Shareholders consultation- sociological research

"Perception on the activity and performance of SIF Moldova SA"

SIF MOLDOVA - GSSC AVANGARDE
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Research results summary highlights– by respondents categories (institutional shareholders/natural entities/potential investors) and according to the research methods applied (qualitative/quantitative) – the following aspects

Qualitative research has been performed by using the following techniques:

- *In-depth interviews (10) – legal entities shareholders (institutional investors/investment funds/shares management companies)*:
- Most respondents stated that they are happy with the management of SIF Moldova (deeming it to be one of the best performing in the sector) and the transparency in the communication with shareholders (however also stating that the reports are way to long and suggesting reducing them to the essential information).
- This category of shareholders expects from the current management better strategies/profitable investments din order for share prices to rise and dividends to grow
- Opinions converge towards the fact that adopting and implementing investment programs in sectors such as agribusiness, industrial or real-estate represents a very good strategy.
- Also, shareholders deem that as long as exposure to the banking sector is being reduced, it is worth applying a diversification strategy looking also at other sectors.

- *In-depth interviews 5) – potential investors, legal entities*
- Regarding the management, most feel that SIF Moldova has a professional management that delivers results
- All potential investors stated that should they become shareholders, expectations in regards of the management would be that the strategies applied generate a profit that is as high as possible.
- From the point of view of this category, adopting and implementing investment programs in sectors such as agribusiness, industrial or real-estate represents a very good strategy
- A general negative opinion was receive when the corporate governance term was discussed. All potential investors stated that it is only a PR and marketing strategy.

- *Focus Grup (4) – natural entities shareholders*
- Shareholders deem that they have a privileged position due to their quality of capital offerers.
- They feel the need to get a reasonable level of assurance in terms of the financial statements drafted and released by SIF Molodova are genuine

- The key pillars that can assure them of the transparency of the management and generate a trust increase in SIF Moldova are the following: the investment policy, guidance on how to calculate net holdings and evaluate financial assets, obligations in terms of transparency and shareholders information.
- The key expectations also on a short term and on a long term has to do with the competency and desire of SIF Moldova to transpose into action the principles of the governance code in term of shareholders protection.
- A condition of top performing management is applying effectives risk assessment procedures in the knowledge and understanding stage of the local and international environment.
- The key directions in shareholders retention should focus in the areas of identifying and reviewing inherent risks, transparency of the activity, proper review of financial instruments used.

➢ *Focus Grup (2) – potential investors, legal entities*

- Investors are those that feel most intensely the need of a coherent marketing policy aimed at increasing the perceived attractiveness of SIF Moldova and setting it apart in the financial investment companies market. Therefore:
  - Repositioning SIF Moldova on the market through active marketing
  - Active management of the strategy to defend and consolidate the image of SIF Moldova;
  - Continuing the opening to the stock market of the companies in the portfolio and speculating investment opportunities;
  - Maintaining the quality of financial assets in the portfolio;
  - Changing the strategy of providing support and information, creating communication ambassadors.
- Investors are looking for a financial investment company to provide them with access to diversified portfolios;
- Investors contribute with the capital released for the purpose and investment companies contribute their professionalism, skill and experience in management capitals entrusted by investors by taking the same responsibility;
- To differentiate from other financial entities, they have the potential to draw investors by:
  - Improving the quality of assets;
  - Diversifying portfolios, by investing in foreign markets;
  - Reducing exposure to risk through hedging and arbitrage strategies.

Quantitative researca

Technical features:

- Sample size: 966 adult persons, 18 and over, shareholder, natural entities.
- Sample type: Probabilistic, stratified.
- Sampling: Probabilistic selection of sampling points and persons
- Representativity: The sample is representative for the natural entities shareholders of SIF Moldova, with a maximum tolerated error of ±3,1%, for a confidence range of 95%.

Results:

- Over 80% of shareholder, natural entities, see their shares in SIF Moldova as a long term investment;
- Over 70% deem that dividends are the best retention method;
- Most respondents are happy with the management activity.
- Over 50% of the shareholder, natural entities, are not aware of the 2014-2018 Investment Policies Statement;
- Unlike legal entities shareholders, that have provided a positive answer to the question on selling bank titles, only 17% of natural entities say that it is a good strategy. Over 50% state that they do not know if it is a good or a bad strategy ;
- Still, over 70% of those taking the questionnaire deem that it is a good strategy to adopt and implement investment policies in fields such as: agribusiness, industrial, real-estate;
- Over 55% of the shareholders are happy with transparency levels in the communication with shareholders of the management of SIF Moldova. 22% of shareholders are not happy with the transparency of SIF Moldova from various reasons: (1) almost half of the shareholders, 46%, either are not aware of the activity of the management, or of details about the management; (2) 12% are unhappy with the transparency level.
- Over 70% of the shareholders are happy with the activity of the executive and deem the current organization chart of SIF Moldova is satisfactory.