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## **AS Trigon Asset Management**

### **Procedure for determining of net asset value of investment funds**

#### **GENERAL PROVISIONS**

1. Net asset value of common funds (hereinafter “**Funds**”) managed by AS Trigon Asset Management (hereinafter “**Management Company**”) shall be determined in accordance with the Investment Funds Act, the Regulation of the Ministry of Finance “Procedure for Establishment of Net Asset Value of an Investment Fund Assets”, the Fund Rules, Prospectuses and this procedure (hereinafter: “**Procedure**”).
2. The Management Company has delegated the keeping account of the Fund’s assets, and organisation of accounting of the Funds, other than real estate funds, as well as determining the net asset value of the Funds, other than real estate funds, to AS Swedbank. In performing these duties AS Swedbank shall act in compliance with the Procedure, the investment funds’ administration contracts entered into with AS Trigon Asset Management, and the legislation.
3. Fund unit’s net asset value, issue and redemption price shall be rounded up to four decimal points.
4. If in the opinion of the Management Company the fair value of any Fund’s assets cannot be determined with sufficient reliability applying the Procedure, the Management Company may – by way of exception, considering legitimate interests of the Fund’s unit holders and its own best understanding and skills – determine the fair value of the assets in a manner different from the provisions contained in these Procedure. ‘Exceptional case’ means, above all, such situations where trading with securities on a regulated market has been suspended, or the Management Company finds that the market price of the assets does not reflect its actual value, and therefore the fair value of the assets cannot be reliably determined. In such cases the Management Company shall document the decisions and principles applied to valuation, and shall provide written arguments in support thereof, *inter alia*, explaining how the Management Company has arrived at such asset value.

#### **DETERMINING OF FUND’S ASSET VALUE**

##### **5. Valuation of cash and deposits**

- 5.1 The value of cash shall be determined based on its nominal value.
- 5.2 Deposits are recognised at their nominal value, plus the accrued interest calculated as at the date of valuation. Valuation date is the date at which the net asset value of the Fund shall be determined (hereinafter: “Valuation Date”).

**6. Valuation of assets denominated in foreign currencies, and principles of selection of exchange rates applied**

- 6.1 Foreign currencies and assets denominated in foreign currencies, as well as claims against the Fund shall be revaluated in euros, applying the latest known buying rate set by the depositary. If the latest buying rate of the valuation date is not available, the opening rate at the banking day following the valuation date may be applied.
- 6.2 If the exchange rate of the depositary is not available, the latest known European Central Bank's exchange rate at the valuation date may be applied. If the exchange rate as at the valuation date is not available, the latest known European Central Bank's exchange rate may be applied.
- 6.3 The foreign currency, the rate of which is not set by the depositary or the European Central Bank, is revaluated applying the euro exchange rate set by the central bank of the country in question.

**7. Valuation of a security traded on a regulated securities market**

**7.1 Valuation of a security (other than a debt security) traded on a regulated market**

- 7.1.1 The value of a security traded on a regulated market shall be determined on the basis of the closing price of that regulated market on the valuation date. If the closing price is not available, the mid-market price of the regulated market on the valuation date shall be applied. If the mid-market price is also unavailable, the latest bid price of the regulated market on the valuation date shall be applied. In case that no bid price is available, the latest share price determined in the manner described above shall be applied.
- 7.1.2 Having regard to legitimate interests of unit holders, the Management Company may, by way of exception, if this is required for determining the fair value of a tradable security, apply any closing price, mid-market price or bid price on the regulated market known within the 20 banking days preceding the valuation date.
- 7.1.3 If no transactions on any regulated market on which the security is traded have been concluded with the tradable security within the last 20 business days, the security is treated as a non-tradable security, until such price becomes available.

**7.2 Valuation of a debt security traded on a regulated securities market**

- 7.2.1 The value of a debt security traded on a regulated market shall be determined applying the average ask and bid price  $((ask+bid)/2)$  given by sources of quotes accepted by the currently used information provider on the valuation date (*mid-market price*). If the mid-market price is not available, the closing price on the valuation date shall be applied. If no closing price is available, the mid-market price of the last banking day shall be applied.
- 7.2.2 Having regard to legitimate interests of unit holders, the Management Company may, by way of exception if this is necessary for the determining the fair value of a tradable debt security, apply any mid-market price, closing price, or bid price known within the 20 banking days preceding the valuation date.

- 7.2.3 If there are no such quotes, or if in the opinion of the Management Company they do not reflect the actual value of the debt security, the price of the debt security may be determined applying an over-the-counter bid price, the depreciated cost or any other fair value. By way of exception, having regard to legitimate interests of Fund's unit holders, the Management Company may apply the depreciated cost model to valuating a tradable debt security even if the debt security was originally acquired with the intent to hold it to maturity. If the depreciated cost model or other fair value is applied, the Management Company shall be governed, above all, by the valuation models set out by the International Financial Reporting Standards (hereinafter: "*IFRS*").
- 7.2.4 If the price referred to in clause 6.2.3 is applied, such price shall be compared against the mid-market price of the debt security in question on a regulated securities market at least once a month, and shall be adjusted, if the variance is in excess of 0.5%, and if in the Management Company's opinion the mid-market price on the regulated market reflects the fair value of the debt security better.
- 7.2.5 In cases set out in clause 6.2.3 the Management Company shall document the valuation decision and the valuation principle, and shall provide arguments in their support, describing the way how the Management Company arrived at such asset value.

**6.3. Principles of selecting the regulated markets the prices whereof serve as the basis for valuation of tradable securities**

- 6.3.1. If a security is tradable on several regulated securities markets, the prices effective at the regulated market of the issuer's country of location shall be given priority.
- 6.3.2. If the security is not traded on the regulated market of the issuer's country of location, if this market is not sufficiently active, or if the required price is not available, the price effective on another regulated market shall be applied. The main criterion for selecting the regulated market is the liquidity of the respective security on the given securities market.

**7. Valuation of securities not traded on a regulated market**

- 7.1. Valuation of a security, which is not traded on a regulated market, takes place, above all, by applying the valuation models set out by IFRS. Fair value is the probable selling price of the security, which shall be determined prudently, in good faith and bearing in mind the best interests of unit holders and at which independent and experienced parties would agree to conclude a transaction.
- 7.2. In consideration of the provisions set out in subsection 7.1, the value of a non-tradable security shall be determined on the basis of the price of a market-maker.
- 7.3. In consideration of the provisions set out in subsection 7.1, the price of a non-tradable security may be determined applying the yield curve model, based on the yield curve matching the maturity and currency of the debt security, adjusted by the risk margin of the reference group, which corresponds to the risk of the issuer of the debt security.
- 7.4. By way of exception, having regard to legitimate interests of Fund's unit holders, the Management Company may apply the depreciated cost model to valuating a

non-tradable debt security even if the debt security was originally acquired with the intent to hold it to maturity.

- 7.5. If the fair value of a security cannot be determined applying the above described models, or if in the Management Company's opinion it does not represent the fair value, the Management Company shall determine the fair value by its decision. Such decision shall be documented, along with the arguments underpinning the same, showing how such value of the security was arrived at.

#### **8. Valuation of a share or a unit of an investment fund**

- 8.1. The value of a share of a unit of an investment fund traded on a regulated market shall be determined in accordance with Section 6.
- 8.2. The value of a unit of a common fund not traded on a regulated market shall be determined on the basis of the latest known redemption or repurchasing price or, if such price is unavailable, on the basis of the net asset value of the fund.
- 8.3. The value of a share of a fund founded as a public limited company, not traded on a regulated market, shall be determined in accordance with Section 7.

#### **9. Valuation of derivative instruments**

- 9.1. The value of a derivative instrument traded on a regulated market shall be determined in accordance with Section 6.
- 9.2. The value of a currency forward and currency swap shall be determined on the basis of the spot rate and forward points, interpolated to the respective term.
- 9.3. The value of options non-tradable on a regulated market shall be determined applying the Black&Scholes model, whereas the inputs required for calculation shall be established by the Management Company.

#### **10. Valuation of repurchase and reverse repurchase transactions**

- 10.1. The value of a repurchase transaction is the transaction value of the securities constituting the underlying assets of the transaction, less the periodised difference between the repurchase and selling price of these securities.
- 10.2. The value of a reverse repurchase transaction is the lower of the following amounts:
- the purchasing price of the securities constituting the underlying asset of the transaction, plus the periodised difference between the sellback and purchase price of these securities;
  - the value of the securities, constituting the underlying assets of the transaction.

#### **11. Valuation of structured notes and deposits**

- 11.1. To determine the value of a structured note or a deposit such note or deposit shall be divided into individual components (e.g. the deposit plus the option). The value of each component shall be determined in accordance with the Procedure. In order to determine the aggregate value of a structured note or deposit, the individual components are added up.

#### **12. Valuation of immovable**

- 12.1. The value of an immovable shall be determined on the basis of its market value or, if not available, on the basis of another fair value, taking into consideration the provisions of the Fund Rules.
- 12.2. If in the opinion of the Management Company there is reason to assume that the fair value of an immovable has changed considerably vis-à-vis the latest independent valuation result, new valuation shall be commissioned from an independent appraiser.

### **13. Valuation of other assets**

- 13.1. Revenue calculated on the accrual basis, but not yet received shall be summarised under accrued income and prepaid expenses, including interest receivables and receivables similar to interest, dividend receivables and other accrued income and prepaid expenses.
- 13.2. In order to determine the market value of any other receivables, such receivables shall be valued at the amount expected to be collected.
- 13.3. The value of any other assets not specified in this Procedure shall be their fair value. If this is not possible or appropriate, it is also permissible to apply other generally recognised models, above all the valuation models prescribed by IFRS.

### **DETERMINING THE NET ASSET VALUE OF THE FUND AND THE NET VALUE OF A UNIT**

14. The net asset value of the Fund shall be determined on the basis of the value of the Fund's assets, less the liabilities of the Fund. Above all, the value of the Fund's assets shall be determined on the basis of the market value of the Fund's assets. If the market value cannot be established, the Fund's asset value shall be established applying another fair value model, in accordance with the Procedure.
15. The net value of a unit of a Fund is calculated by dividing the Fund's net value by the number of units issued and not redeemed as at the time of valuation. If the Fund has several classes of units, the total net asset value of such unit class shall be determined by subtracting such class' share of the liabilities of the Fund from that class' share of the securities and other rights of the Fund's assets. The net asset value of a unit shall be determined by dividing that class' total net asset value by that class' number of units issued and not redeemed as at the point of valuation.
16. In order to calculate the net asset value of the Fund, the following liabilities shall be subtracted from the value of the Fund's assets:
  - any accrued but unpaid management fees and other accrual-based fees and expenses related to the management of the Fund, including success fees, the more detailed calculation principles of which are set out in the prospectuses and the rules of the Funds;
  - accrued but unpaid depositary's charges;
  - payables owed to unit holders stemming from redemption of units;
  - expenses related to transactions concluded on account of the Fund, and related transfer costs and service charges;
  - liabilities related to payment orders and interbank settlements;
  - loans received from credit institutions and other persons and costs incidental to such loans;

- other expenses, including accrued but unpaid expenses, i.a. interest owed and payables similar to interest, and other accrued expenses, as well as prepaid expenses (accrued expenses);
- other claims against the Fund.

**PROCEDURE FOR CORRECTING MISCALCULATIONS AND ERRORS UPON DETERMINING OF NET ASSET VALUE, AND COMPENSATION FOR DAMAGES**

**17. Material error**

- 17.1. Only such miscalculations of the net asset value where the error exceeds the following threshold values of materiality shall be corrected. The materiality threshold of an error depends on the type of the Fund:
- in case of an equity fund – up to 1% of the net value
  - in case of a bond fund – up to 0.5% of the net value
  - in case of a money market fund – up to 0.2% of the net value
  - in case of a mixed fund – up to 0.5% of the net value
- 17.2. If the error falls short of the threshold value set out in subsection 17.1, it shall be deemed immaterial and shall not be corrected. Moreover, any damages stemming from such error shall not be subject to compensation.
- 17.3. If the error exceeds the threshold value set out in subsection 17.1, such error shall be deemed material and shall be subject to correction, in which case any damages stemming from the same shall be compensated pursuant to the Procedure. In addition to single errors exceeding the threshold value, such consecutive uncorrected errors, which individually fall short of the threshold value but, if summarised, would exceed the same, shall also be considered material errors.

**18. Correction of mistakes and compensation for damages**

- 18.1. The person who discovers a material error shall promptly notify the management board of the Management Company of the error. Thereafter, the Management Company shall notify the Fund administrator, the depositary, the Financial Supervision Authority and, if applicable, the supervisory authorities in the countries where the Fund's units are publicly offered of the error.
- 18.2. The Fund administrator, in cooperation with the Management Company, shall take the steps to cure the error and compensate for damages:
- Identifies the impact of the error on different unit holder groups and the Fund (e.g. depending on whether any redemption or subscription has taken place);
  - Recalculates the net asset value of the Fund and the unit as of the date when the material error occurred or became a material error (as a result of summarising consecutive immaterial errors) up to the date when the error was cured. The period from the date of emergence of a material error up to the date when the error is cured, is referred to as 'error period'. If during the error period no units have been issued or redeemed, the incorrect net asset value does not require recalculation, unless the error has affected any fees paid on account of the Fund (e.g. success fee).
  - Establishes the extent of the damage suffered by the Fund and the unit holders;

- Notifies the injured unit holders about the discovered error and about compensation for the related damages. Such information shall be sent using the contact information of unit holders registered in the register of units.
- 18.3. Damages stemming from the error shall be compensated to unit holders and the Fund on account of the Management Company. The unit holders may also be compensated on account of the Fund's assets, if the amount being compensated can be covered by the surplus of the Fund, and therefore does not prejudice the interests of other unit holders.
- 18.4. The minimum amount of damages compensated to every unit holder shall be 6.39 euros. Damages falling below this amount shall not be compensated, unless the unit holder requests that such damage is compensated.
- 18.5. If damages stemming from an error are suffered by a unit holder who has invested via a nominee account, the Management Company shall transfer the compensated amount to the nominee account. The owner of the nominee account shall transfer such compensation to the entitled person forthwith.

### **19. Final Provisions**

The Management Company does not generally disclose any calculations related to determining the value of the Fund's assets, the price inputs used, analyses, expert opinions or valuations, decisions, or any other specific underlying information applied to determining the value of the Fund's assets. If the Management Company opts to disclose such information, it shall not be interpreted as investment advice or investment recommendation, or any other investment or ancillary service.