VALUATION POLICY

Each Portfolio should be evaluated by subtraction value of Liabilities included in Portfolio (hereinafter – **LIIP**) from value of Assets included in Portfolio (hereinafter – **AIIP**).

Financial Instrument included into portfolio can generate Assets included in Portfolio (hereinafter **Assets arise from Instrument – AAFI**) and Liabilities included in Portfolio (hereinafter **Liabilities arise from Instrument – LAFI**) as well.

AAFI and LAFI should be calculated for everyone Financial Instrument included in Portfolio.

Normally both of them should be based on the market prices of the Financial Instrument got from independent sources (e.g. exchanges, other brokers, Bloomberg etc.)

Nevertheless if there are no data from independent sources AAFI and LAFI calculation can be based on models developed by the Investment Manager.

1. Calculation of AAFIs and AIIP

1.1. Long positions in exchange-traded securities, currencies, commodities and futures (hereinafter – the Given Instrument)

AAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{AAFI = ER * N * CUP},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of lots (for stocks and commodities) or number of contract units (for futures);

CUP – is the contract unit's or lot's (hereinafter – CU) price calculated in accordance with the next formula:

$$CUP = \begin{cases} Current\ day's\ close\ price\ of\ the\ CU\ on\ the\ BE, if\ any\ OR \\ Current\ day's\ last\ bid\ price\ of\ the\ CU\ on\ the\ BE, if\ any\ OR \\ Last\ bid\ price\ of\ the\ CU\ indicated\ by\ Bloomberg, \end{cases}$$

where

BE (hereinafter) – is the Basic Exchange means the Exchange where the Given Instrument is traded most actively.

For bonds *CUP* should be increased by the coupon (interest) accrued.

1.2. Short positions in securities, currencies, commodities, forwards and futures (hereinafter – the Given Instrument)

AAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{AAFI = ER * \sum_{k=1}^{N} V_k * p_k},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of trades which the short position in the Given Instrument arose from;

V_k – is the number of lots (for stocks and commodities) or number of contract units (for futures) involved in the trade number *k*;

p_k – is the price of the trade number *k* (per lot or contract unit). For bonds p_k should be increased by the coupon (interest) accrued up to trade date.

1.3. Long positions in OTC-traded securities, currencies, commodities and forwards (hereinafter – the Given Instrument)

AAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{AAFI = ER * N * CUP},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of lots (for stocks and commodities) or number of contract units (for futures);

CUP – is the contract unit's or lot's last bid price indicated by Bloomberg.

For bonds *CUP* should be increased by the coupon (interest) accrued.

1.4. Long positions in exchange-traded options (hereinafter – the Given Instrument)

AAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{AAFI = ER * N * P},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of the given option contracts;

P – is the option contract premium equals the Settle Price of the Given Instrument for the current trading day calculated by the BE.

1.5. Long positions in OTC-traded options (hereinafter – the Given Instrument)

AAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{AAFI = ER * N * P},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of the given option contracts;

P – is the option contract premium calculated by the Investment Manager in accordance with the Black–Scholes model (for European options) or Binomial options pricing model (for American options).

1.6. Cash and cash equivalents

Cash and cash equivalents in Euro included in the Portfolio should be evaluated at face value.

1.7. AIIP calculation

The AIIP should be calculated in accordance with the next formula:

$$AIIP = \sum_{i=1}^{M} AAFI_i,$$

where

M – is the number of Financial Instruments included in the Portfolio;

$AAFI_i$ – is the AAFI of the Financial Instrument number i.

2. Calculation of LAFIs and LIIP

2.1. Short positions in exchange-traded securities, currencies, commodities and futures (hereinafter – the Given Instrument)

LAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{LAFI = ER * N * CUP},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of lots (for stocks and commodities) or number of contract units (for futures);

CUP – is the contract unit's or lot's (hereinafter – CU) price calculated in accordance with the next formula:

$$CUP = \begin{cases} Current\ day's\ close\ price\ of\ the\ CU\ on\ the\ BE, if\ any\ OR \\ Current\ day's\ last\ bid\ price\ of\ the\ CU\ on\ the\ BE, if\ any\ OR \\ Last\ bid\ price\ of\ the\ CU\ indicated\ by\ Bloomberg, \end{cases}$$

where BE (hereinafter) – is the Basic Exchange means the Exchange where the Given Instrument is traded most actively.

For bonds CUP should be increased by the coupon (interest) accrued.

2.2. Long positions in forwards and futures (hereinafter – the Given Instrument)

LAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{LAFI = ER * \sum_{k=1}^{N} V_k * p_k,}$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of trades which the long position in the Given Instrument arose from;

V_k – is the number of lots (for stocks and commodities) or number of contract units (for futures) involved in the trade number k;

p_k – is the price of the trade number k (per lot or contract unit).

2.3. Short positions in OTC-traded securities, commodities and forwards (hereinafter – the Given Instrument)

LAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{LAFI = ER * N * CUP,}$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of lots (for stocks and commodities) or number of contract units (for futures);

CUP – is the contract unit's or lot's last offer price indicated by Bloomberg.

For bonds *CUP* should be increased by the coupon (interest) accrued.

2.4. Short positions in exchange-traded options (hereinafter – the Given Instrument)

LAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{LAFI = ER * N * P},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of the given option contracts;

P – is the option contract premium equals the Settle Price of the Given Instrument for the current trading day calculated by the BE.

2.5. Short positions in OTC-traded options (hereinafter – the Given Instrument)

LAFI for the Given Instrument included in the Portfolio should be calculated in accordance with the next formula:

$$\boldsymbol{LAFI = ER * N * P},$$

where

ER – is the current exchange rate of the currency which the Given Instrument is traded for against Euro;

N – is the number of the given option contracts;

P – is the option contract premium calculated by the Investment Manager in accordance with the Black–Scholes model (for European options) or Binomial options pricing model (for American options).

2.6. Liabilities arose from REPO and margin trading

LAFI should be calculated in accordance with the next formula:

$$LAFI = \sum_{i=1}^{K} ER_i * V_i,$$

where

K – is the number of currencies in which Liabilities included in the Portfolio are denominated;

ER_i – is the current exchange rate of the currency number *i* against Euro;

V_i – is the face value of total Liabilities included in the Portfolio denominated in the currency number *i.*

2.7. LIIP calculation

The LIIP should be calculated in accordance with the next formula:

$$LIIP = \sum_{i=1}^{M} LAFI_i,$$

where

M – is the number of Financial Instruments included in the Portfolio;

$LAFI_i$ – is the LAFI of the Financial Instrument number i.

3. Valuation of the entire Portfolio (VOEP)

The Valuation of entire Portfolio should be calculated in Euro in accordance with the next formula:

$$\boldsymbol{VOEP = AIIP - LIIP}$$