

FUND

BASIC INFORMATION:

Fund structure:	open ended qualified investors fund
ISIN:	CZ0008474053
Inception:	29th January 2013
AUM:	33,739 mil.EUR
Strategy capacity:	170 mil. EUR
Base currency share class:	EUR
Available currency share classes:	EUR, CZK
Administrator:	REDSIDE investiční společnost, a.s.

Custodian:	UniCredit Bank Czech Republic and Slovakia, a.s.
General advisor:	Arca Capital Slovakia, a.s.
Minimum Initial subscription:	EUR 125,000
Additional subscription:	EUR 10 000
Dealing day:	First working day in a month
Subscriptions:	monthly
Redemptions:	Quarterly, 90 days period of notice
Lock-up period:	12 months
Target return:	8-9 % p.a. net of fees

PERFORMANCE:

as of May, 31st 2015:

NAV	33,739,523 €
YTD RETURN	3,79% p.a.
Volatility	0,45%
Sharpe Ratio	8.45

FEES

Up-front Fee:	max. 2% (over 250 000 not applied)
Management Fee:	1.95%
Performance Fee:	30% over 10% threshold

INVESTMENT INSTRUMENTS:

equity, subordinated debt

INVESTMENT GOAL:

To generate stable and sustainable above average return via investments into renewable energy projects with long term power purchase contracts, using reliable technology and strong supplier guarantees

REGIONAL FOCUS:

Central and Eastern Europe

PRIMARY INVESTMENT FOCUS

Renewable energy projects

- photovoltaic plants
- wind farms
- small hydro plants
- waste-to-energy
- electricity and heat cogeneration
- biogas plants
- biomass plants



MANAGER COMMENTARY AS OF MAY 31ST 2015



PORTFOLIO:

The Fund's performance for May 2015 was + 0.44% month-to-month. The Fund has brought a net yield amounting to 3.79% since the beginning of the year.

The energetic audit has shown that the performance of the Fund's portfolio for May exceeded the expected result by 4%. The Fund is currently considering some measures to be taken to be denominated with some chosen Stock Exchanges in Central Europe. In fact, the Mutual Fund's shares would become public-traded in a regulated market and the investors would then have higher flexibility not only during the first year of their investment being fixed with the Fund in that time. Nevertheless, the Fund's results show that this doesn't respond anyhow to events in capital markets. The keyed-up situation relating to negotiations with Greece or its potential leaving the Eurozone doesn't influence the Fund's performance, either. The reason is that the Fund's assets comprise power plants producing energy from renewable sources in the Central European Region. Simply said, the power plants' production is predictable and the purchase prices for energy have been fixed for 15-20 years according to each government. And thus the Fund is a suitable pillar how to diversify risk in the framework of the investor's portfolio.

INVESTORS:

The partner companies that the Fund has reached a distribution agreement with have successfully been selling the Mutual Fund's shares. There are on-going negotiations with new institutional investors and new networks in compliance with the schedule.

FUND PERFORMANCE *

	year	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	yearly **	
share price	€	2013	-	-	-	-	0.0991	0.1001	0.1011	0.1017	0.1020	0.1025	0.1029		
		2014	0.1033	0.1037	0.1042	0.1048	0.1050	0.1059	0.1065	0.1071	0.1078	0.1081	0.1088	0.1091	
		2015	0.1098	0.1105	0.1110	0.1128	0.1133	-	-	-	-	-	-	-	
performance	%	2013	-	-	-	-	-	1.01%	1.00%	0.59%	0.29%	0.49%	0.49%	7.67%	
		2014	0.39%	0.39%	0.48%	0.58%	0.57%	0.47%	0.57%	0.56%	0.65%	0.65%	0.91%	6.50%	
		2015	0.64%	0.63%	0.45%	1.62%	0.44%	-	-	-	-	-	-	-	8.09%

* net of Sponsor and Investment manager fees
 ** annualized performance

FUND PERFORMANCE - CUMULATIVE AS OF 7/2013 – NOT ANNUALIZED

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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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Renewable sources might defeat fossil ones

Quite a few years were enough to see the current environmental-friendly power-producing sources breathing the neck of coal or nuclear power sources. And if we also include impacts on human health and the environment in the prices of energies, green sources have become more advantageous even at present.

The global trend was described by the International Agency for Renewable Sources (IRENA) in its January's study: "Projects on renewable sources all over the world have caught up or even overcome fossil fuels, namely if the calculations include such externalities as local pollutions or damages to the environment and/or people's health," said Adnan Z. Amin, General Manager of IRENA agency when introducing new analyses.

Swift drop in costs

"The game has changed. The decreasing prices of renewable sources have made a historical opportunity to create a clean and sustainable energy-producing system. In addition, they are able to turn away catastrophic consequences of climate change for an acceptable price," also said Adnan Z. Amin. The interesting numbers submitted in an IRENA study show, for example, that average costs of wind energy have been at their bottom limit at 0.06 USD a kilowatt-hour in China, at 0.07 USD a kilowatt-hour in the USA and at 0.09 USD a kilowatt-hour in Africa. In fact, the wind power engineering is the least expensive source that might compete with fossil fuels. Nevertheless, solar energy starts to be breathing wind's neck in making power, mainly thanks to decreasing prices for wind-power technologies. For example, solar photovoltaic systems for family houses are currently by almost 70% less expensive than in 2008. The costs of industrial installations for solar power-stations decreased by 29-65% between 2010 and 2014 (depending on different regions). In fact, the biggest solar projects have got to the price of just 0.08 USD

a kilowatt-hour without any financial support. The higher share of renewable sources then logically implies the issue of their quantity that is to be admitted by the networks. Nevertheless, IRENA agency gives a clear answer to that topic: there are no technical barriers in increasing the integration of variable renewable sources like solar or wind-power stations. If the level of integrating those sources in the network is low, the costs of their integration in the network are minus or just minimal. The expenditures on operating the networks will increase with their higher ratio, but IRENA agency doesn't think they are so powerful to substantially influence the costs of renewable sources. The estimated amounts range from 0.035 to 0.05 dollars a kilowatt-hour with the ratio of variable renewable sources at about 40%. IRENA agency also points out that such comparison has to be made with all external costs of all the power sources - for example including damages arisen from using fossil fuels. The agency estimates the latter ones according to the prices of carbon or technologies, ranging from 0.1 to 0.13 USD a kilowatt-hour.

Economically, advantageously and with no externalities

At the beginning of this year, the organisation called FÖS (Green Budget Germany) also introduced their point of view of evaluating power-producing sources. Their study compares the costs of individual power producing sources. In addition to the price of electricity made thereby, the calculations in the study also included the costs claimed by making energy, relating

to the environment or as a result of climate change. As for nuclear power engineering, the analysis appraises various damages with a nuclear breakdown and the cancelling of different preferential treatment given to the operators of nuclear reactors being given indirect subsidies in the form of having just a limited liability for damages cause by a nuclear breakdown (for example, ČEZ – the power-producing company in the Czech Republic - is liable for such an event just up to only eight billion Czech crowns). Eliminating that hidden subsidy would also line up the price of nuclear power. As a result, the comparison of costs shows that the wind - and solar energies are the most advantageous, being followed by fossil sources. On the contrary, the highest costs are with nuclear power engineering. When calculating the costs, the authors also considered the power prices being estimated using imaginary new power reactors. In the third case, the clear trend of the power-engineering transformation can be completed with a reference to the analysis elaborated for the European Commission by the company Ecofys by the end of the last year. It confirms that the wind-power engineering is the less expensive source and that solar power stations may be price-competitive with power produced by nuclear reactors. In addition, Ecofys experts calculated in their analysis what were the prices of the sources and what are so-called external or side costs of those sources in view of human health due air pollutions and climate change. The advantageousness of renewable sources will then show up after adding all the costs of the sources together with their externalities. Nevertheless, the summation shows that wind turbines may produce electricity for 105 EUR a megawatt-hour. The price of nuclear and solar electricity is then approximately comparable: 125 euros a megawatt-hour. As for fossil sources, natural gas is the least expensive and coal is their most expensive source (the data relate to the year 2012).

(Taken and shortened from www.solaminovinky.cz)

Subsidies for energy independence

The subsidies for the power-producing self-sufficiency in the CR are provided by three ministries through their programmes - i.e. the Ministry of Industry and Trade; the Ministry of the Environment and the Ministry of Agriculture. Nevertheless, natural persons, i.e. households, may use the programme called the New Green Light to Savings that restarted on 1st April. This year, the programme on energy savings is going to distribute 1.1 billion Czech crowns, there of 600 million CZK to owners of family houses and 500 million CZK to owners of apartment blocks in Prague.

The innovation consists of supporting roof-mounted solar panels for heating water. For example, family houses will be able to get a subsidy to exchange their principal heat source for an environmental source, to install solar thermic systems and forced-ventilation systems with backward heat transfer. There are also subsidies to exchange heating systems using solid fossil and liquid fuels for environmental sources; and to also exchange electric heating systems for the heating systems using thermal pumps. Subventions are also given to installing roof-mounted solar panels for heating water and provide for additional heating. There are also subsidies to get for the systems of forced ventilation with backward heat-transfer. The subsidies

for apartment blocks can be given to exchanging heating systems using solid or liquid fossil fuels for environment-friendly sources. The subsidies also support exchanging electrical heating systems for power systems using thermal pumps or involving installation of solar thermic systems and ventilation systems with backward heat transfer (heat-recuperation). Entrepreneurs can use the EU Operational Programme Enterprise and Innovations for Competitiveness (OP EIC) which is prepared by the Ministry of Industry and Trade. The first appeals will be announced within the Programme in the summer. In fact, Axis 3 of the Programme comprises 2 programmes of support focused on energy savings, developing the infrastructure for producing power and for renewable energy

sources; supporting the implementation of new power-producing technologies. For example, they will support the increasing of efficiency of the existing facilities producing power for personal consumption; the installing of renewable sources for own needs of enterprises (e.g. solar heating; thermal pumps, etc.); the installing of cogeneration units with maximally using electricity or thermal energy for own needs of enterprises. The support will be provided through investment subsidies and through making loans or warranties more favourable. Energy savings will have 20 million EUR (over 500 million CZK) set aside for those purposes. The subsidies will also be given to constructing units for combined production of electricity and heat (cogeneration) and to reconstructed heat-distribution systems, having 11 million EUR (almost 300 million CZK) set aside for that purpose. Agricultural entrepreneurs can get a support to construct new biogas stations within the subsidy-based Rural Development Programme (2015-2020). Subsidies will also be available to towns, municipalities, state-owned and non-profit organisations or churches. The newly prepared Operational Programme called the Environment (OPE) 2014–2020 will thereby involve 14 billion CZK in the category of producing electricity, heat or heating water.