

December 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 class is available
<b>Base currency of the class</b>	EUR
<b>Inception date of the fund</b>	29 January 2013
<b>Fund size</b>	20,499 mil.EUR
<b>Strategy capacity</b>	EUR 170 m
<b>Minimum subscription</b>	EUR 125,000
<b>Subsequent minimum subscriptions</b>	EUR 10,000
<b>Dealing day</b>	First business day of each month
<b>Subscriptions</b>	monthly
<b>Redemptions</b>	quarterly with 90 days notice
<b>Investment manager and sponsor fees*</b>	1.95% ISIN - CZ0008474053
<b>Data sources</b>	AVANT investiční společnost a.s.
<b>*Excludes administration and custodian fee - please see Prospectus for further details on fees.</b>	

**Manager commentary as at 31 December 2013**

2013 highlighted several trends in the sector of renewable sources of energy in countries of Central and Eastern Europe:

1. limiting/cessation of support for newly built projects of solar power plants – from January 1, 2014 in the Czech republic, from July 1, 2013 in Slovakia
2. development of projects of combined generation of heat and power from biomass and support to waste incineration in Slovakia and the Czech republic
3. development in the sector in solar installations in Romania
4. development in wind power primarily in Romania
5. continuing support of development of new small water power plants across the region

For the renewable energy sector, this means defining the limited number of new projects, especially in photovoltaic segment where we expect increased attractiveness of existing projects since their stable and predictable cash-flow provides investors with higher returns for their invested capital than any other similar asset type.

The Fund plans to finish acquisition of 7 MWp of photovoltaic power plants by 1/2014 (purchase of shares). They are all located in Slovakia and their legal and financial due diligences were concluded in 12/2013. Subsequently, the plan is to acquire shares in 3 MWp of biomass installations.

Just like in previous months, the Fund achieved positive return also in December 2013.

Geographical and project investment outlook for 2014 is predominantly focused on Slovakia (solar power, biomass plants, water power plants), Czech republic (combined generation of heat and power from biomass) and Romania (solar power, wind energy).

If interesting opportunity arises, investments are also possible in Serbia and Montenegro (primarily water power plants).

**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	31.12.2013
<b>share price</b>	EUR	0,0991	0,1001	0,1011	0,1017	0,1020	0,1025	0,1029
<b>monthly performance</b>	%		1,01%	1,00%	0,59%	0,29%	0,49%	0,39%
<b>quarterly performance</b>	%				2,62%			1,18%
<b>yearly performance*</b>	%							7,67%

\* recalculated to 12 months basis

#### 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 Dvořák**  
Investment Committee Chairman  
+421 905 666 369

#### Disclaimer

Source: This material is confidential and is intended solely for the use of the person or persons to whom it is given or sent and may not be reproduced, copied or given, in whole or in part, to any other person.

It is aimed at sophisticated, professional, eligible, institutional and/or qualified investors who have the knowledge and financial sophistication to understand and bear the risks associated with the investments described herein.

Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be solely relied on in making an investment or other decision. It is not an invitation to subscribe and is by way of information only. Shares are not available for sale in any state or jurisdiction in which such sale would be prohibited. Investors should only rely on the fund's offering documents when making a decision on whether to invest in the fund.

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.

Reference to a security is not a recommendation to buy or sell that security. Holdings and allocations are subject to change. Prices quoted refer to accumulation Shares unless otherwise stated. Historic data may be subject to restatement from time to time.

### Production of bio fuels will grow significantly

In European Union, the size of arable land used for production of bio fuels will continue to grow, states the report on Outlook of agriculture markets and revenues in the EU in 2013 – 2023 issued by the European Commission in December of last year.

According to the report of the European Commission, mid-term outlook of plants on arable land relatively positive due to stable world demand and solid prices. It is expected that EU will see only moderate growth in its demand for food and forage while there will be a dynamic development on the market of bio fuels. On the supply side, slight decrease in the size of arable land is expected and so the growth will depend mostly on better yields.

Expected growth in domestic consumption of crops, oil seeds and sugar will to a large extent depend on their ability to be used for bio-energy purposes. It is expected that the progress that should lead to reaching the objectives of Directive on renewable energy – 10% of total energy should come from renewable sources of energy – will continue and from 2020 bio fuels will reach 8,5% share on liquid fuels in transportation. The rest will be covered from other renewable sources of energy, for example from electric cars.

Production of crops with intention to generate energy will gain increasingly higher share on the market with crops.

### Renewable sources of energy: Firms complain on Romania to the Commission

Czech company CEZ filed a complaint on Friday on intention of Romanian government to limit subsidies for green energy. Commission stated that it has received similar complaints also from other companies.

Foreign companies invested billions of EUR in this Balkan country to projects generating energy from wind, sun, biomass and water. The government attracted them with an outlook of generous sums paid for producing certain amount of electric power from renewable sources.

After joining the EU on January 1, 2007, Romania is obliged to make reforms in its justice system and to take measures to fight corruption and organized crime, otherwise it may face sanctions including withholding financial support from the EU. The country supports green energy with green certificates whose number and value is set by a law. For each generated megawatt-hour of electric power, the company receives a certain number of green certificates which end customers are obliged to purchase. Besides that, producers make money on selling the electric power.

The value of certificate was set to 27-55 EUR. Each MWh of electric power from wind guaranteed its producer 2 certificates. CEZ in Romania operates the largest inland wind park Fantanele and Cogeaalac with installed capacity of 600 MW after investing some EUR 1.1B.

In June, however, the left-wing government submitted a draft legislative notion, according to which wind farms are only supposed to receive only one certificate and receive the second one later, not before 2018. This measure aims to limit the current excessive compensation for investors and to lower the increase in price for households and companies.

CEZ company filed a complaint, according to which Romania fails to meet legitimate expectations of investors. It warned that specific conditions of awarding the second certificate are not clearly defined. Reuters calculated, that given the current value of green certificates, CEZ could lose up to EUR 66M annually until it would receive them in 2018 – 2020. On top of that, their price could decrease or further adjustments to the support scheme could be made.

In case that they would not receive the certificates at all, an arbitrage could take place – said the Head of foreign investments Martin Pacovský in an interview for Hospodářské noviny.

CEZ called attention to the inability to quantify possible loss and to the fact that retro-active change of rules is not in accordance with the principles of basic law of EU, mainly when it comes to freedom to establish companies and free flow of capital.

EC: Complaints also from other companies

European Commission is politically independent, collegial institution whose purpose is to safeguard interests of the European Union. It stated that it follows the situation in the country and investigates similar complaints also from other producers of green energy in Romania. "Several complaints from current and future beneficiaries are under review", clarified spokeswoman of Commissioner for energy Marlene Holzner. "The Commission will issue its guide for support schemes for green energy and government interventions in energy in general in autumn", she added.

The changes do not affect only wind parks but also other renewable sources of energy. Small water power plants should also receive only one green certificate for each MWh instead of current three while solar projects should receive two instead of current six.

Several green energy projects were developed for example by Enel Green Power. Currently it operates in Romania wind farms with installed capacity of 498 MW and from summer, it will also have some solar power plants.

Income statement of EGP for first half of 2013 states, that the company installed in Romania wind parks with capacity of 0.2 GW which represented half of the total growth in installed capacity in Europe. In June, the company informed that it successfully connected its first two photovoltaic power plants to the Romanian grid with total installed capacity of 19MW.