NOVA Green Energy Open-Ended Fund of AVANT investiční společnost, a.s.

NOVA GREEN ENERGY FUND

EUR denominated / Price as at 31 Oct 2013 EUR 0,1020 per share

October 2013

FUND Description

Investment strategy: equity, sub-debt

Investment objective: aims to generate consistent yearly returns through investing into the projects with long term off-take agreements, proven technology and strong contractor guarantees

Primary investment focus: renewable energy projects
- PV solar plants
- Wind farms
- Small hydro power plants
- Waste-to-energy facilities
- Combined heat & power production
- Biogas power plants
- Biomass facilities

Region Focus: CEE

Manager commentary as at 31 October 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 flourished across the region.

With regards to photovoltaics, Slovak Republic has decided not to impose any taxation on the existing installations. The reason might be the lost cases in Bulgaria, where the government had to abolish the unfair tax burden imposed on the existing renewable installations. In Czech republic, the tax was decreased from 29% to 10% only this year.

As for the fund, we are at the final stage of the acquisition process of 1,27 MWp photovoltaic roof installations. The next project to acquire will be 7MWp of the field PV plant 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, we are looking into a 10 MWp photovoltaics plant in Romania. In our opinion, Romania 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 October and it’s on the best way to achieve its performance target for the year.

Fund performance

	as of	30.6.2013	31.7.2013	31.8.2013	30.9.2013	31.10.2013**
exchange rate EUR/CZK*		25,950	25,860	25,735	25,735	25,720
share price	CZK	1,0028	1,0088	1,0148	1,0208	1,0231
	EUR	0,0386	0,0390	0,0394	0,0397	0,0398
share price - recalculated * **	**EUR**	**0,0991**	**0,1001**	**0,1011**	**0,1017**	**0,1020**
monthly performance	CZK		0,60%	0,59%	0,59%	0,23%
	EUR		0,95%	1,08%	0,59%	0,29%
monthly performance	**EUR%**		**1,01%**	**1,00%**	**0,59%**	**0,29%**
quarterly performance	CZK				1,79%	
	EUR				2,65%	
quarterly performance	**EUR%**				**2,62%**	
annualized performance - estimate	CZK					6,09%
	EUR					8,82%
annualized performance - estimate	**EUR%**					**8,78%**

* source www.cnb.cz
** as of Oct 31st, the fund has adopted EUR share class and is denominated also in EUR
*** share price recalculated backwards - base Oct 31st 2013

FUND Facts

Fund type
open-end fund

Base currency of the class EUR
Currency classes
EUR, CZK classes are available

Inception date of the fund
29 january 2013

Fund size
EUR 15,8 m

Strategy capacity
EUR 170 m

Minimum subscription
EUR 125,000

Subsequent minimum subscriptions
EUR 10,000

Dealing day
First business day of each month

Subscriptions
monthly

Redemptions
quarterly with 90 days notice

Investment manager
Arca Investments.a.s

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

Contact details Dealing

AVANT investiční společnost, a.s.
Koněvova 2660/141 |
130 83 Praha 3
www.avantfunds.cz

Mgr. Ing. Pavel Doležal LL.M.
BoD Chairman
+420 724 474 960

Ing. Juraj Dvořak
Investment Committee Chairman
+421 905 666 369

Disclaimer

Business with the sun energy will escape new tax

The HN (Business News) found that the state has been threatening the producers of sun energy by a new tax that would increase their costs by tens of millions of Euros.

Hundreds of producers of sun energy have been threatened by a new tax applicable from the beginning of the New Year that would increase their costs by tens of millions of Euros. According to the newest findings by HN, the Ministry of Finance led by Peter Kažimir (Smer-DS) abandoned the intention. "The budget of the public administration does not count with the new sun-energy tax," confirms the head of press relations Radko Kuruc. The reasons for change were left unexplained.

The producers of sun energy threatened by arbitrations should the new tax be levied upon them. When they were constructing the facilities, the state guaranteed that their investments will generate returns after a certain period – the new tax would lengthen this period. We wanted to protect our investments, said the president of the Association of Sun-Energy Producers, Ľudovít Sluka.

Instead of the new tax, the state will further subsidize the sun energy producers of through the compulsory buybacks.

Slovakia wanted to levy the special tax on the sun-energy producers following the steps of the neighboring Czech Republic. Czech electricity facilities are paying a tax of 26% since 2011, thanks to which the state authorities collect 6 billion CZK (€232.5 million) a year. In Slovakia, the expected outcome at the same tax rate was estimated to be around €40 million. The Ministry of Finance did not confirm any specific numbers.

The Ministry could have been motivated to abandon the tax by the experience of the Czech Republic. The Czech companies turned to the international court in the case of a special tax. And a similar scenario could happen in Slovakia. "The decision to abandon the tax should be thought of positively. Namely for the fact that the state will evade arbitrations," notes an analyst from energie-portal.sk Radovan Kazda.

Generous Support
The fact is that investors who used a generous support for green energy several years ago could have made significant amounts of money from the sun energy. The state guaranteed buyback prices based on which the investments earned positive returns sooner than after 10 years. Many made a use of the situation and later on sold the projects for a higher price that they initially paid. There was a great interest in the sun energy facilities in the market because it was a "guaranteed" business.

New Owners
"The truth is that today's owners are different than those at the beginning," noted Kazda. Therefore the possible new tax would also hit investors who earn lower returns from the sun energy. The state could defend the tax by using the proceeds from the tax to lower the price of electricity, says an INESS analyst Martin Vlachynský, because the support for sun energy is ultimately paid by the households and companies. Last year, the producers received more than €200 million. The support went to 1,860 electricity facilities. Today it is not possible to use the generous conditions for the new sun energy facilities. The state only wants to support small panels on the family-house roofs.