

MANAGEMENT PROGRAM OF SIF MUNTENIA FOR 2020

SIF Muntenia is a Romanian legal person, established as a private equity company. The operation of the company is governed by the provisions of ordinary and special Romanian laws, applicable in the field of financial investment companies, as well as by the provisions of its Articles of Incorporation.

SIF Muntenia S.A. is a collective investment body operating in Romania in accordance with the provisions of the Companies Law no. 31/1990, Law no. 297/2004 on the capital market, Law no. 74/2015 on 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. Register of financial instruments and investments in the Alternative or Closed Investment Companies section.

ECONOMIC ENVIRONMENT¹

In 2020, legislative changes will continue to emerge in the capital market field. Several projects / amendments to normative acts to transpose new European legislation or the need for better regulation of a financial segment will be continued and will be subject to adoption by the Romanian Parliament.

1 INVESTMENT STRATEGY

SIF Muntenia's investment strategy aims for SIF Muntenia's portfolio to have well-defined characteristics of **multi asset fund**, which combines assets (different types of financial instruments) with potential for increasing the value of the assets managed and the investment income.

SIF Muntenia's strategy and portfolio are within the requirements of the European regulations related to the alternative investment funds. SIF Muntenia is an AIF established on the basis of articles of incorporation, which does not use leverage², whose shares are freely tradable.

SIF Muntenia has as an objective to efficiently manage a diversified portfolio of assets, able to ensure a constant flow of income, preservation and growth of capital in the medium-long term, in order to increase the value for the shareholders and obtain the highest returns on the invested capital. The ability and adaptation to rapid changes in the economic environment, as a result of international tensions as well as changes of legislation in Romania, will be decisive in obtaining the results according to the expectations of the shareholders.

MAIN STRATEGIC OBJECTIVES FOR 2020

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

DIRECTIONS OF ACTION

- Continue alignment of SIF Muntenia's activity with national and European legislation on AIF - alternative investment funds.
- Maintaining SIF Muntenia as an investment entity, in accordance with Amendments to IFRS 10, IFRS 12 and IAS 27.
- Maintaining the risk management system according to AIFM regulations.

In 2020, SIF Muntenia will continue to align with the requirements of the legislation on alternative investment funds, according to the regulations that will come into force during the current year.

The differentiated approach adopted by SIF Muntenia for each of its holdings aims to achieve an aggregate yield, generated from dividend income and capital gain.

In the process of reassessing the status of an investment entity, SIF Muntenia periodically analyzes the extent to which the conditions of classification as an investment entity are fulfilled.

¹ more details about the economic environment for 2020 can be found in the administrator's report for 2019

² SIF Muntenia's administrator does not use leverage, guarantees or techniques for reusing assets. SIF Muntenia does not perform securities financing transaction (SFT) nor does it use total return swap instruments, as defined by EU Regulation 2365/2015

EXIT STRATEGIES

An investment entity distinguishes from other entities especially by not intending to retain its investments indefinitely.

As an investment entity, SIF Muntenia has different strategies for different types or investment portfolios, including a realistic timeframe for divestment.

In order to meet the proposed strategic objectives and fulfillment of the budgeted indicators, portfolio restructuring will continue in the coming years. Exit strategies to be pursued include:

- Listed companies in which SIF Muntenia holds less than 20% and have values in SIF Muntenia's NAV as at 31.12.2019 less than 2,000,000 Lei will be primarily sold through capital market transactions after the analysis of the sales opportunity under market conditions;
- Closed companies in which SIF Muntenia holds less than 49% and have values in SIF Muntenia's NAV as at 31.12.2019 less than 2,000,000 Lei will follow a process of evaluation and negotiations with the majority shareholder / shareholders for an exit in the next 3-4 years;
- Listed companies that are not Subsidiaries and value in excess of 2,000,000 Lei in the NAV calculated as at 31.12.2019 will be monitored on a permanent basis so that the most favorable exit moments are captured, along with the dividend income marking for those having an annual dividend policy; for these companies, there is parallel analysis and monitoring to purchase new packages for future positive results;
- Unlisted companies that are not Subsidiaries and value in excess of 2,000,000 Lei in the NAV calculated as at 31.12.2019 will be analyzed and evaluated and in the next 3-5 years, some exits negotiated with the majority shareholder/s will be aimed at, provided that the internal policy and strategy of these companies is different from the interest of SIF Muntenia as a shareholder, with the registration of a positive result for SIF Muntenia;
- **Subsidiaries:** Beginning with 2018, SIF Muntenia S.A. has assessed subsidiaries at fair value through profit and loss account. As such, they will be monitored analytically by constantly increasing their fair value by taking immediate action, especially in the case of non-fulfillment of indicators in the revenue and expenditure budgets approved by SGM. Constant growth will be monitored, both in terms of the result and the position on the market in which it operates so that the fair value does not have any negative effects in the annual result registered by SIF Muntenia. For performing subsidiaries, parallel to the pursuit of value growth, the exit strategy will be prepared so that it will be realized in profitable conditions for SIF Muntenia;
- Regardless of the value of the companies in the NAV calculated as at 31.12.2019, for all companies, except the subsidiaries, SIF Muntenia's administrator will follow the public or private placements, purchase offers organized at the issuer level, distributions from the shareholders' equity to the shareholders, so that portfolio restructuring to be carried out under the best conditions for SIF Muntenia;
- Part of the shares that are valued in accordance with IFRS 9 at fair value through other comprehensive income are held primarily for long-term strategic purposes. These will be analyzed and evaluated, and exit strategies will be set within the next 3-5 years, provided that the internal policy and strategy of these companies is different from the interest of SIF Muntenia as shareholder, with the registration of a positive result for SIF Muntenia;
- Holdings in fund units will target the capitalization of the investment by redemption of fund units. The holding period will take into account the type of fund, the performance recorded and the recommended holding period in the fund prospectus.

COMMITMENT TO INVESTORS

S.A.I Muntenia Invest S.A. (A.I.F.M.) comits to SIF Muntenia's investors that *the object of activity of SIF Muntenia is to invest funds exclusively for profitability reasons from the increase of equity value and / or from the investment income*

A.I.F.M treats and will treat fairly all of the entity's investors. The principles for treating investors fairly include, but are not limited to:

- acting in the interest of the entity and the shareholders;
- ensuring that the investment decisions taken on behalf of SIF Muntenia are executed in accordance with the investment policy, objectives and risk profile;
- ensuring that the interests of any group of shareholders are not placed over the interests of any other group of shareholders;
- ensuring that accurate and transparent pricing models and rating systems are used for the company's portfolio;
- preventing the imposition of undue costs on SIF Muntenia and its shareholders;
- taking all reasonable steps to avoid conflicts of interest and when they can not be avoided, identify, manage, monitor and, where applicable, disclose these conflicts of interest in order to prevent them from adversely affecting the interests of shareholders;
- recognizing and properly handling complaints and petitions.

S.A.I Muntenia Invest S.A. has and implements policies and procedures designed to manage current and potential conflicts of interest.

SIF Muntenia and S.A.I. Muntenia Invest S.A do not intend to provide investment-related activities, either directly or through a subsidiary, which is a separate substantial economic activity or a separate, important source of income for the SIF Muntenia investment entity.

2 ASSET ALLOCATION

*Asset allocation (on the basis of objectives pursued and risk perception) and portfolio diversification are techniques used to identify, build and operate a portfolio of financial instruments. Asset allocation identifies asset class **ratios** in the global portfolio, while portfolio diversification suggests the **right mix** of securities / financial instruments in each of the asset classes.*

For the allocation of SIF Muntenia assets, the administrator will use both strategic allocation and tactical allocation elements.

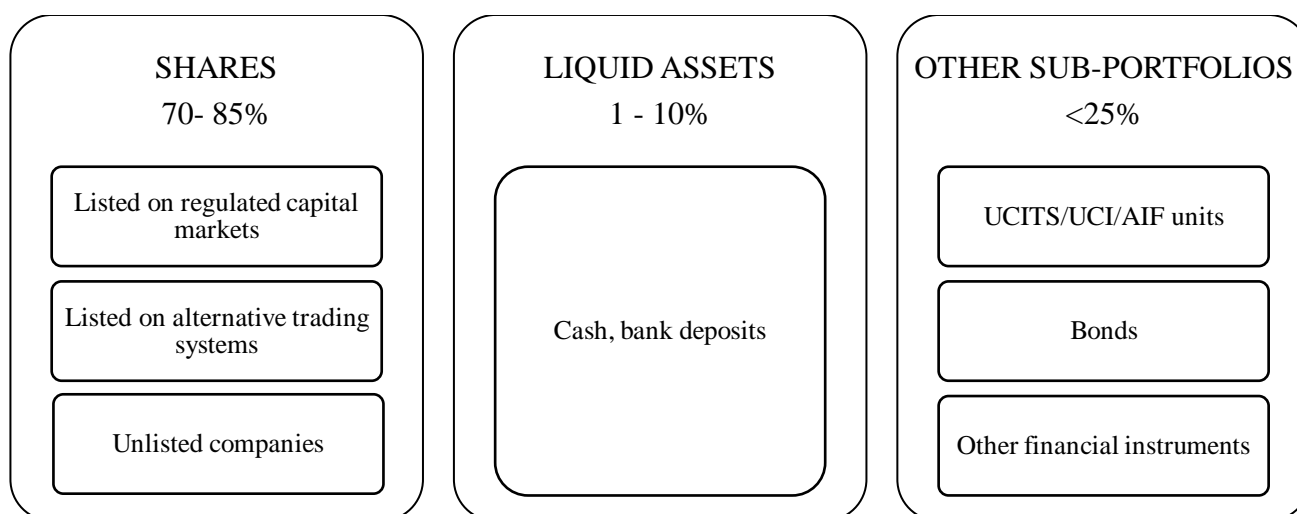
2.1 STRATEGIC ASSET ALLOCATION

Strategic Asset Allocation (SAA) is the initial step in building a portfolio. This stage corresponds to the definition of the "Model Portfolio" or Target.

Strategic Asset Allocation is a long-term allocation. In the long run, the value of assets is determined by elements of fundamental nature and general market conditions. The strategic allocation observes general investment restrictions in the legislation.

In the case of a diversified fund, such as SIF Muntenia, this stage defines the quota of shares, bonds, liquid assets and other financial instruments in the portfolio.

The figure below shows the target portfolio of SIF Muntenia for 2020. The values used on the basis of which the percentages in the figure below are calculated are those used for the calculation of the total asset and the net asset according to the FSA regulations in force at the date of preparation of this material.



2.2 TACTICAL ASSET ALLOCATION

Tactical Asset Allocation is a short to medium term asset allocation consisting of systematically or punctually adjusting the portfolio to benefit from "short-term" opportunities and a selective choice of assets in sub-portfolios, which considers:

- Restrictions / targets imposed by strategic allocation;
- The principle that, in the medium term, the capital market reflects a combination of investor expectations and the fundamental value of assets / liabilities;
- Price volatility in the markets in which portfolio financial instruments are traded;
- Limits due to investment opportunities and liquidity available or required for certain operations (eg. dividend distribution for shareholders).

2.3 MARKETS AND FINANCIAL INSTRUMENTS WHERE SIF MUNTENIA INVESTS

The financial instruments in which SIF Muntenia can invest are those allowed by the legislation in force. These can be, but not limited to, the following, depending on the investment opportunity and the overall risk profile of SIF Muntenia (under the strict risk management):

- securities and money market instruments listed or traded on a regulated market defined in accordance with the applicable law, in Romania or in a Member State;
- securities and money market instruments admitted to official listing on a stock exchange in a non-Member State or traded on another regulated market in a non-member country that operates on a regular basis and is recognized and open to the public;
- securities not admitted to trading on a regulated market or in trading systems other than regulated markets, including alternative trading systems in Romania, in a Member State or third-party state;
- newly issued securities, provided that³:
 - the issuance conditions include a firm commitment to require admission to trading, on a stock exchange or another regulated market that operates on a regular basis and is recognized and open to the public,
 - this admission is ensured within a maximum period of two years from the issue;
- securities of collective investment undertakings (UCITS) and / or other collective investment undertakings (UCI/AIF);
- deposits with credit institutions which are repayable on demand or offer the right of withdrawal with a maturity not exceeding 12 months provided that the registered office of the credit institution is located in Romania or in a Member State or, if outside the European Union, be subject to prudential rules assessed by the FSA as being equivalent to those issued by the European Union;
- Money market instruments, other than those traded on a regulated market, which are liquid and have a value that can be precisely determined at any time.

The administrator does not invest in derivative financial instruments (traded on regulated markets, on organized trading systems (OTF) or over-the-counter (OTC)).

Markets on which SIF Muntenia invests (trading venues in which AIFM trades)

Most of the transactions are conducted on the Bucharest Stock Exchange.

3 SHARES SUB-PORTFOLIO

The priority of the management activity with the highest volume of activity remains the management of the shares sub-portfolio, which is SIF Muntenia's most important sub-portfolio, both in terms of asset value and in terms of revenues. The investment activity is carried out in compliance with the legal and prudential exposure limits, in line with the macroeconomic trends. The returns / risks of each major investment are monitored by SIF Muntenia's administrator.

SIF Muntenia invested and invests in shares in order to increase the value of the equity and / or of the proceeds from these investments and **does not** intend to obtain other benefits resulting from the entity's investments.

Directions for action in managing the shares sub-portfolio:

- Increasing the quota of participations in companies listed on regulated markets, which have a high liquidity of transactions; reducing the share of holdings whose securities are not traded on regulated capital markets;
- Identification and capitalization of the opportunities offered by the regulated capital markets for short and medium term investments / divestments, by selecting issuers with growth prospects in relation to the trading prices or the available valuations;
- Increasing holdings in issuers operating in the performing economic sectors at this time. Among the sectors of activity with potential for performance, we can now mention, from the business cycle, banking, energy-utilities, pharmaceutical industry (there are no legal restrictions on the sectors in which SIF Muntenia can invest or the value of investment in a sector). SIF Muntenia will continue its strategy to invest in several entities in the same industry, on the same market or geographic area, in order to take advantage of the synergies that increase the value of the equity and the investment income of the entities in which it has invested
- Priority management of large exposures. Continue to reduce the atomisation of the portfolio (more significant holdings of about 10% of the total assets of each), but with the possibility of exceeding this limit in case of investment opportunities, corroborated by faster sale of very small / no prospects and / or no dividend ones. Accelerating the reduction in the number and weight in the total portfolio of companies defined as residual (remaining in the portfolio of FPP IV Muntenia), ie companies with no potential for growth;

³ the exception will be newly issued securities of some companies that offer the advantage of certain risks elimination, certain additional costs elimination and that will play the role of market integrity guarantor by reducing the counterparty risk

- The orientation of investment policy towards companies that regularly pay dividends and where the application of corporate governance ensures the compliance with SIF Muntenia's rights as a minority shareholder;
- Protect and increase the value of participations by engaging in companies using corporate governance elements
- Participation to share capital increases of portfolio companies with growth potential.

4 LIQUID ASSETS. ENSURING LIQUIDITY

The prudent management of liquidity risk implies maintaining sufficient cash for current activity (operating expenses and tax expense), sources of investment and the distribution of dividends or redemptions of own shares.

It is intended to provide as much flexibility as possible from this point of view.

In the decreasing order of liquidity, the liquid assets of SIF Muntenia can be:

- Cash (current accounts opened with banks);
- Cash equivalents (short-term, very liquid investments (less than 3 months) that are convertible in cash at any time);
- Deposits placed with banks.

Depending on the overall strategy and liquidity needs, the manager will place liquid assets mainly on certain classes of assets and market segments, according to its expectations, primarily aiming to protect equity against the background of maintaining low interest rates.

Bank deposits are low-risk money market instruments, but potential gains is proportional to the risk assumed.

In managing bank deposits, the administrator will aim at:

- Placing available resources with banks in Romania with a solid financial situation.
- Dispersion of amounts placed in banks complying with the rules of prudence.
- Obtaining an average interest on SIF Muntenia deposits more than ROBID 1M, within the limits of complying with the previously presented two points.

5 OTHER SUB-PORTFOLIOS

BONDS SUB-PORTFOLIO

A significant increase in the value of this sub-portfolio is not foreseen in 2020, primarily due to the reduced supply on the Romanian bond market corresponding to the investment objectives pursued.

The management of this sub-portfolio will aim at:

- Investing in no more than medium-term bonds (maturity below 5 years), where there is no stable and liquid secondary trading market for them, or they are guaranteed and the interest rate offered to be higher than the one obtained from banks;
- No investments in long-term bonds - over 10 years - will be performed, given the role of this sub-portfolio in SIF Muntenia's global portfolio and general economic conditions.

UCITS/UCI/AIF UNITS SUB-PORTFOLIO

Units of UCITS/UCI/AIF contribute to reducing the overall risk of the portfolio by diversification.

The following will be pursued in managing this sub-portfolio:

- Regular analysis and rebalancing of participations according to the macroeconomic expectations and the profiles and portfolios of each fund / UCITS/UCI/AIF where units have been purchased;
- Marking profits under minimum commissions;
- Identification of new growth potential units.

OTHER FINANCIAL INSTRUMENTS SUB-PORTFOLIO

- Permanent analysis of other opportunities.

6 DIVIDEND POLICY / OWN SHARES REDEMPTION PROGRAMS

In the Shareholders' General Meetings for the approval of the financial statements, the strategic management programs and the revenues and expenses budgets, proposals for the distribution of the net profit will be presented and submitted to

shareholders' approval so as to maintain a balance between remuneration of the shareholders and the need to finance the purchase of new financial instruments in order to increase the value and quality of assets

At the end of each year, SIF Muntenia's administrator will analyze the structure of the net profit registered in the context of the application of legal regulations in force and will present to SIF Muntenia's shareholders an option for the distribution of results registered so that the shareholders take informed decisions and avoid the risk of decapitalization of the fund by distributing amounts that would reduce the liquidity of the fund under the accepted limits.

Rewarding shareholders by distributing dividends, or by repurchasing own shares within the repurchase programs carried out by the company, may bring additional benefits to shareholders in the medium and long term.

DIVIDEND POLICY

SIF Muntenia's policy regarding the annual distribution of dividends or other benefits to shareholders was drawn up within the framework of the voluntary compliance process with the Corporate Governance Code of the Bucharest Stock Exchange and is presented on SIF Muntenia's website, under Corporate Governance section.

After the completion of the implementation process according to law no. 243/2019 on the regulation of alternative investment funds and for the modification and completion of some normative acts, S.A.I Muntenia Invest will re-analyze the dividend policy for SIF Muntenia and will inform the shareholders if changes will be necessary.

Dividends not claimed within a 3-year period

The policy of the company is to keep dividends at the disposal of the shareholders for a period of 3 years, in accordance with the legal provisions in force. Dividends not claimed after this deadline are registered on reserves following a decision of the Shareholders General Meeting.

OWN SHARES REDEMPTION PROGRAM

The method of remuneration of SIF Muntenia's shareholders is applied to their benefit, both through the dividend distribution policy, as well as by the decision to reinvest the profit or to redeem the securities, in order to increase the value of the shares. This increase of shareholder's equity is manifested at least by the implicit increase in the share value due to the favorable effect of profitable reinvestment of the capital.

Depending on the economic and financial evolution, the risk profile and the investment expectations of the shareholders, the two ways of rewarding should offer at least the same investment attractiveness. If the opportunities for profit reinvestment are more attractive for the shareholders or in the case of repurchasing some shares from the market, SIF Muntenia's shareholder return on equity is likely to be greater than a simple distribution of taxable dividend.

7 RISK MANAGEMENT

SAI Muntenia Invest, as the AIFM, has implemented a permanent independent risk management framework (permanently, operatively and independently of the management of the portfolios of managed entities) designed to ensure through established risk management policies and procedures, monitoring and compliance with the risk limits established, as follows:

- The AIFM has risk management policies regarding the risks related to SIF Muntenia and the adequacy and effectiveness of this formal framework are reviewed and approved at least annually;
- For each relevant risk area, the AIF establishes risk exposure limits based on the Fund's objectives, strategy and risk profile. These limits are periodically monitored, depending on the nature of the risk area, and the sensitivity of the portfolio to the key risks is regularly reviewed, depending on the need to assess the impact of changes to the main variables on the Fund;
- *The risk profile for SIF Muntenia.* The **main** risks to which the Fund is exposed are market risk (including stock price risk, interest rate risk and sectoral risk), credit risk and liquidity risk.

Special features of liquidity risk management

The closed-end structure of the Fund determines low liquidity requirements, reducing the impact of the potentially low liquidity of the portfolio. AIF's risk function performs regular assessments of liquidity to ensure that the Fund can meet its payment obligations. The liquidity management policy ensures that the investment portfolio is sufficiently liquid to meet the following principal obligations - covering operational expenses, requirements for investment and dividends / other types of distributions to shareholders.

More details on risk management can be found in the annual report of SIF Muntenia for the financial year ended 31.12.2019.

SIF MUNTENIA

BUDGET OF REVENUES AND EXPENSES

Guidelines that were the basis for drafting the BRE:

- The implementation of the strategic management program for 2020
- Prudent estimation of the company's resources
- Ability of the company to meet its future payment obligations
- An efficient collection and exercise of SIF Muntenia rights
- Applying provisions of IFRS9 and IFRS10

Assumptions in the preparation of the BRE are:

Fees, taxes, retainer fees and contributions are based on levels according to legal provisions in force at the date of preparation, as well as the projected ones, according to existing applicable legal basis. The collection of dividends distributed by portfolio companies in 2020 is expected to be similar to the previous year's collection method.

Dividend revenues are estimated according to reports presented by the issuers in the portfolio and are registered in the BRE at gross value, that includes also the tax on dividends.

Interest revenues are estimated considering:

- level of cash and cash equivalents at the end of 2019, influenced by the transactions planned to be conducted on the capital market and monetary investments planned to be conducted in 2020.
- income level of bonds sub-portfolio.
- an average level of interest on bank deposits of 2.7% per year, and for cocorporate bonds existing in the portfolio. The level stipulated in the prospectus in force; no interest income for new bonds was taken into account

It is important to mention that these estimates may differ substantially from actual values, depending on changes in portfolio assets, investment and redemption decisions, money market trends during 2020, and the impact of new legal regulations on SIF Muntenia's activity and the capital market in general.

Management expenses, represents the annual fee of the Administrator according to the management contract submitted to shareholders' approval. The value of the fixed fee was calculated based on the average total assets from 2019. SAI Muntenia Invest will inform the investors in the quarterly / semi-annual / annual reports regarding the value of the management expenses calculated on the basis of the total monthly assets realized.

Third party expenses are established according to agreements in force; they include expenses with other service providers (BRD, both as the depositary and the custodian, Central Depository, FSA fees and charges, KPMG - financial auditor, internal auditor, expenses related to investors relations, charges with mandatory publicity, payments to the Trade Register).

Portfolio management expenses are established according to the analysis of expenses performed during 2019, to the revenues from planned trading and ongoing contracts; they include expenses with the trading commissions to brokers, banking expenses, notary public fees, debt recovery expenses, court of law expenses, valuation of certain holdings in the portfolio that are performed by external evaluators for IFRS reporting purposes, etc). Given the fact that the Manager pursues an active management strategy, during the year opportunities to buy or sell certain participations may arise and achievement of these transactions may involve certain costs associated with the services provided by third parties who were not taken into account at a first approximation of this expenses position.

Remuneration of members of the Shareholders' Representatives Council. For the 2020 budget, these expenses include mostly the gross remuneration of members of the Shareholders' Representatives Council, approved by the Shareholders' General Meeting.

Main categories that were not forecasted:

- Gain or loss from exchange rate differences. Income and expenses from exchange rate differences were not forecasted as exchange rate developments can not reasonably be estimated;
- Tax on dividends received by SIF Muntenia, profit tax and deferred income tax;
- Gain / loss from the measurement of participations at fair value through the profit and loss account that was not forecasted because future market prices / fair values can not reasonably be estimated.

The **gross** result (without taking into account the influence of the evaluation items that were not forecasted) estimated for the year 2020 amounts to 33,600,000 lei.

2020 BUDGET OF REVENUES AND EXPENSES

Indicator	Proposal BRE 2020
1. TOTAL REVENUES	61,700,000
1.1. Investment income	61,600,000
1.1.1 Dividend gross income	60,000,000
1.1.2 Interest income	1,500,000
1.2 Other income	100,000
2. TOTAL CHELTUIELI	28,100,000
2.1 Management expenses	23,200,000
2.2 Third party expenses	2,600,000
2.3 Portfolio management expenses	1,500,000
2.4 SRC expenses	700,000
2.5 Other expenses	100,000
3. Net Gain / Net loss on valuation of financial assets at fair value through profit or loss	-
4. GROSS PROFIT	33,600,000

In the budgeting of the gross profit presented above, the major negative effects that will result from the current situation, namely the epidemic of COVID-19, have not been taken into account.

The effects of this pandemic will spread both on the capital markets and on the financial markets (financial-banking institutions), on a global level, respectively on the level of Romania. Major volatilities will be recorded and both listed companies and unlisted companies will be affected. The most affected companies will be those in the field of tourism, trade and transport.

The combined effect of the elements presented above may mainly affect the expected dividend income and the net gain / net loss from the valuation of financial assets at fair value through profit and loss.

SIF Muntenia S.A. by its administrator

S.A.I Muntenia Invest S.A.

General Director

Nicușor Marian Buică