

November 2013

**FUND Description**

<b>Investment strategy:</b>	equity, sub-debt
<b>Investment objective:</b>	aims to generate consistent yearly returns through investing into the projects with long term off-take agreements, proven technology and strong contractor guarantees
<b>Primary investment focus:</b>	renewable energy projects <ul style="list-style-type: none"> <li>- PV solar plants</li> <li>- Wind farms</li> <li>- Small hydro power plants</li> <li>- Waste-to-energy facilities</li> <li>- Combined heat &amp; power production</li> <li>- Biogas power plants</li> <li>- Biomass facilities</li> </ul>
<b>Region Focus:</b>	CEE

**FUND Facts**

<b>Fund type</b>	open-end fund
<b>Currency classes</b>	EUR, CZK classes are available
<b>Base currency of the class</b>	EUR
<b>Inception date of the fund</b>	29 January 2013
<b>Fund size</b>	EUR 20,14 m
<b>Strategy capacity</b>	EUR 170 m
<b>Minimum subscription</b>	EUR 125,000
<b>Subsequent minimum subscriptions</b>	EUR 10,000

**Manager commentary as at 30 November 2013**

The renewable sector in the CEE has peaked in 3Q/2013. No new projects, especially in the photovoltaics will be connected any time soon. This will lead to an increased attractiveness of the existing projects, which offer a stable and predictable cash flow to investors and provide a much higher risk adjusted yield than any similar asset class.

On the other hand the small hydro, wind and biomass sectors have continued to flourish across the region.

The fund has become an owner of 1,27 MWp photovoltaic roof installations in November and finalises an acquisition of 7MWp of the field PV plant (January 2014 ownership change planned) and 3MWp biomass, all located in Slovakia.

Besides the ongoing acquisitions, we are in an early stage of analyzing a 5MW small hydro project in Montenegro, in order to diversify in this rare to obtain source of energy. The project is very promising and offers a significant double digit return potential.

Further on, we kept looking into a 10 MWp photovoltaics plant in Romania, that will become the main focus of the fund within the next 12 months, due to its size and still favorable conditions for renewables.

Just like in previous months, the fund achieved a positive return in November and it's on the best way to achieve its performance target for the year.

**Dealing day**  
First business day of each month

**Subscriptions**  
monthly

**Redemptions**  
quarterly with 90 days notice

**Investment manager and sponsor fees\***  
1.95% ISIN - CZ0008474053

**Data sources**  
AVANT investiční společnost a.s.  
Arca Investments a.s.

**\*Excludes administration and custodian fee - please see Prospectus for further details on fees.**

**A performance fee of 30% above IRR 11% net of fees is levied on the appreciation of the Net Asset Value of the fund adjusted for**

**Fund performance**

	as of	30.6.2013	31.7.2013	31.8.2013	30.9.2013	31.10.2013	30.11.2013
<b>share price</b>	EUR	0,0991	0,1001	0,1011	0,1017	0,1020	0,1025
<b>monthly performance</b>	%		1,01%	1,00%	0,59%	0,29%	0,49%
<b>quarterly performance</b>	%				2,62%		
<b>yearly performance - estimate</b>	%						8,13%

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The price of Shares may go down as well as up and the price will depend on fluctuations in financial markets outside NOVA fund's control, as a result an investor may not get back the amount invested. Past performance is not indicative of future performance.

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### Czech Supreme Court appeals on not imposing a solar tax

State should waive its right to collect the 26% tax from the operators of solar power plants known as the solar fee, because it is ruining them, implies from the ruling of extended senate of the Supreme administrative court (SAC) that was released by the court's spokeswoman Sylva Dostálová. Alliance for energy self-sufficiency and Czech photovoltaic industrial association (CZEPHO) welcomed the statement.

"We will analyse the ruling and in cooperation with the ministry of finance we will look for ways how to impelement this court ruling", said to CTK spokeswoman of Financial administration authority Petra Petlachová

"The court ruling confirmed our previous statement on ruining impacts of the solar fee to operators of photovoltaic power plants," said executive director of CZEPHO Veronika Knoblochová. According to her, thanks to this ruling, some investors will be able protect funds invested in green energy.

SAC had previously dealt with a problem of a firm running a power plant in Hulín which was due to the solar fee on the brink of default. First senate considered also the option of modifying the tax rate, according to new ruling, however, this would open a space for arbitrary decisions from the tax collector which would be very difficult to control. Extended senate therefore came to conclusion that the only solution in such situation is to waive the fee.

26% solar tax was in the past looked at also by Constitutional court and it confirmed it validity. At the same time, it recommended to analyse whether fees do not have in specific cases ruining effect to firms. "Members of the extended senate in their ruling mentioned that Constitutional court did not find implementation of solar fees unconstitutional with a caveat that it is necessary to accept the ruining effect of the fees to specific operators," stated Dostálová.

Dozens of solar firms have tried to prove the ruining effect in proceedings run by financial authorities and in subsequent lawsuits. None of them have succeeded yet and such motions were also denied by the Supreme administrative court. Current ruling is important both for solar firms and for the state budget.

Martin Sedlák from the Alliance for energy self-sufficiency stated, that implementation of fees was based on incorrect calculations that did not take into account state-guaranteed conditions. "Economy of investments in solar energy is influenced not only by solar fee but also suspension of tax holidays, obligation to introduce dispatching management or recycling fees introduced this year", he said. And the sum of these effects brings solar power plants above the state guaranteed 15 years payback time which can lead to bankruptcies.

The largest electricity producer in the Czech republic is semi-state ČEZ (514,8 CZK, 0.16%). The firm owns 13 photovoltaic power plants in the country including 4 from 10 largest. Spokesman of ČEZ for renewable energy Martin Schreier told CTK that ČEZ always respected any measures resulting from the valid legislation which were taken in order to reduce the price of green energy for the end consumers. "At the same time, we reduced the impacts of mentioned fees by taking good care of our power plants – for example by prompt detection of breakdowns, optimisation of production or by quality maintenance", added Schreier.

26% solar fee for solar power plants that commenced operation between 2009 and 2010 was passed in parliament at the end of 2010 and was supposed to last 3 years. This year, however, the parliament extended its duration for power plants that became operational in 2010 from January of 2014 but it decreased its rate to 10%.