 42.3% at 31.12.2017 to 50.9% at the end of the first quarter of 2018. Liquidity of SIF4 shares remained at low levels - the total value of the SIF Muntenia shares traded on BSE in Q1 2018 amounted to RON 4.8 mn, shares representing 0.01% of the number of issued shares being traded. Details in the chapter TRADING OF SHARES ISSUED BY SIF MUNTEANIA.

FINANCIAL RESULTS-lei	Q1 2017	2017	Q1 2018
<b>EQUITY</b>	1,078,234,639	1,204,627,895	1,278,043,298
<b>TOTAL LIABILITIES</b>	108,858,812	94,643,957	98,507,251
<b>PROFIT BEFORE TAX</b>	5,902,856	56,998,848	9,983,126
<b>NET PROFIT OF THE PERIOD</b>	5,607,238	51,005,327	2,779,817

Total accounting assets at 31 March 2018 increased by 5.9% compared to the end of 2017, and equity increased by 11.7%. Liabilities increased by 4% compared to the end of last year, the main factor being the corporate tax liability for Q1 2018 (which was very high due to the transition to IFRS 9 as of 1 January 2018). Details in chapter FINANCIAL ACCOUNTING SITUATION.

## 2.1 PORTOFOLIO MANAGEMENT

### 2.1.1 TOTAL ASSET AND NET ASSET

**TOTAL CERTIFIED ASSET** represents the value of the total asset calculated according to the NSC / FSA regulations and certified by the depositary. The value is calculated on the last working day of the reference period. **NET ASSET VALUE (NAV)** is the net asset value calculated according to the NSC / FSA regulations and certified by the depositary = Total Certified Asset - Liabilities.

**NET ASSET VALUE PER SHARE (NAV per SHARE)** calculated according to the NSC / FSA regulations and certified by the depositary = NAV / number of SIF Muntenia shares

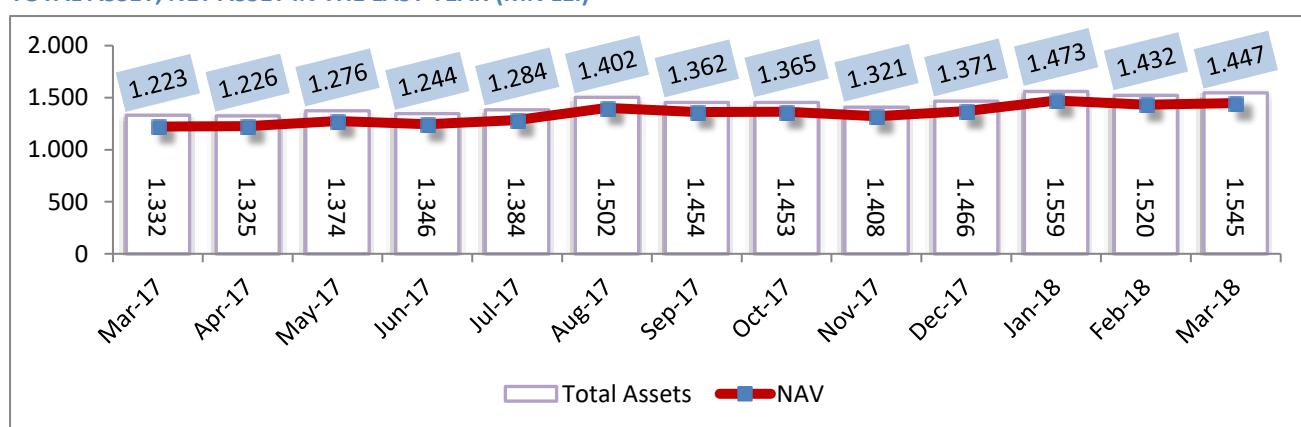
Monthly Net Asset Values were published to inform shareholders on [www.sifmuntenia.ro](http://www.sifmuntenia.ro) and reported under legal provisions to FSA - Financial Instruments and Services Sector and to the Bucharest Stock Exchange (BSE) no later than 15 calendar days as of the end of the reporting month.

The total asset, net asset and liabilities amounts for the period were calculated in accordance with Regulation no. 9/2014 issued by FSA, using accounting elements related to the financial statements conforming to I.F.R.S, and then certificated by SIF Muntenia's asset depository company, namely the Banca Romana pentru Dezvoltare (BRD) - GSG. For the total assets, net assets and liabilities related to 31.12.2017, the **restated** values are presented and used in this report.

In LEI	Q1 2017	2017	Q1 2018
<b>TOTAL CERTIFIED ASSET</b>	<b>1,331,548,415</b>	<b>1,465,569,907</b>	<b>1,545,059,815</b>
TOTAL LIABILITIES	108,858,813	94,643,957	98,507,266
<b>NET ASSET</b>	<b>1,222,689,602</b>	<b>1,370,925,950</b>	<b>1,446,552,550</b>
NAV per SHARE	1.5150	1.6987	1.7924
<b>ECB EURO RATE</b>	4,5525	4,6585	4,6565
TOTAL CERTIFIED ASSET expressed in euro	292,487,296	314,601,247	331,807,112
NET ASSET expressed in euro	268,575,421	294,284,845	310,652,325

S.A.I Muntenia Invest S.A. was **registered** as an AIFM for SIF Muntenia, according to art. (2) para. b) of Law 74/2015, SIF Muntenia having a portfolio of managed assets that does not exceed, in total, the threshold of 500,000,000 Euros for non-leveraged AIF. As stated in the annual individual report for 2017, the Euro / Leu exchange rate of the European Central Bank was used to calculate the euro equivalent of the assets managed.

#### TOTAL ASSET, NET ASSET IN THE LAST YEAR (MN LEI)



The main causes that led to a change of 3.86 mn lei (increase) of liabilities at the end of the first quarter of 2018 compared to the end of 2017 are:

- Registration of the profit tax for the first quarter of this year in the amount of RON 7,2 mn and
- RON 4.19 mn was paid to the share capital increase of CI-CO S.A Bucharest, which was before registered as a liability.

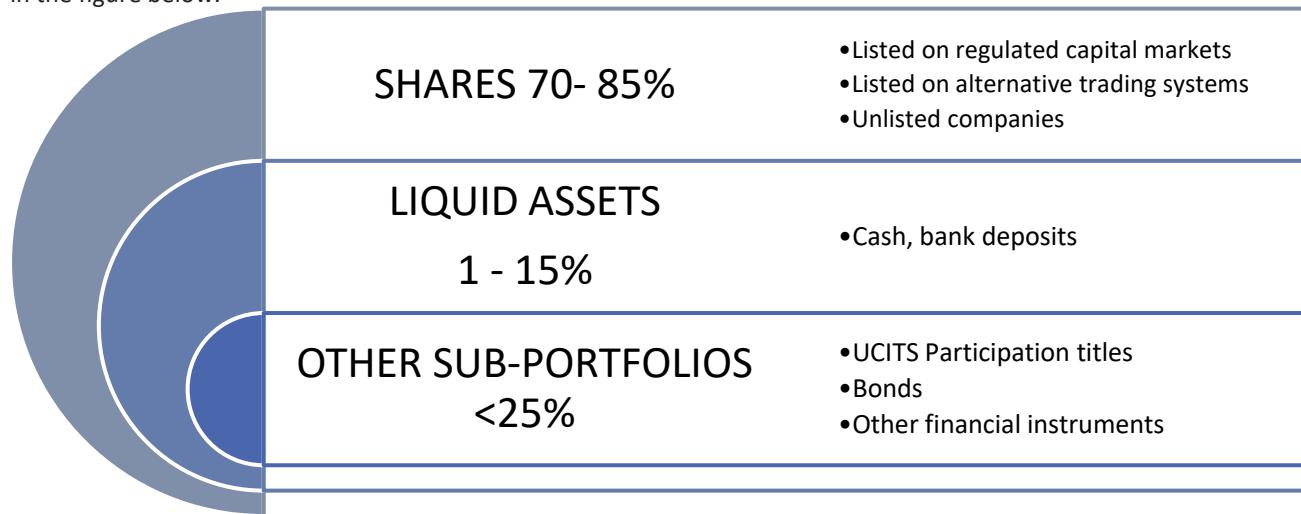
The chart below shows the evolution of the Index Total Liabilities / Total certified Asset in the last year.



### 2.1.2 ASSETS ALLOCATION

The portfolio of SIF Muntenia was, on 31 March 2018, within the applicable legal limits, defined by SIF Muntenia's target portfolio, that of a diversified balanced portfolio.

The target portfolio is subject to approval through the SIF Muntenia Administration Program for 2018 and is presented in the figure below.



The main sub-portfolios that comprise the SIF Muntenia portfolio are presented below, both in value and percentage of the total certified asset.

In LEI	Q1 2017	2017	Q1 2018
Listed shares	888,010,341	992,239,037	1,072,961,152
Unlisted shares	173,489,147	170,101,775	166,839,295
Listed Bonds	47,923,649	83,745,681	83,493,627
Unlisted Bonds	1,148,996	1,194,062	1,175,600
Other financial instruments	24,052,000	0	0
Cash	2,217,630	5,498,622	3,556,388
Bank deposits	61,113,240	15,546,412	16,111,499
Participation titles to UCITS	125,749,673	181,191,076	182,337,487
Other assets	7,843,739	16,053,242	18,584,768
<b>TOTAL ASSET</b>	<b>1,331,548,415</b>	<b>1,465,569,907</b>	<b>1,545,059,816</b>

In % of total certified asset	Q1 2017	2017	Q1 2018
Listed shares	66.7%	67.7%	69.4%
Unlisted shares	13.0%	11.6%	10.8%
Listed Bonds	3.6%	5.7%	5.4%
Unlisted Bonds	0.1%	0.1%	0.1%
Other financial instruments	1.8%	0%	0%
Cash	0.2%	0.4%	0.2%
Bank deposits	4.6%	1.1%	1.0%
Participation titles to UCITS	9.4%	12.4%	11.8%
Other assets	0.6%	1.1%	1.2%

The detailed situation of SIF Muntenia's investments as at 30 March 2018, prepared in accordance with Annex 17 of Regulation no. 15/2004, is attached to this report.

The main evolution in portfolio structure in Q1 2018 was the percentage and value increase of the listed shares sub-portfolio, both due to the increase of the shares quotations on BSE, as well as due to investments in listed shares (details in the Shares Sub-Portfolio chapter).

**The liquidity level of the portfolio**, defined as the ratio of liquidity plus bank deposits and total assets, was within the limits required by prudent liquidity risk management and within the scope of the target portfolio of SIF Muntenia.

*Annual inflation accelerated from 4.72% in February 2018 to 4.95% in March, the highest level since June 2013.*

*Food commodity prices rose 4.01% y / y, the highest rate since December 2017. Non-food commodity prices accelerated from 6.27% y / y in February to 6.57% y / y in March (maximum level from June 2011).*

1-month ROBID interest rates fluctuated between 1.13% and 1.47% in Q1 2018 and ROBOR at 1.50% to 1.84%. The average deposit ratio of SIF Muntenia in Q1 2018 was 1.47%, which is higher or equal to 1-month ROBID throughout the period but still remains a real negative interest rate. The liquidity ratio of the portfolio (ratio of available assets plus bank deposits and total asset certified by the FSA) was maintained under these conditions at low values in the 1 - 2% area, ie sufficient for current activity (operating expenses and tax expense) for investments and the continuation of the dividend distribution process for the shareholders of SIF Muntenia.

#### LIQUIDITY RATE OF THE PORTOFOLIO IN THE LAST YEAR (LIQUID ASSETS/ TOTAL ASSETS)



#### Bonds Sub-Portfolio

No acquisitions or sales of bonds were recorded in Q1 2018. The coupon of Banca Transilvania Bond was collected at RON 35,320 (EUR 7,615.88).

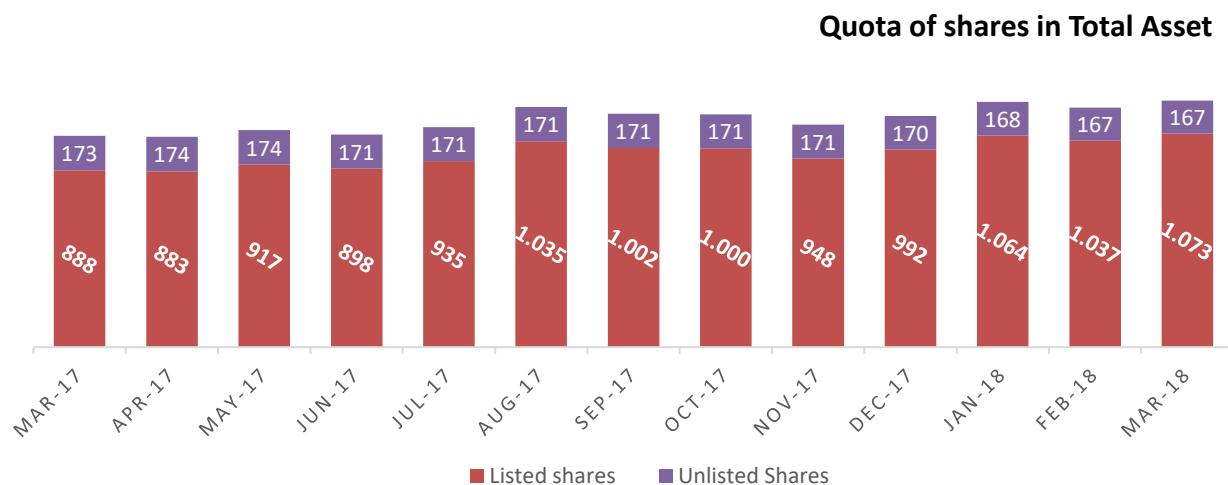
#### Fund units

In February 2018, fund units of Certinvest Dinamic FDI, FII Certinvest Properties and Certinvest Prudent FDI were redeemed, for which RON 2.2 mn were collected and fund units at FII Certinvest Actiuni were bought, of RON 2 mn.

### 2.1.3 SHARES SUB-PORTFOLIO

Participations in shares, especially those listed on regulated markets and alternative trading systems, remained the most important in SIF Muntenia's portfolio, both in value and revenues.

The contribution of the shares sub-portfolio to the total asset increased over the past year, with an increase in listed shares and a decrease in the net asset value and contribution of the unlisted shares, as presented in the table below (million lei).



#### EVOLUTION OF SHARES SUB-PORTFOLIO VALUE ON ITS MAIN COMPONENTS

In LEI	Q1 2017	2017	Q1 2018
<b>Listed shares</b>	<b>888,010,341</b>	<b>992,239,037</b>	<b>1,072,961,152</b>
- listed on the BSE	568,328,692	617,297,189	700,245,615
- listed on the ATS (SIBEX+AERO)	211,961,938	246,037,216	215,312,201
- listed and never traded	10,670,051	0	0
- listed and not traded during the last 30 days	97,049,659	128,904,632	157,403,336
<b>Unlisted shares – closed companies</b>	<b>173,489,147</b>	<b>170,101,775</b>	<b>166,839,295</b>
<b>Total</b>	<b>1,061,499,488</b>	<b>1,162,340,812</b>	<b>1,239,800,447</b>

In Q1 2018, the trading activity in the shares sub-portfolio was centered on purchases - thus, shares listed on regulated markets of RON 5.3 million were purchased (at BRD - Groupe Societe Generale, SNGN ROMGAZ SA Mediaș, Purcari Wineries Public Company Limited (BSE IPO, held in February 2018) and Macofil SA Târgu Jiu).

The merger between BSE and Sibex Sibiu Stock Exchange was completed (19,867 shares were received in BSE, related to the share SIF Muntenia had held at SIBEX). The withdrawal of SIF Muntenia from SIBEX Depositary has also been completed.

Collections from the sale of listed shares amounted to 3.2 million lei (the entire share in Alumil Rom Industry S.A, partially of Conpet S.A and partially of Primcom S.A was sold as a result of the participation in the issuer's public purchase offer).

During the SGM of Voluthema Property Developer S.A held on 26.10.2017 it was decided that SIF Muntenia and Avicola București would withdraw part of the capital contribution by reducing the company's share capital by 17 million lei, also by amending the company's articles of incorporation Share capital is reduced by restitution to shareholders of a share of contributions and a reduction in the number of shares. In the first quarter of 2018, as a result of this decrease of the share capital, 11.7 million lei were collected.

The companies Tehnopam S.A Bucharest, Metaplast S.A Buzau, Urbis Armături Sanitare S.A Bucharest and Sibex Sibiu Stock Exchange have been de-registered.

Dividends from companies in the portfolio were received in the amount of RON 0.32 mn.

#### 2.1.3.1 COMPANIES WITH MORE THAN 1% OF THE TOTAL ASSETS AS OF 31.03.2018

At the end of 2017, the number of participations in shares that exceeded 1% of the total assets of SIF Muntenia was 15, with a net asset value of 934.62 million lei, and with a share in the total assets of 63.79%.

On 31 March 2018, the number of participations in shares exceeding 1% of the total assets of SIF Muntenia was 13, with a value of 971.64 mn lei and a share in the total asset of 62.89%

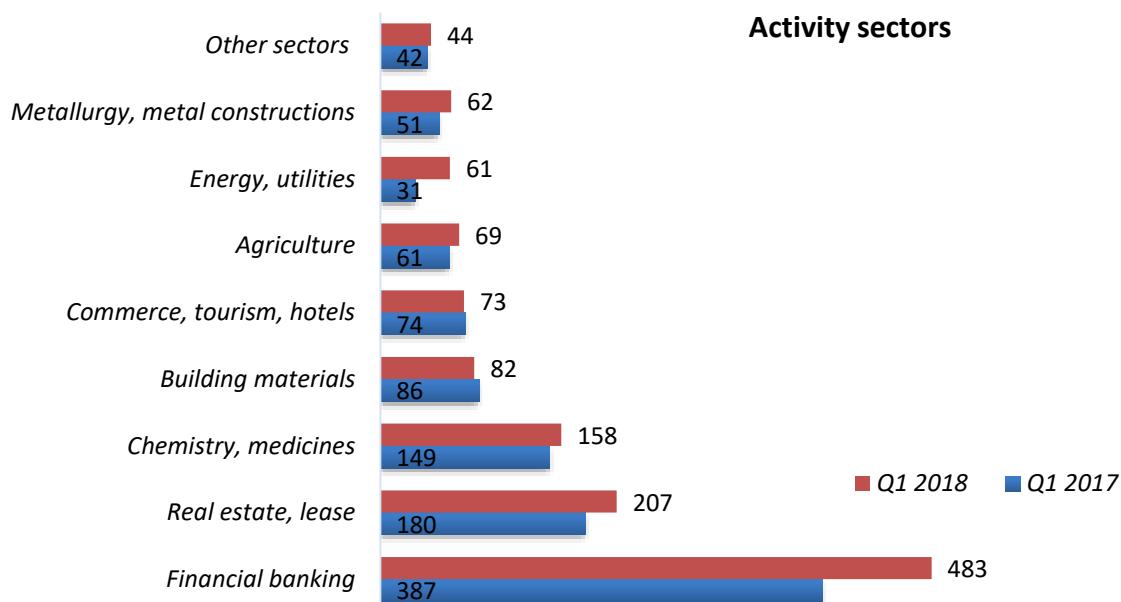
#### TOP PARTICIPATIONS AT Q1 2018

Crt. No.	Trade Name	NAV mn lei	% In SIF Muntenia Total Assets	% of the company's equity held by SIF Muntenia
1.	BANCA TRANSILVANIA S.A	278.83	18.05	2.45%
2.	BIOFARM S.A BUCUREŞTI	154.23	9.98	50.98%
3.	CI-CO S.A BUCUREŞTI	100.09	6.48	97.34%
4.	SIF BANAT-CRIŞANA	72.09	4.67	4.95%
5.	BRD - GROUPE SOCIETE GENERALE	54.77	3.54	0.52%
6.	AVICOLA S.A BUCUREŞTI	54.35	3.52	99.40%
7.	ROMAERO S.A BUCUREŞTI	48.44	3.14	24.66%
8.	METAV S.A BUCUREŞTI	46.78	3.03	27.78%
9.	FIROS S.A BUCUREŞTI	40.30	2.61	99.69%
10.	S.N.G.N. ROMGAZ-S.A. MEDIAŞ	39.26	2.54	0.27%
11.	SIF OLTEÑIA	38.28	2.48	3.00%
12.	VOLUTHEMA PROPERTY DEVELOPER S.A	26.77	1.73	69.11%
13.	BUCUR S.A BUCUREŞTI	17.44	1.13	67.98%
<b>TOTAL</b>		<b>971.64</b>	<b>62.89</b>	

### 2.1.3.2 ALLOCATION ON SECTORS OF ACTIVITY

THE MAIN SECTORS OF ACTIVITY IN WHICH SIF MUNTENIA HAS PARTICIPATION IN SHARES

(Q1 2018 compared to Q1 2017, asset values, million lei)



Shares in companies with activity in the financial banking sector continued to hold the largest share in the total assets of SIF Muntenia.

There were no significant changes in the share of the business sectors.

### FINANCIAL BANKING SECTOR

In the first quarter of 2018, monetary conditions continued to mitigate their accommodative nature. There was a slight increase in the average of the relevant market prices compared to the previous 3 months, as well as the relative stability that characterized the exchange rate of the RON in the second part of the interval, in the context of external influences coupled with the increased interest rate differential of those prevailing at European and regional level. The slight spread between the interest rate on new loans and that of new fixed-term deposits was also noted, partly reflecting a slower transfer of the monetary policy rate to the latter, probably also against the backdrop of the substantial liquidity surplus in the money market, which is, however, largely transitory. It was considered that the transmission of effects over the market of monetary policy measures adopted in the previous months has not yet been exhausted.

#### Subsequent event

Banca Transilvania signed on 03.04.2018 the documents for finalizing the transaction for the acquisition of the majority stake (99.15%) owned by Eurobank Group in the share capital of Bancpost S.A. Following the transaction, BT also acquires shares in the share capital of companies in the Eurobank Group in Romania, namely ERB Retail Services IFN SA and ERB Leasing IFN S.A. Banca Transilvania acquired Bancpost for EUR 178.67 million, and BT also took over a subordinated loan of EUR 80 million owed by Bancpost to its former shareholders. For ERB Retail Services IFN, Banca Transilvania paid 40.42 million euros, and for ERB Leasing IFN the amount of 6.79 million euros.<sup>1</sup>

<sup>1</sup> [http://www.bvb.ro/infocont/infocont18/TLV\\_20180404074906\\_Raport-curent-finalizare-tranzactie-Bancpost-ro.pdf](http://www.bvb.ro/infocont/infocont18/TLV_20180404074906_Raport-curent-finalizare-tranzactie-Bancpost-ro.pdf)

## ENERGY UTILITIES SECTOR

Romania currently has the most diversified energy mix in the region, both in conventional markets through the exploitation of national primary resources and in the green (especially wind) energy sector.

At the end of 2017, the total liberalization of the electricity market for household consumers took place, so that by 2018 the entire energy will come only from the free market. Until the end of 2017, 30% of the electricity price was set by the state, and 70% was bought from the Stock Exchange. Starting with the first quarter of 2018, all electricity will depend on the prices on the Stock Exchange.

In February 2018, Nasdaq and RGEMO signed an agreement on a new stock market technology system, based on which Nasdaq will provide a new correlation engine and a new technology for transactions settlement / clearing.

## 2.2 RISK MANAGEMENT

S.A.I Muntenia Invest S.A has implemented in its activity a risk management system in order to properly identify, evaluate, manage and monitor all relevant risks in accordance with the applicable legislation and best practices. The risk management system consists of the permanent risk management function, risk management policy as well as the risk measurement, risk and risk management measures, processes and techniques.

**The permanent risk management function** has a leading role in defining policy on AIF risks and risk monitoring and measurement, ensuring the continued compliance of risk levels with the risk profile of AIF. The permanent risk management function has the necessary independence and authority, providing effective management with up-to-date data, on the basis of which it can take prompt remedial action if necessary.

**The risk management policy** of S.A.I. Muntenia Invest S.A describes the general framework as well as the methodology for identifying, analyzing, measuring, monitoring and reporting the risks according to the principles and practices in the field and is in line with the legislation and regulations in force. The risk management policy includes the procedures necessary to measure and manage the risks and to allow S.A.I Muntenia Invest SA, as an AIFM for SIF Muntenia, to assess the exposures to the risks that may arise.

**The risk profile** was defined according to the level of risk appetite associated with each significant risk category in accordance with the declared risk appetite and the business strategy. The risk profile is developed into a matrix system of key risk / risk indicators. The risk profile was approved by the Board of Directors of S.A.I. Muntenia Invest S.A. The following categories of potential or existing risks to which SIF Muntenia SA is exposed are analyzed and evaluated, which are included in the risk profile: market risk (position risk, foreign exchange rate, long-term interest rate, concentration risk) credit risk, liquidity risk, operational risk. At SIF Muntenia SA level, financial and operational risks have been assessed, monitored and treated in order to reduce their impact. When establishing this risk classification structure, the size of the impact of that risk was taken into account when it materialized on the value of the assets held.

The analyzes of all types of exposures presented above show that SIF Muntenia's financial instruments portfolio in the first quarter of 2018 complied with the requirements of the legislation in force for financial investment companies.

### Leverage

The policy of S.A.I. Muntenia Invest S.A is not to use leverage in the administration process for SIF Muntenia, ie it does not use the borrowed capital or other method of increasing the exposure of an AIF out of those listed in Annex no. 1 of Regulation 231/2013 of the European Commission. Therefore, in Q1 2018, SIF Muntenia's portfolio does not have derivative financial instruments and SIF Muntenia has not used any other method to increase exposure.

### 3 SIF MUNTENIA SHARES. SHAREHOLDERS RELATION

The subscribed and paid-up share capital is 80,703,651.5 lei, divided into 807,036,515 common shares with a nominal value of 0.1000 RON / share.

All shares are ordinary, with a nominal value of 0.1 lei / share.

The shares are issued in dematerialized form and evidenced by registration in the shareholders' register, managed by the Depozitarul Central S.A. București, a company authorized by the FSA.

There were no changes in the rights of the holders of securities issued by SIF Muntenia during the analyzed period. SIF Muntenia had on 31 March 2018 a number of 5,953,295 natural and legal persons shareholders.

Shareholders	Number of individual s sharehold ers	Number of shares held by individuals	Number of legal persons shareholder s	Number of shares held by legal persons	Total number of shareholders	Total shares	% of share capital
Residents	5,951,203	480,706,231	172	281,010,328	5,951,375	761,716,559	94,38
Non residents	1,899	2,759,190	21	42,560,766	1,920	45,319,956	5,62
<b>TOTAL</b>	<b>5,953,102</b>	<b>483,465,421</b>	<b>193</b>	<b>323,571,094</b>	<b>5,953,295</b>	<b>807,036,515</b>	<b>100,00</b>

There were no changes in the number of shares issued in Q1 2018. SIF Muntenia did not approve any repurchase program and did not acquire own shares during this period.

SIF Muntenia has not issued bonds and / or other debt securities and has no obligations of this nature. Funding of the whole activity is done only through own funds.

#### 3.1 TRADING OF SHARES ISSUED BY SIF MUNTENIA

The shares issued by SIF Muntenia are registered at the Bucharest Stock Exchange, the main segment, in the premium category, according to the provisions of the BSE Decision no. 200/1999 and are traded on this market starting with 01.11.1999. The ISIN code of SIF Muntenia shares is ROSIFDACNOR6, and the symbol is SIF4.

Other codes of the share are:

- Bloomberg BBGID - BBG000BMN7T6; symbol SIF4:RO
- Reuters: SIF4.RO
- LEI Code: 2549007DHG4WLBMAAO98.

The shares are included in a series of indexes calculated by the Bucharest Stock Exchange, namely BET-FI (the index comprising SIF investment funds and Fondul Proprietatea, the share of SIF4 in the index was 9.33% at the date of the report) and other indexes of the Bucharest Stock Exchange (BET-XT-TR, BET-XT, BET-BK)

#### SIF4 share performance

	Q1 2017	2017	Q1 2018
Closing price, lei	0.712	0.980	0.880
NAV per SHARE, lei	1.5150	1.6986	1.7924
Net asset discount, %	53.0%	42.3%	50.9%
Market capitalization, mn lei	574.61	790.86	710.19

Average trading price and volume of transactions with SIF4 shares on REGS in Q1 2018



Trades during 01.01.2018 – 31.03.2018

Number of trading sessions	62
Number of trades	3.281
Number of traded shares	4,914,008
Total value of trades	4,803,608
Maximum trading volume:	REGS - [ 12.01.2018 ] 546,495
Minimum price, lei	REGS - [ 30.03.2018 ] 0.8540
Maximum price, lei	- [ 22.01.2018 ] 1.0700
Average price, lei	0.9775

### 3.2 GENERAL SHAREHOLDERS MEETINGS. SHAREHOLDERS RELATION

The main attributions of the General Shareholders' Meetings are presented in the Updated Articles of Incorporation of SIF Muntenia, which can be consulted on the SIF Muntenia site, [www.sifmuntenia.ro](http://www.sifmuntenia.ro), at art. 6. These are complemented by the legal provisions regarding the companies subject to common law, represented by Law 31/1990, as well as with special provisions in the field of financial investment companies subject to FSA supervision.

SAI Muntenia Invest SA, the administrator of SIF Muntenia, published the convocation for the General Ordinary and Extraordinary Shareholders' Meetings on 26/27 April 2018, made available and published, according to the legal regulations, materials subject to approval, drafted the participation and voting procedures, made available to the shareholders the special proxy and correspondence voting forms and ensured all forms of advertising, according to the legal provisions, for the voting results for each item on the agenda and the decisions adopted by the SGM (Bursa, Monitorul Oficial, company's website).

Being a company listed on the Bucharest Stock Exchange, SIF Muntenia follows compliance with the principles and recommendations set out in its Corporate Governance Code. At the same time, the corporate governance system of SIF Muntenia, as an entity supervised by the FSA, aims to comply with the provisions of the FSA Regulation no. 2/2016.

On 7 March 2018, the convocation of the SGM was published, for the approval of the amendment of the Articles of Incorporation of the Company, according to the Annex, which can be found on the company's website (<http://www.sifmuntenia.ro>), in the dedicated section. The convocation was completed at the request of the FSA and published in the new form on 26.03.2018.

On 16 March 2018 the convening notice was published of the SGOM for the year 2017 and the proposals for the distribution of the profit obtained in 2017.

On 26/27 April 2018, the Ordinary and Extraordinary General Meeting of Shareholders of SIF Muntenia will take place.

The main elements that will be discussed during the SGOM are:

- Approval of individual and consolidated financial statements for the 2017 financial year,
- Approval of the distribution of the net profit for dividends (the amount of 28,004,167 lei, representing a gross dividend of 0.0347 lei per share, with the distribution of the dividends starting with 28.09.2018, being the date of the payment, with the shareholder bearing the expenses for distribution) and other reserves (amount of RON 23,001,606),
- Approval of the Administration Program and the Budget of Revenues and Expenses for 2018,
- Approval of the remuneration of the Shareholders Representatives Council for the 2018 financial year

The amendments to the Articles of Incorporation of SIF Muntenia S.A. will be submitted for approval in the SGEM. The main elements underlying the proposed amendments are the updating of the articles of incorporation with provisions reflecting the following:

- SIF Muntenia- is an alternative investment fund (FIA) externally administered,
- Update of the object of activity, introduction of the risk management activity, requirement of the AIF legislation,
- Updating the provisions related to shareholders' rights in accordance with current legislation (right to dividends, voting rights, organization of General Shareholders' Meetings),
- Updating the attributions of the General Shareholders' Meetings,
- Changing the number of members and attributions of the Shareholders' Representatives Council,
- Updating the provisions related to the issuance, redemption and cancellation of shares of SIF Muntenia,
- Other elements (existence of a financial audit contract, calculation of net assets, replacement of names with others - NSC / FSA, registry company / central depository)

### 3.3 DIVIDENDS

The policy on the annual distribution of dividends or other benefits to shareholders is presented on the SIF Muntenia website, in Corporate Governance section.

The table below presents the dividends to be distributed, for which shareholders may request payment.

Year	Gross dividend/share	Record date	Ex-dividend date	Payment date
2017*	0.0347	19.09.2018	18.09.2018	28.09.2018
2016	0.0400	12.09.2017	11.09.2017	28.09.2017
2015	0.0450	18.08.2016	17.08.2016	08.09.2016

\* The proposal of the administrator, S.A.I Muntenia Invest S.A, which will be voted by the shareholders in the SGOM on 26/27 April 2018.

Payment of dividends, subject to the relevant legal provisions, will be made by the Central Depository while the paying agent appointed by SIF MUNTENIA S.A is the Banca Comercială Română S.A.

## 4 FINANCIAL ACCOUNTING SITUATION

This section contains an overview of the main elements of SIF Muntenia's financial position and performance for the period ended 31.03.2018.

SIF Muntenia has prepared the financial reports on 31 March 2018 in accordance with the FSA Rule no. 2/2018 amending and supplementing the Rule of the Financial Supervisory Authority no. 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority of the Financial Instruments and Investments Sector.

**Financial reports on 31 March 2018 are not audited or revised.**

### 4.1 THE EFFECT OF ENFORCING THE NEW ACCOUNTING RULES

#### IFRS 9

This Standard supersedes the provisions of IAS 39 Financial Instruments: Recognition and Measurement on Classification and Valuation of Financial Assets and replaces the model for estimating adjustments for impairment of financial assets with an expected loss-based model.

IFRS 9 contains a new approach to the classification and measurement of financial assets that reflects the business model under which assets and cash flow characteristics are managed and therefore SIF Muntenia S.A. had to revise its overall investment strategy, accounting processes and internal controls, and improve its models for calculating anticipated credit losses.

An important effect of the transition to IFRS 9, experienced in Q1 2018, with a negative cash flow outflow in April 2018, was the level of current profit tax.

On 31 March 2018, the calculated profit tax had the following components:

Current profit tax	6,979,052
Deferred profit tax	224,257

On 1 January 2018, the financial instruments held by SIF Muntenia were reclassified according to the categories and conditions provided by IFRS 9

#### Investment entity

The criteria mentioned under IFRS 10, paragraph 27, to determine the extent to which an entity is an investment entity are:

- Obtain funds from one or more investors in order to provide those investors with investment management services,
- Commitment to its investors that the purpose of its business is to invest funds only for earnings from capital appreciation, investment income, or both,
- Quantifying and evaluating the performance of a substantial part of its investments on a fair value basis.

Compliance with the three criteria presented above was analyzed by the SIF Muntenia administrator and it was concluded that SIF Muntenia S.A. met the valuation criteria as an investment entity as of 1 January 2018 and throughout Q1 2018.

Therefore, SIF Muntenia subsidiaries were valued at fair value through profit or loss.

Starting with the financial year 2018, SIF Muntenia S.A. will present a single set of financial statements, discontinuing the preparation of consolidated financial statements

## 4.2 INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION

The transition to IFRS 9 is made retrospectively, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Comparative restatement is not required, but disclosure requirements are mandatory and, in the absence of restatement of prior periods, at the transition date, any difference between the previously reported carrying amounts and the restated amounts should be recorded in the opening balance of the retained earnings.

The table below presents the financial position at the end of 2017 and beginning of 2018, in order to see the effects of the implementation of IFRS 9 as of 01/01/2018.

Individual statement of financial position (in LEI)	31-03-2018	01-01-2018	31-12-2017
<b>Assets</b>			
Cash and bank accounts	4,464,407	6,574,391	6,574,391
Deposits with banks	16,124,130	15,558,404	15,558,404
Financial assets at fair value through profit or loss	706,984,683	704,924,330	98,683,282
Financial assets available for sale *	-	-	1,164,697,391
Loans and receivables *	-	-	5,863,691
Financial assets at fair value through other comprehensive income	633,382,548	559,534,373	-
Financial assets measured at amortized cost	4,733,174	4,669,243	-
Tangible assets	149,130	165,731	165,731
Other assets	10,712,477	7,728,961	7,728,962
<b>Total Assets</b>	<b>1,376,550,549</b>	<b>1,299,155,434</b>	<b>1,299,271,852</b>
<b>Liabilities</b>			
Dividends to be paid	54,031,494	54,323,451	54,323,451
Deferred tax liabilities	33,925,249	29,550,239	29,550,239
Other liabilities	10,550,508	10,770,267	10,770,267
<b>Total Liabilities</b>	<b>98,507,251</b>	<b>94,643,957</b>	<b>94,643,957</b>
<b>Equity</b>			
Share capital	80,703,652	80,703,652	80,703,652
The effect of hyperinflation on share capital	803,294,017	803,294,017	803,294,017
Reserves from revaluation of available-for-sale financial assets *	-	-	371,561,474
Reserves from revaluation of financial assets at fair value through other comprehensive income	79,068,252	9,144,275	-
Reported result (accumulated loss) *	308,061,421	311,369,533	(50,931,247)
Retained earnings representing surplus from revaluation reserves	6,915,956	-	-
<b>Total Equity</b>	<b>1,278,043,298</b>	<b>1,204,511,477</b>	<b>1,204,627,895</b>
<b>Total Liabilities and Equity</b>	<b>1,376,550,549</b>	<b>1,299,155,434</b>	<b>1,299,271,852</b>

\* These elements were restated at 01.01.2018, following the adoption of IFRS 9.

## 4.3 INDIVIDUAL STATEMENT OF PROFIT OR LOSS AND OTHER ELEMENTS OF THE COMPREHENSIVE RESULT

Individual Statement of Profit or Loss and Other Comprehensive Result (in LEI)	2018 Q1	2017 Q1
<b>INCOME</b>		
Dividend income	10	0
Interest income	145,519	242,546
Other operating income	16,507	93,120
<b>Investment gain</b>		
(Net loss)/Net gain from FX rate differences	(1,387)	4,858
Net gain from the sale of assets	332,622	670,053
Net gain on revaluation of financial assets at fair value through profit or loss	13,443,583	9,668,323
<b>EXPENSES</b>		
Resumption of the impairment loss of assets	1,401,605	546,717
<b>ADMINISTRATION EXPENSES</b>		
Administration fee	(4,350,000)	(4,350,000)
Expenses with the remuneration of members of the Shareholders' Representatives Council	(328,603)	(327,104)
Other operating expenses	(676,730)	(663,657)
<b>Profit before tax</b>	<b>9,983,126</b>	<b>5,902,856</b>
Profit tax	(7,203,309)	(295,618)
<b>Net profit of the period</b>	<b>2,779,817</b>	<b>5,607,238</b>
<b>OTHER ELEMENTS OF THE COMPREHENSIVE RESULT</b>	<b>69,923,977</b>	<b>48,180,803</b>
<b>Total comprehensive income for the period</b>	<b>72,703,794</b>	<b>53,788,041</b>

## 4.4 EXECUTION OF THE REVENUES AND EXPENSES BUDGET

In accordance with International Financial Reporting Standards, in the financial statements the income from the decrease in the share capital of Voluthema Property Developer SA, the gain from fund units repurchase and bond interest were recorded under "Net gains on revaluation of financial assets at value fair through profit or loss ". In the execution of REB there was covered in point 1.1.3. Income from transactions or point 1.1.2. Interest income, because that is the way it was budgeted in the proposal made by SIF Muntenia's administrator.

The Revenues and Expenses Budget for 2018 will be subject to approval at the General Shareholders' Meeting on 26/27 April 2018. Below its implementation in the first quarter of 2018 is presented.

	REB 2018	Achieved Q1 2018	A/REB
<b>1. TOTAL INCOME</b>	<b>62,500,000</b>	<b>3,451,662</b>	<b>5.52%</b>
1.1. Investment income	62,400,000	3,435,154	5.51%
1.1.1. Dividend income	40,000,000	10	0.00%
1.1.2. Interest rate income	2,400,000	562,783	23.45%
1.1.3. Net income from trades	20,000,000	2,872,361	14.36%
1.2. Other income	100,000	16,507	16.51%
<b>2. TOTAL LIABILITIES</b>	<b>22,800,000</b>	<b>5,355,334</b>	<b>23.49%</b>
2.1. Administration expenses	17,400,000	4,350,000	25.00%
2.2. Third party expenses	2,600,000	521,403	20.05%
2.3. Portfolio management expenses	1,300,000	119,196	9.17%
2.4. SRC expenses	1,300,000	364,735	28.06%
2.5. Other expenses	200,000	0	0.00%
<b>3. NET INCOME FROM REVALUATION OF ASSETS</b>		<b>11,886,798</b>	
<b>4. GROSS PROFIT</b>	<b>39,700,000</b>	<b>9,983,126</b>	<b>25.15%</b>
5. Current and deferred income tax		7,203,309	
<b>6. NET PROFIT</b>		<b>2,779,817</b>	

## 5 SUBSEQUENT EVENTS TO REPORT DATE

On 26 April and 27 April 2018, the Extraordinary and Ordinary General Meeting of Shareholders of SIF Muntenia took place.

The following were approved by unanimity of votes in the OGSM:

- Individual and consolidated financial statements for the 2017 financial year.
- Distribution for dividends from the net profit for the financial 2017 year the amount of 28,004,167 lei (representing a gross dividend of 0.0347 lei per share, with the distribution of dividends starting with 28.09.2018, being considered the date of payment, the shareholders bearing the distribution expenses) and the amount of 23,001,160 lei to other reserves.
- The Administration Program and the Revenues and Expenses Budget for 2018 and the remuneration for the Shareholders' Representatives Council.
- The date of 19.09.2018 as registration date, according to the provisions of art. 86, par. 1 of the Law no. 24/2017.
- The date of 18.09.2018 as an ex-date, as defined by the provisions of the NSC Regulation No. 6/2009.

The following were approved in the EGSM:

- Amending the Articles of Incorporation of the company, with 98.07% of the total votes present or represented.
- The date of 15.05.2018 as registration date, according to the provisions of art. 86, par. 1 of the Law no. 24/2017, with 99.96% of the total votes present or represented.
- The date of 14.05.2018 as an ex-date, as defined by the provisions of NSC Regulation No. 6/2009, with 99.96% of the total number of votes present or represented.

SIF MUNTENIA S.A through administrator  
 S.A.I MUNTENIA INVEST S.A  
 General Director,  
 Nicușor Marian Buică

3B EXPERT AUDIT S.R.L  
 Administrator,  
 Adriana Anișoara Badiu