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Nova Money Market

**STATUTES OF VARIABLE
CAPITAL INVESTMENT FUND**

Statutes

of the Qualified Investors Fund

NOVA Money Market, investiční fond s proměnným
základním kapitálem, a.s.

and its Subfund

NOVA Money Market – Subfund 3



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NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., ID No.: 046 99 017 , registered office Praha 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 21276, issues hereby pursuant to Act No. 240/2013 Coll. on investment companies and investment funds (hereinafter also the “Act”), this

Statute of Variable Capital Investment Fund and Its Subfunds (hereinafter the “Statute”):

PART ONE

THE FUND

1. GENERAL INFORMATION ABOUT THE INVESTMENT FUND

1.1. Entity data

NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., ID No.: 046 99 017 , registered office Praha 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 21276 (hereinafter the “Fund”). The Fund is a qualified investors fund. The Fund is a joint stock company with variable registered capital, which creates subfunds. The currently created subfunds of the Fund are as follows:

- NOVA Money Market – Subfund 1
- NOVA Money Market – Subfund 2
- NOVA Money Market – Subfund 3
- NOVA Money Market – Subfund 4

1.2. Period for which the Fund is formed

For an indefinite period.

1.3. Auditor's data

The audit for the Fund is provided for by the auditor company PricewaterhouseCoopers Audit, s.r.o., ID No.: 40765521, registered office Hvězdova 1734/2c, Nusle, 140 00 Praha 4. This auditor company is registered in the list of auditor companies kept by the Chamber of Auditors of the Czech Republic under no. 021.

1.4. Web (URL) address of the Fund

www.redsidefunds.com

As a qualified investors fund, the Fund does not publish on its website the information within the scope prescribed for the information duty of the collective investment funds.

1.5. Amount of capital and registered capital

The Fund's capital is equal to its fund capital, The Fund's capital which is registered in the Commercial Register is the amount invested by subscription for founder shares (registered capital), which amounts to CZK 2,000,000 (in words: two million Czech crowns).

1.6. Incorporation date

20 January 2016

1.7. Data concerning consolidation unit

The Fund is not a part of a consolidation unit.

1.8. Information whether the Fund has entrusted the management of its assets to an investment company

Pursuant to Section 9 of the Act, the Fund is an investment fund with legal personality, which has its own statutory body – the legal entity authorised to manage the Fund. The Fund has entrusted the management of its assets to the business company REDSIDE investiční společnost, a.s., which is the statutory body of the Fund. This company is the manager and administrator of the Fund and of the Fund's subfunds.

1.9. List of officers and their positions

The statutory director, i.e. the statutory body, is REDSIDE investiční společnost, a.s., ID No.: 242 44 601, registered office Praha 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00. Rudolf Vřešťál and Ing. Radek Široký are authorised agents, each of them entitled to act independently on the statutory director's behalf.

Rudolf Vřešťál – authorised agent of the statutory director and a member of the board of directors

Ing. Karel Krhovský – authorised agent of the statutory director and a member of the board of directors

Ing. Rastislav Velič – chairman of the board of directors

2. MANAGER INFORMATION

2.1. Manager data

The Fund has an individual statutory body – the legal entity authorised to manage the Fund. This legal entity is REDSIDE investiční společnost, a.s., ID No.: 242 44 601, registered office Praha 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00 (hereinafter the “Manager”).

The Fund is authorised to manage itself. The term “Manager” used in these Statutes means the statutory body of the Fund, i.e. REDSIDE investiční společnost, a.s.

2.2. Capital amount and repayment

8,400,000 (in words: eight million four hundred Czech crowns), 100% paid up.

2.3. Incorporation date

29 June 2012

2.4. Licensing decision

Decision of the Czech National Bank ref. no. 2013/5063/570 of 26 April 2013, which became final and effective on 29 April 2013.

2.5. List of officers or persons referred to in Section 21(5) of the Act specifying their positions

Rudolf Vřešťál, chairman of the board of directors and financial director

Ing. Karel Krhovský, member of the board of directors and executive director

Ing. Juraj Dvořák, member of the board of directors and executive director

2.6. Object of business activities

- activities of an investment company under Act No. 240/2013 Coll. on investment companies and investment funds, carried out under the licence of the Czech National Bank dated 26 April 2013, which became final and effective on 29 April 2013.

2.7. Consolidation unit in which the Manager is included

The Manager is not included in any consolidation unit.

2.8. List of investment funds managed by the Manager (in addition to the Fund)

- ARCA OPPORTUNITY, SICAV, a.s., ID No.: 24199591 , registered office V Celnici 1031/4, Nové-Město Praha 1, Postal Code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 17785
- NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s, NID: 8080238305, registered office V Celnici 1031/4, Nové-Město Praha 1, Postal Code 110 00, stated in the list of regulated subjects under ČNB
- NOVA Hotels otevřený podílový fond REDSIDE investiční společnost, a. s. NID: 8085331680, registered office V Celnici 1031/4, Nové-Město Praha 1, Postal Code 110 00, stated in the list of regulated subjects under ČNB
- NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., ID No.: 04331869 registered office V Celnici 1031/4, Nové-Město Praha 1, PSČ 110 00 registered in the Commercial Register maintained by the Municipal Court in Prague under File No. B 20886

2.9. Other business activities carried out by the Manager

The Manager does not carry out any other business activities within the meaning of Section 508 of the Act.

2.10. Exclusion of Section 1401, Section 1415(1) and Sections 1432 through 1437 of the Civil Code

The application of Section 1401, Section 1415(1) and Sections 1432 through 1437 of Act No. 89/2012 Coll., the Civil Code, to the Fund's management is excluded.

3. ADMINISTRATOR

3.1. Administrator data

The Fund has an individual statutory body – a legal entity authorised to manage and to administer the Fund. This legal entity is REDSIDE investiční společnost, a.s., ID No.: 24244601, registered office Praha 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00.

The Fund is authorised to perform its administration through its statutory body (i.e. REDSIDE investiční společnost, a.s.). The term “administrator” used in these Statutes means the statutory body of the Fund, i.e. REDSIDE investiční společnost, a.s.

4. DELEGATION OF THE PERFORMANCE OF AN ACTIVITY TO ANOTHER PERSON WITHIN THE MEANING OF SECTION 23 ET SEQ. OF THE ACT

4.1. Activities important for the Fund which may be delegated by the administrator to another person

The Fund's assets are managed solely by the Manager, i.e. no part of the Fund's assets may be entrusted to another person for its management. The Manager may not delegate to another person the performance of any activity which constitutes a part of the management of the investment fund.

5. DELEGATION OF THE PERFORMANCE OF AN ACTIVITY TO ANOTHER PERSONS WITHIN THE MEANING OF SECTION 50 ET SEQ. OF THE ACT

5.1. Activities important for the Fund which may be delegated by the administrator to another person

The administrator may delegate to another person the performance of the following activities included in the administration of the investment fund:

- a) bookkeeping;
- b) provision of legal services;
- c) compliance and internal audit;
- d) settlement of complaints of the Fund's investors;
- e) valuation of assets and debts;
- f) calculation of the actual value of the Fund's investment share;
- g) performance of duties relating to taxes, charges or other similar monetary payments;
- h) performance and evaluation of the "suitability test" pursuant to Section 15h of the Act on Carrying On Business in the Capital Market and implementing regulations (particularly Decree No. 303/2010 Coll.) in relation to the investor wishing to invest at least an amount of 1,000,000 CZK but not reaching 125,000 EUR in Subfund 3;
- i) keeping a list of holders of securities issued by the Fund and of records of book-entry investment shares issued by the Fund, depository of securities and keeping records of book-entry securities issued by the Fund;
- j) distribution and payment of yields on the Fund's assets;

- k) arranging for the issue, exchange and redemption of securities and book-entry securities issued by the Fund and offering of investments into the Fund;
- l) elaboration and updates of annual and semi-annual reports of the Fund;
- m) elaboration of the promotional notice of the Fund;
- n) publication, disclosure and provision of data and documents to the Fund's shareholders and other persons;
- o) notification of data and provision of documents, particularly to the Czech National Bank or to the supervisory authority of another Member State;
- p) performance of other activities relating to the management of the values owned by the Fund;
- q) distribution and payment of monies in connection with the winding-up of the Fund;
- r) keeping records on the issue and redemption of the investment shares issued by the Fund;
- s) offering of investments in the Fund.

5.2. **Contracts executed pursuant to Section 50 et seq. of the Act**

- A contract on delegation of the performance of individual activities included in the administration of the investment fund to another person
 - this contract is executed between the Administrator and Arca Brokerage House o.c.p. a.s. (the "Authorised Person"), registered office Plynárenská 7/A, Bratislava 824 63, Slovak Republic, ID No.: 35 871 211, registered in the Commercial Register maintained by the District Court Bratislava I, Insert No.3228/B, which is authorised to provide investment services and ancillary service upon the licensing decision issued by the Financial Market Authority under no. GRUFT – 054/2003/OCP and a decision issued by the National Bank of Slovakia.
 - The activities performed by the Authorised Person include
 - settlement of investor complaints;
 - keeping a list of holders of investment shares;
 - distribution and payment of yields on the assets of Subfund 3;

- provision of required information and documents to investors;
 - performance and evaluation of the “suitability test”;
 - offering of investments in Subfund 3.
- Contract for provision of internal audit activities
 - The contract is concluded by and between the Administrator and Complex, s.r.o., IČO: 271 81 537, with registered office at Mánesova 881/27, 12000 Praha 2, registered in the Commercial Register kept at the Municipal Court in Prague, Section C, File 102501, which is authorized to carry out the internal audit activities.
 - Contract for provision of accounting services, tax records keeping and services related to settlement of transactions
 - The contract is concluded by and between the Administrator and ASB Accounting, s.r.o., IČO: 272 15 849, with registered office at Celnice 1031/4, 11000 Prague 1, registered in the Commercial Register kept at the Municipal Court in Prague, Section C, Insert 105100
 - Activities carried out by ASB Accounting, s.r.o. include:
 - Bookkeeping for the Administrator, kept separately for investment and mutual funds,
 - Preparation of regular statutory financial statements and regular reports for management purposes,
 - Calculation of VAT.

6. DEPOSITARY

6.1. Depositary data

Česká spořitelna, a.s., ID No.: 452 44 782, registered office Praha 4, Olbrachtova 1929/62, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1171

The Depositary is registered in the list of depositaries of investment funds held by the Czech National Bank.

6.2. **Description of basic characteristics of the Depositary's activities including a definition of its responsibility**

The Depositary is authorised, in particular:

- a) to hold in custody the Fund's assets, if allowed by their nature;
- b) to open and to keep monetary accounts and to record movements of all monetary funds which form part of the Fund's assets;
- c) to keep records of the Fund's assets other than those referred to under letters a) and b) of the Fund (if allowed by their nature) or to control the balance of such assets.

6.3. **Persons to whom the Depositary has delegated the performance of some activities**

None of the Depositary's activities is not delegated (wholly or partly) to a third party.

6.4. **Administrator's coordination**

The communication with the Fund's Depositary is carried on through the Administrator, who ensures the performance of the relevant duties vis-à-vis the Depositary in accordance with the Depositary's contract.

7. **FUND'S SHARES**

7.1. **Shares**

The Fund issues individual shares as shares with no par value.

7.2. **Founders' shares**

Founders' shares are shares subscribed by the Fund's founders; founders' shares remain to be also those founders' shares subscribed by another person than the owner of the founders' shares as none of these founders have exercised their pre-emption right according to Section 160, and the founders' shares acquired by another person than the owner of the founder shares as none of these owners have exercised their pre-emption right for subscription of new founders' shares according to Section 161 of the Act. The founders' shares carry the right to a share in profit generated by the Fund's management and in the liquidation balance only in relation to the equity and management of assets which are not included in any subfund. All other shares of the Fund are investment shares.

The founders' shares may not carry any special right.

7.3. **Investment shares**

The Fund issues investment shares to each subfund, which represent the same share in the fund capital of such subfund. The investment shares issued to subfunds carry the right to a share in profit generated solely by the management of such subfund and to a share in the liquidation balance only in case of winding-up of such subfund with liquidation.

7.4. **Admission to trading or registration in the European regulated market or admission to trading in a multilateral trading system**

The Fund's shares are not admitted to trading in a regulated market, i.e. are not quoted in any regulated market (including any other European market), or are not admitted to trading in any multilateral trading system.

7.5. **Form**

Security or book-entry registered security.

7.6. **Par value**

The founders' shares and the investment shares have no par value.

7.7. **Currency in which the value of the share is stated**

The value of the founders' shares is stated in Czech crowns (CZK). The currency of the investment shares is stated in clause 10.3 of the Statutes.

7.8. **Persons providing for custody of the shares**

The Fund's shares issued as securities are held by the Fund's shareholders, who are responsible for their custody.

The Fund keeps a list of the Fund's shareholders in accordance with Section 264 of the Business Corporations Act.

7.9. **Description of rights attached to the Fund's shares**

A person participating in the Fund's capital is entitled to exercise rights of a shareholder as a partner, in case of the founders' shares from the effective date of their subscription, and in case of investment shares from their issue date.

The Fund's shareholders participate in the Fund's assets in proportion to the number of the Fund's shares held by them. Holders of investment shares issued to a specific

subfund participate in such subfund's assets (fund capital) in proportion to the investment shares issued to such subfund which are held by them.

The rights attached to the Fund's shares include, without limitation:

- a) the right to participate in the Fund's management in accordance with generally binding laws, the articles of association and these Statutes;
- b) the right to a share in the Fund's (or the relevant subfund's) profit;
- c) the right to a share in the liquidation balance in case of the dissolution of the Fund or of the relevant subfund;
- d) the right to free provision of the Fund's Statutes and the last annual or semi-annual report of the Fund, if required by the shareholder.

The documents referred to under letter d) are not published but are available to each shareholder/subscriber in accordance with clause 15.3. of the Statutes.

The foregoing overview does not prejudice any further rights arising to a Fund's shareholder from generally binding laws.

7.10. Proof of the ownership title to the Fund's shares

As another proof of the ownership title to the Fund's shares, the Fund shall issue through the Administrator to the shareholder acquiring the Fund's shares an excerpt from the shareholder list which shall specify the number of the issued shares of the Fund, their subscription date and the total number of the Fund's shares held by the shareholder as of the date of the excerpt. In case of investment shares of a subfund, the excerpt shall also include information about the subfund. The excerpt is issued upon the shareholder's request.

7.11. Information about the articles of association

The Fund's Statutes shall be provided to the investor upon request by the procedure described in clause 15.3. of the Statutes.

7.12. Offering to the public

Shares of the Fund designated for qualified investors cannot be offered to the public.

PART TWO**SUBFUND 3****8. GENERAL INFORMATION ABOUT SUBFUND 3****8.1. Subfund data**

Subfund name: **NOVA Money Market – subfund 3** (hereinafter “**Subfund 3**”)

The subfund constitutes a part of the Fund's equity separated from it as to its accounting and assets.

9. PRINCIPLES OF THE MANAGEMENT OF SUBFUND 3'S ASSETS**9.1. Accounting period**

The accounting period of Subfund 3 lasts from 1 January until 31 December of the calendar year.

9.2. Powers to approve financial statements of Subfund 3

The approval of the financial statements of Subfund 3 and the decision on the distribution of profit or other yields on Subfund 3's assets falls within the powers of the general meeting, with the exception of the decision on payment of quarterly profit advances, which may be also adopted by the Statutory Director.

9.3. Rules of and time limits for valuation of assets and debts

The current value of an investment share of Subfund 3 is determined on the basis of the fund capital of Subfund 3 for the relevant week in accordance with the balance as of the last day of the previous week (such day is the decisive date within the meaning of Section 130 (1) of the Act), and is declared not later than by the 3rd day of the relevant week (such day is also the final date of the time limit for the calculation of the current value of the investment share pursuant to Section 193(1) of the Act). The current value of the investment share is rounded to four decimal places. The assets and debts of Subfund 3 resulting from the investment activities, including any investment tools included in Subfund 3's assets, are appraised by real value in accordance with the International Accounting Standards. The real value of any shares

in business companies included in Subfund 3's assets arising from investment activities is determined at least once a year by an expert valuation. This date is also the valuation date of other assets and debts of Subfund 3. The method of determination of the real value of other assets and debts of Subfund 3 arising from investment activities is defined by the implementing regulation to the relevant law. The expert valuation of the real value shall be made by the relevant authorised person with the consent of the Fund's board of directors. The Manager may appraise the assets and debts of Subfund 3 subject to the terms set forth in Section 195 of the Act.

In case of a sudden change of circumstances affecting the price of non-publicly traded securities held by Subfund 3, the Administrator shall make without delay after learning of such circumstances a new expert valuation reflecting the current circumstances affecting the price of Subfund 3's assets (hereinafter the "extraordinary valuation"). Based on such extraordinary valuation, the Administrator shall also make an "extraordinary determination of the current value of the investment share", which he shall disclose without delay, together with the extraordinary valuation date, to all shareholders of Subfund 3 in the form of a client entry within the meaning of clause 15.3. of the Statutes.

The value of assets carried in a foreign currency shall be translated at the exchange rate of the foreign exchange rate declared by the Czech National Bank and valid as of the date when the translation is made.

During the process of determination of Subfund's NAV an error might occur due to technical or human factor. The error leads to an "operational deviation" that impacts NAV. Any error impacting NAV (actual value of investment shares) will not be taken into account / corrected if the "operational deviation" is in range of +/- 0,1 % of Subfund's NAV.

9.4. **Method of use of profit**

The business result of Subfund 3 is generated as a difference between the revenue from activities performed on the basis of and in accordance with the licence granted by the Czech National Bank, and the costs of operation of Subfund 3.

The revenue of Subfund 3's assets shall be used to cover the costs of Subfund 3, unless stipulated otherwise by the generally binding laws or these Statutes. If the Subfund 3's management for the accounting period results in a profit (surplus of the revenue over the costs of Subfund 3), priority shall be given to payment of advances for profit or dividends, in an amount equal to at least 90% of the generated profit. The generated profit may be also used for reinvestment directed at an increase of Subfund 3's assets.

If the Subfund 3's management for the accounting period results in a loss (surplus of the costs over the revenue of Subfund 3), such loss shall be covered out of Subfund 3's funds. Such loss shall be covered primarily from retained earnings from past years. If such funds of Subfund 3 are not sufficient to cover such loss, the loss must be covered by a decrease of the fund capital (if created) in the year following the accounting period in which such loss arose.

The decision on approval of the financial statements of Subfund 3 and the decision on the distribution of profit or other yield on Subfund 3's assets, falls within the powers of the general meeting.

The shareholders who shall vote in the distribution of profit generated by the management of Subfund 3 and on the approval of the business results shall be solely the shareholders holding founders' shares. Subfund 3 may pay advances for profit shares only under the conditions stipulated by the law.

10. DATA REGARDING INVESTMENT SHARES OF SUBFUND 3

10.1. Form

Book-entry registered security.

10.2. Par value

The shares have no par value.

10.3. Currency of the investment shares of Subfund 3

EUR

10.4. Type of investment shares in Subfund 3

Investment share C

10.5. Description of the procedure applied in the subscription for investment shares of Subfund 3

The Fund issues investment shares for Subfund 3 for the purpose of collection of cash funds in Subfund 3. The issue of the investment shares is done and arranged for by the Manager. In the event that the Investment Shares are kept on a so-called customer account (account type 31) maintained by a CDCP participant in the name of the Investment Company, on which is the Investment Company's evidence on so-called owner accounts connected (account type 21), the Investment Company is entitled to

request the fee from the Investor according to the current tariff published on the website www.redsidefunds.com or available at the registered office of the Company.

The investment shares may only be subscribed for on the basis of a public call for their subscription. Such public call for their subscription of the investment shares shall be published by the Fund on its website www.redsidefunds.com, where it shall always specify the time limit for and conditions of subscription of the investment shares. The investment shares are subscribed for under a contract on subscription for investment shares executed between the person interested in acquiring the investment shares (hereinafter the “investor”) and the Fund. The documents regulating the contract conditions of the subscription and issue of the investment shares are available in the Fund's seat and in the seat of the statutory director.

To preserve its stability or trustworthiness, the Fund may decide through its Manager with which interested parties it will execute and with which it will not execute contracts on subscription of the investment shares, There is no legal entitlement to the execution of a contract on subscription for the investment shares and the Fund is not obliged to execute the contract on subscription for the investment shares with any interested party for any reason whatsoever.

The Fund issues the investment shares of Subfund 3 for an amount equal to the current value of the investment share applicable for the period in which the investor's fund were credited to Subfund 3's account or in which the object of the contribution was effectively brought in. The current value of an investment share shall be declared for each period in accordance with the balance of assets as of the last day of the previous period. The number of investment shares issued to an investor corresponds to the ratio of the amount credited upon the investor's payment (reduced by entrance fee, if it was applied) on the account of Subfund 3 to the current value of the investment share of Subfund 3 applicable for the decisive date, rounded down to whole numbers. In case of a nonmonetary contribution, the number of the investment shares issued to Subfund 3 which shall be surrendered by the Fund to the investor shall correspond to the ratio of the value of the nonmonetary contribution determined by an expert appointed by the statutory director for such purpose to the current value of an investment share issued to Subfund 3 applicable for the effective date as of the object of the contribution was brought in, rounded down to whole numbers.

Any difference between the credited amount or price of the nonmonetary contribution and the amount corresponding to the calculated value of the investment shares issued to Subfund 3 shall be returned to the investor, unless agreed otherwise in writing between the investor and the Fund.

The Fund accepts only such nonmonetary contributions that represent property values in which Subfund 3 invests in accordance with its investment strategy and which are suitable with regard to the investment strategy and composition of assets of Subfund 3 and which are allowed by the Act to be acquired. The price of any nonmonetary contribution must be determined by a report of an expert appointed by the statutory director for such purpose; however, the costs related to the valuation of the nonmonetary contribution shall be always paid by the investor (contributor). The Fund is not obliged to execute with the investor a contract on the contribution or to take over the nonmonetary contribution and it is at its own discretion whether it will accept the performance of the duty to contribute by way of a nonmonetary contribution. Bringing in of a nonmonetary contribution is also subject to the obligation to keep the minimum investment amount. Any nonmonetary contribution must be brought into the Fund within one (1) month after the assumption date of the duty to contribute. If the object of the nonmonetary contribution is an immovable thing, the object of the contribution shall be brought in by handing over by the investor to the statutory director together with a written declaration on bringing in the immovable thing with an officially authenticated signature attached thereto. If the object of the nonmonetary contribution is a movable thing, the object of the contribution shall be brought in by handing over to the statutory director, who shall ensure its custody with the depositary in cases stipulated by the law in accordance with the Act and the contract with the depositary. If it is impossible due to the nature of the thing to hand over actually the movable thing, the thing shall be handed over by means of surrendering the data or other carrier which capture the provided thing, and the documentation which captures the nature and contents of the movable thing and other facts relevant for the use thereof. If the nonmonetary contribution is a share in a business corporation, the thing shall be brought in by means of the execution of an effective contract on contribution, which shall contain all particulars required by the Business Corporations Act and by the Civil Code for transfer of a share. If the nonmonetary contribution is a receivable, the object of the contribution shall be brought in as of the effective date of the contract on contribution of a receivable. If the nonmonetary contribution is a business or a part thereof (if admitted by the Act), the object of the contribution shall be brought in as of the effective date of the contract on contribution. In all other cases, the nonmonetary contribution shall be brought in as of the effective date of the contract on contribution executed between the investor and the Fund.

Book-entry investment shares are issued by means of their crediting on the investor's asset account kept with a participant of the Central Securities Depository.

The Fund shall issue to the investor the investment shares within ten (10) business days after receipt of cash funds on the bank account of Subfund 3. The investor shall be notified of the issue of the investment shares of Subfund 3 by a written notice sent to the address specified in the contract on subscription of shares or to the electronic address specified by the investor in the contract for such purpose. In such notice, the Fund shall inform the investor about the number of issued investment shares of Subfund 3 and the current value of the investment share for which the relevant investment shares have been issued. The investor becomes the Fund's shareholder as of the date of issue of the investment shares.

In accordance with the requirements of Act No. 240/2013 Coll. on investment companies and investment funds, the minimum value of every investor's investment pursuant to Section 272(1)(a) to (g) of the Act is not determined. The value of the minimum initial investment of a qualified investor under Section 272(1) (h) and (i) of the Act is 125,000 EUR (one hundred twenty five thousand euros) subject to the terms set forth by the Act which relate to compliance processes, or 1,000,000 CZK (in case of an investment in EUR, the minimum amount is 40,000 EUR or a higher amount in case of a deviation from the statutory limits due to currency rate fluctuations. In such case, the exchange rate determined by the Czech National Bank shall be taken into account), provided that the Statutory Director as the administrator of Subfund 3 confirms in writing that, based on the information received from the investor, he reasonably believes that the investor's investment corresponds to his financial background, investment objectives and professional knowledge and experience related to investments.).

The investment value shall be calculated for all the Fund's subfunds together.

The minimum value of any further investment (the value of subscribed shares) must amount in each case at least 1,000 EUR

The highest amount of the capital for the purpose of suspension of issue of investment shares shall be determined by the value equal to 100,000,000,000 EUR.

10.6. **Redemption of investment shares**

The investment share carries the right to its redemption upon its holder's request on the account of Subfund 3. Investment shares shall cease to exist by redemption. The investment shares shall be redeemed by the procedure described in Sections 131 to 140 of the Act.

There is no exit fee for the redemption of the investment shares.

The Fund shall redeem the investment shares using the assets of Subfund 3 in respect of which the investment share has been issued for the price corresponding to the current value of the investment share determined for the period (i.e. for the relevant week) in which the request for redemption of the investment shares was delivered to Subfund 3. The current value of the investment share shall be determined and subsequently declared for each such period in accordance with the balance of the assets as of the last day of the immediately preceding period. The Fund shall be obliged to redeem the investment shares from the shareholder not later than within three (3) months after the date of receipt of a request for redemption of the investment shares, i.e. the shareholder shall be paid within this time limit the value of the shares, i.e. an amount equal to the product of the number of shares and their current value determined for the period (i.e. for the relevant month) in which the request for redemption of the investment shares was delivered to Subfund 3. The payment of the monetary funds corresponding to the value of the redeemed investment shares shall be made by cashless transfer on the shareholder's account. The redeemed investment shares shall expire as of the date of dispatch of the monetary funds to the shareholder's account and the redeemed investment shares shall be deemed to be the earliest investment shares acquired by the shareholder. The funds shall be deemed to be credited to the shareholder's account on the first business day following the day when they were debited from the Fund's account.

The Subfund will reduce the number of issued investment shares in the own funds account - the capital funds as of the date of their deletion from the CDCP.

The minimum value of an individual redemption of the investment shares amounts to 1,000 EUR or a corresponding equivalent in another currency, determined by the exchange rate of the Czech National Bank. The value of investment shares held by one shareholder may not fall by the redemption of the investment shares below the limit of the minimum investment corresponding to the equivalent of 125,000 EUR (in words. one hundred twenty five thousand euros) in Czech crowns or to 1,000,000 CZK (or to an equivalent amount under clause 10.5. of the Statutes in case of an investor referred to in Section 272(1)(i) of Act No. 240/2013 Coll., unless all investment shares of such shareholders are redeemed, with the exception of case where a third party becomes a shareholder of the Fund due to the passage of the ownership title to the investment shares of Subfund 3.

The Fund may suspend the redemption of the investment shares of Subfund 3 for not more than three (3) months if it is necessary for protection of rights or legally protected interests of shareholders owning these investment shares, such as an abrupt

movement of the assets constituting the essential part of Subfund 3's assets. The suspension of redemption of the investment shares of Subfund 3 is decided by the Statutory Director, who shall request the consent of the board of directors with his decision. The Statutory Director is obliged to prepare his decision in writing and to state therein the date and exact time of the suspension decision, the reasons for such suspension and the time limit for which the issue or redemption of the investment shares shall be suspended.

The prohibition to redeem the investment shares also applies to the investment shares the redemption of which has been applied for by the shareholder:

- a) before the suspension of the issue or redemption of the investment shares unless a counterperformance for such redemption has already been paid, or
- b) during the period for which the issue or redemption of the investment shares was suspended.

The resumption date of the issue or redemption of the investment shares is

- a) the day following the expiration date of the period for which the issue or redemption of the investment shares has been suspended,
- b) the final and effective date of the decision of the Czech National Bank overturning the decision on suspension of the issue or redemption of the investment shares of Subfund 3,
- c) another day specified by the applicable laws.

11. INVESTMENT STRATEGY OF SUBFUND 3

11.1. Investment objective

Subfund 3 provides targeted short-term and medium-term money loans for projects implemented within the Arca Capital investment group capable of generating sustainable cash-flow paid on a quarterly basis. Among the implemented projects we include mainly investments in private equity, portfolio of failed mortgage and consumer loans, participation in bridge financing and others. The Subfund may also acquire other financial assets (bills of exchange, bonds, etc.) and make opportunistic investments denominated in EUR.

The investment objective of the Subfund is to generate a stable sustainable income paid on a quarterly basis. All investors holding investment shares are entitled to this deposit on the due date. The decisive day is the last days of each quarter of the year.

The strategic allocation of individual components of Subfund 3's assets is not determined, as well as the ratio of individual components of the assets. These are managed by the portfolio manager in accordance with the current market situation and depending on current market expectations. From the geographic perspective, the most intensive involvement – up to 100% of Subfund 3's assets - is expected in central and eastern Europe.

The risk of unfavourable development of foreign exchange rates which relates to the fund's assets denominated in currencies other than the reference currency may be hedged particularly by term or option transactions.

Investments in Subfund 3 are suitable for investors who are willing to accept, in particular, an increased risk arising from potential concentration of investments in the same kind of investment instruments and (if applicable) an indirect risk arising from the investment plans implemented by the issuer.

The recommended investment horizon of the fund is at least 4 years.

Any provisions below regulating the acquisition of a thing or of a Subfund 3 assets mean the acquisition of such thing or asset by the Fund for Subfund 3 as a part of the Fund's equity with separated accounting and assets. This applies accordingly to a reference to a thing, property, balance sheet or asset of Subfund 3, to making an investment on Subfund 3's account and to the acquisition of a thing or an asset to property of Subfund 3.

Neither the investment company nor any other third parties provide any guarantees for investor protection purposes.

11.2. **Benchmark & index**

Benchmark is an informative quantity used for the assessment of performance of a fund with an average return in the relevant industry or sector.

Subfund 3 does not intend to follow any index or benchmark.

Subfund 3 does not copy any specific index.

11.3. **Types of property values (hereinafter the “assets”) that may be acquired in Subfund 3's equity**

11.3.1. As regards the types of assets in which the Subfund 3 most frequently invests, it can be classified as a mixed funds, i.e. its investment policy is focused primarily on debt securities (including bonds which the possibility of early repayment based on the issuer's or the owner's decision), notes and money

market instruments, as well as term bank deposits (with a favourable interest rate), shares and bonds in closed position, but also other investment opportunities, such as stock and other equity securities in open position.

11.3.2. However, the Fund is focused particularly on short-term business notes and other debt securities with residual maturity up to 12 months. The Fund's liquidity may be managed by repo transactions, or buy-sell back operations, where the fund purchases securities and sells them at the same time for a price known in advance increased by a pre-defined interest. In exceptional cases, the fund may hold other securities, including shares.

11.3.3. Subfund 3 may acquire the following types of property values:

- a) short-term business notes and other debt securities with residual maturity up to 12 months,
- b) investment securities admitted to trading in a permitted market, notwithstanding whether or not fully paid up,
- c) securities issued by an investment fund or by a comparable foreign investment fund if its manager holds a licence issued of the supervisory authority of the state of its domicile and is subject to the supervisory of such supervisory authority and such securities are redeemed in a period of less than 2 years,
- d) provision of loans and borrowings to companies whose projects and business plans offer reasonable prospects of a higher appreciation of the invested funds; in its selection of appropriate companies/debtors, the Investment Company shall view the company's financial results for the last 3 years, the amount of equity, the level of the company's indebtedness, the value and quality of tangible assets, management experience, maturity and interest rate of the loan or borrowing, and the ration of the loan or borrowing amount to the value of the company's equity,
- e) corporate bonds issued by companies which meet the above criteria – such bonds may include bonds that are not publicly tradable,
- f) money market instruments (directly),
- g) trademarks, corporate names and copyright,

- h) treasury bills of the Czech National Bank and comparable money market instruments,
 - i) bonds and similar foreign securities admitted to trading in the European regulated market or in a multilateral trading system of an operator domiciled in a Member State, or in a market similar to a regulated market in a state other than a Member State,
 - j) domestic shares of stock, i.e. shares issued by an issuer domiciled in the Czech Republic, notwithstanding whether they were or were not admitted to trading at a regulated market with investment instrument domiciled in a Member State of the European Union,
 - k) foreign shares of stock, i.e. shares issued by an issuer domiciled outside the territory of the Czech Republic, notwithstanding whether they were or were not admitted to trading at a regulated market with investment instrument domiciled in a Member State of the European Union,,
 - l) purchase of receivables from collection agencies and institutions offering instalment sale of goods, but primarily from credit institution, where the debtors are both individuals and legal entities.
- 11.3.4. Subfund 3 may acquire the following types of property values:
- a) a transformation process with the participation of Subfund 3 and the business company in accordance with special laws;
 - b) takeover of the equity of a business company where the participation of Subfund 3 may exceed 90% of the registered capital of such company. If Subfund 3's participation represents at least 90% of the registered capital of the company, the general meeting of Subfund 3 may decide on winding-up of such company.

11.4. Subfund 3 invests over 90% of the value of its property in

1. investment securities,
2. securities issued by an investment fund or by a foreign investment fund,
3. participation in capital companies,
4. money market instruments,

5. financial derivatives in accordance with the Act,
6. rights arising from registration of things referred to in clauses 1 to 5, which allow the beneficiary to dispose directly or indirectly with such value at least in a manner similar to the disposal by the authorised holder,
7. claims for payment of monies from account,
8. loans and borrowings provided by Subfund 3.

11.5. Definition of techniques and instruments used in the management of Subfund 3's property

The Manager may use repo transactions and financial derivatives in the management of the property of Subfund 3. The Manager shall not use the leverage effect in the management of the property of Subfund 3, with the exception of receiving loans and borrowings; the limits for the use of the leverage effect are set forth in the rules for receiving loans and borrowings set out in clause 11.12.

11.6. Detailed rules of the management of Subfund 3 property

The steps taken by the Manager in the management of Subfund 3 are particularly as follows:

11.6.1. acquisition of assets under clause 11.3. for Subfund 3's property.

11.6.2. sale of assets under clause 11.3.

11.7. Risk restriction and risk allocation limits

11.7.1. The sum of values of investments in investment securities or money market instruments issued by a single issuer, deposits made with such issuer and the risk related to such issuer as the other contractual party in operations with financial derivatives may reach up to 100% of the value of Subfund 3's property.

11.7.2. Investment instruments and deposits made with a single issuer

The maximum limit of investments in investment instruments issued by a single issuer is not limited.

11.7.3. Liquid assets

The share of liquid assets will be usually less than 10%. Only in unique cases, typically e.g. after the issue of a large number of investment shares of Subfund 3, which have been subscribed by monetary contributions, or after the sale of

a significant asset out Subfund 3's property, the share of liquid assets may be higher and may stay so for up to one year. This restriction does not apply in the first two (2) years of existence of Subfund 3, when the value of liquid assets may exceed the 10% limit. The minimum share of liquid assets in the property of Subfund 3 as a whole is 0.5% or at least 500,000 CZK. The liquid part of Subfund 3's property is invested in Subfund 3 for a short term in:

- freely disposable deposits or term deposits with the maturity not exceeding three months, provided that such deposits are placed with banks, branches of foreign banks or foreign banks which comply with the rules of prudence under the legislation of the European Union or rules considered equal by the Czech National Bank;
- securities issued by standard funds or special securities funds or special funds of funds;
- government treasury bills and similar foreign securities;
- bonds or similar foreign securities which:
 - have been admitted to trading or are traded in the regulated market;
 - are traded in the regulated market of another Member State of the European Union;
 - have been admitted to trading or are traded in the regulated market of a state other than a Member State of the European Union if such markets are included in the list of foreign regulated markets of the Czech National Bank and have the residual maturity period not exceeding three years;
- treasury bills of the Czech National Bank and similar foreign securities;
- other investment instruments with the return of funds shorter than one year.

11.7.4. The Fund is entitled to make an investment exceeding the current value of the Fund's property solely if:

- a) the liquidity specified in clause **Chyba! Nenalezen zdroj odkazů.** of these Statutes is preserved,

- b) as regards the part of the investment which exceeds at the time of acquisition the value of Subfund 3's property, Subfund 3 has ensured the source of capital for making such investment,
- c) the maturity of such part of the investment does not occur before the date when Subfund 3 acquires access to the source of capital for making such investment,
- d) the source of capital meets all requirements regarding transparency and legality and the drawing does not result in the excess of the limits for receipt of borrowings and loans under these Statutes, and
- e) if Subfund 3 fails to acquire access to such source of capital, it shall be entitled to withdraw from such investment.

11.8. Detailed designation of Subfund 3

Subfund 3 is a subfund created by an investment fund in the form of a joint stock company with variable capital; therefore, the designation of Subfund 3 must contain an element typical for the corporate name of a joint stock company with variable capital and the word "subfund", or must otherwise characterise it as a subfund.

11.9. Recommendation of transaction by all Subfund 3 shareholders

In justified cases, Subfund 3 may ask through the Manager for the assessment and recommendation of all Subfund 3 shareholders regarding the intended transaction concerning Subfund 3 property; a shareholder of Subfund 3 means such shareholder of the Fund who owns investment shares issued in respect of Subfund 3. The recommendation of all Subfund 3 shareholders concerning an intended transaction must be given in writing and addressed to the Manager. The Manager is not bound by such recommendation of the shareholders, but is obliged to take into account such recommendation of Subfund 3 shareholders in his decision on the intended transaction and to justify any deviations from it with regard to the requirements of professional care and acting in the best interests of Subfund 3 shareholders.

11.10. Detailed information about the concentration of the investing methods – industry, state, region or a specific type of assets

The most part of Subfund 3's investments shall be made in EUR. Most of Subfund 3's assets shall be placed in the central European region with a focus on the Slovak Republic.

With regard to the above-defined concentration of the investment policy, such investing may result in an increased risk, although Subfund 3 makes its investments in accordance with the principles set forth in the Statutes and the laws and individual risks related to such investments are described in the risk profile of Subfund 3.

11.11. Detailed information about securing of the investment

Any investments or any part of them or their yields are not secured in any way for the investor and their return is not guaranteed.

11.12. Rules of provision and receipt of loans and borrowings and maximum limits

Subfund 3 may execute contracts on receipt of a loan or borrowing in an aggregate amount that must be less than 95% of the value of Subfund 3's property (notwithstanding the number of debtors).

If a loan or a borrowing is granted to business companies where Subfund 3 owns shares in the scope allowing their control, Subfund 3 need not demand from such company controlled by it the security of such loan or borrowing due to the existence of the mutual relation of the controlling and controlled person, which allows Subfund 3 the exercise of the controlling influence on the management and control of the management of such company. Provision of loans or borrowings to other parties is allowed solely with the corresponding security guaranteeing proper repayment of the loan or borrowing. Any provided loans or borrowings may be entirely tied to a single recipient within the total Subfund 3 exposure.

11.13. Rules of execution of uncovered transactions

Subfund 3 may execute uncovered transaction only if their execution facilitates effective management of Subfund 3's property.

11.14. Rules for use of Subfund 3's property to secure a third party liability

Subfund 3's property may be used as security of a third party liability solely subject to the preservation of overall favourable economic effect of such operation.

11.15. Conditions under which an asset belonging to Subfund 3's property may be encumbered by a third party's right in rem or user right

Shares in companies or other things encumbered by a mortgage/pledge, an easement or by user rights of third parties may be acquired into Subfund 3's property solely if the favourable economic effect of such operation is preserved (e.g. if the acquisition cost corresponds to the existence of the specific right in rem, or the thing generates for a

long time an appropriate rent, etc.). At the same time, a thing that has already been included in Subfund 3's property may only be encumbered by rights of third parties if the aforementioned rules have been met. Rights of third parties may also arise from the law or from a decision of a court or of an administrative authority. An immovable thing which is a part of Subfund 3's property may be encumbered by a third party right or such encumbered thing may be acquired by Subfund 3.

11.16. **Definition of the category of investors for whom Subfund 3 is designated**

Subfund 3's investment shares may only be acquired by qualified investors within the meaning of Section 272 of the Act.

11.17. **Characteristic of a typical investor**

Typical investor's profile: a qualified investor within the meaning of the Act, with some risk aversion in line with Subfund's investment strategy and its goals according to clause 11.1.. Investment horizon: at least 4 years.

Investing experience: three or more years of experience with investing in money market instruments.

Verification of experience:

As this is a fund/subfund of qualified investors the suitability of the investment fund/subfund for potential investors is not assessed in case where the investment exceeds 125,000 EUR. If the investment is less than 125,000 EUR but exceeds 1,000,000 CZK (or an equivalent amount under clause 10.5. of the Statutes), the Administrator assesses the suitability of the investment for the investor on the basis of an investment questionnaire.

The Fund shall present to the potential investor through the Administrator a statutory declaration where this investor confirms by his signature that he is the person described in Section 272 of the Act and is aware of all risks arising to him from this investment.

11.18. **Maximum number of Subfund 3's shareholders**

Not limited.

11.19. **Amount of the minimum initial investment of one shareholder**

The minimum value of every investor's investment under Section 272(1)(a) through (g) of the Act is not determined as required by the Act. The minimum initial investment of a qualified investor under Section 272(1)(h) and (i) of the Act amounts to 125,000 EUR

(one hundred twenty five thousand euros) subject to the terms and conditions set forth by the Act which relate to the compliance processes, or 1,000,000 CZK (or an equivalent amount under clause 10.5. of the Statutes), provided that the Statutory Director as the administrator of Subfund 3 confirms in writing that, based on the information obtained from the investor, he reasonably believes that the investor's investment corresponds to his financial background, investment objectives and professional knowledge in the field of the investor's investments).

Each following investment of the same shareholder must reach at least 1,000 EUR; the minimum redemption shall be at least 1,000 EUR (one thousand euros). The value of all shares held by one shareholder of Subfund 3 may not fall due to the sale of the shares below the minimum investment limit, i.e. Czech crowns equivalent of 125,000 EUR (one hundred twenty five thousand euros), or 1,000,000 CZK (or the original equivalent amount under clause 10.5. of the Statutes), unless all shares held by the shareholder of Subfund 3 have been sold.

11.20. Condition of transferability

A shareholder must obtain prior written consent (or via email) of the statutory director Subfund 3 with transfer of his shares.

11.21. Information duty of a transferee of Subfund 3

In case of the passage of the ownership right to the shares of Subfund 3, their transferee is obliged to notify the statutory director of the Fund without delay of such change of the owner.

11.22. Rules of provision of information

The following information shall be provided to all shareholders in the electronic form at the web address www.redsidefunds.com and by e-mail:

- the data about the current value of Subfund 3's equity;
- the data about the current value of Subfund 3's investment share;

The aforementioned current data shall be disclosed not later than by the 3rd working day of the relevant week.

11.23. Repo operation or lending of securities

Subfund 3 may execute repo operations or lend securities as a part of its activities.

11.24. Tactical placement of assets

The management style of Subfund 3 is not based on tactical placement of assets.

11.25. Donation, securing another person's debt, settlement of a debt not related to the management of Subfund 3

Subfund 3's property may not be donated, used as security of another person's debt or payment of a debt not related to the management of 3. Subfund 3's property may not be used for provision of a loan or borrowing not related to its management.

11.26. Property values of other parties

It is not permitted to execute on the account of Subfund 3 contracts or sale of property values that are not parts of Subfund 3's property or that have been let to it for a limited period of time.

12. RISK PROFILE

12.1. Information about the risk profile

Before investing in Subfund 3, potential investors should consider possible risks arising from such investing.

Investments in Subfund 3 are not linked with any form of guarantee of return on investment or capital coverage.

The investment value may not only increase but also decline and the return is not guaranteed.

Investments in Subfund 3 are intended to generate yield when held for a long time; hence, they are not suitable for short-term speculation.

12.2. Description of all material risks

- a) The risk relating to investing in securities. Prices of securities- shares or unit certificates of collective investment funds – may increase or decline in response to a change of economic conditions, interest rates and the ways of perception of the securities by the market.
- b) The risk associated with debt securities and notes, i.e. the risk of deterioration of the issuer's ability to pay principal and interest, particularly if the issuer is heavily indebted, and the risk of changes of the interest rate and the decrease or increase of the price of debt securities in response to such change. The prices of

bonds, notes and other fixed income securities may grow or decline in response to interest rates, and an increase of the interest rate results in a decline of the bond price. Market prices of bonds, notes and other fixed income securities are also affected by credit risks, such the risk of the issuer's default and liquidity risk.

- c) The risk associated with repo transactions, particularly the counterparty risk, i.e. the risk that the settlement will not take place as expected because the counterparty fails to pay or to deliver investment instruments within the specified time limit, or the risk that the issuer or the counterparty fails to fulfil its obligation, or a risk associated with unfavourable development of the underlying asset.
- d) The current risk, where the fund whose reference currency is CZK may also hold investments in other currencies and their value can thus increase or decrease as a result of changes of currency rates. Unfavourable movements of currency rates may result in a loss of capital.
- e) The credit risk, i.e. the risk associated with the failure of Subfund 3's counterparty to meet its obligations.

The issuer of an investment instrument held in Subfund 3's property or a counterparty to a contract (relating to the execution of a specific investment) fails to fulfil its obligation or the debtor fails to repay fully and in time his debt.

- f) The risk of insufficient liquidity – a risk associated with investments in real estate companies.

The risk of insufficient liquidity consists generally in the failure to timely turn a specific asset of Subfund 3 for an adequate price, due to which Subfund 3 will become unable to pay its liabilities when they become due.

In general, investments in immovable things are exposed to the risk of limited liquidity of Subfund 3's property, the risk of investment into real estate encumbered by mortgages or other third party rights, the risk of insufficient infrastructure required for the use of the immovable things and the risk arising from the appraisal of immovable things.

As Subfund 3 may accept loans or borrowings up to the aggregate amount representing 95% of the value of Subfund 3's property, this results in a corresponding increase of the risk of unfavourable economic impact on Subfund 3's property in case of a wrong investment decision or due to another reason resulting in a reduction of the value of Subfund 3's property. With regard to this

leverage of the parties to potential loan engagement of Subfund 3, there is also a corresponding risk of its insolvency.

g) The settlement risk

A transaction with Subfund 3's property may be frustrated due to the inability of the counterparty to the transaction to fulfil its obligations and to deliver the assets or to make the payments within the agreed time limit.

h) The market risk

The value of the property in which Subfund 3 invests may rise or decline depending on changes of economic conditions, interest rates and the way of perception of the relevant property by the market.

i) The operational risk

The risk of loss of property resulting from insufficient or wrong internal processes, from the failure of the operating systems or of the human factor, or from external events.

j) The risk of loss of property held in trust (or in another type of custody)

The risk of loss of property held in trust (or in another type of custody) may be caused particularly by insolvency, negligent or wilful conduct of the person who holds Subfund 3's property in trust or in another type of custody.

k) The risk associated with investments in shares or other forms of participations in business companies

The risks associated with possible failure of the business company where Subfund 3 participates, which consists in the fact that such business company may be affected by a business risk. Such risk may lead to a decline of the market value of the participation in the relevant business company or its total devaluation (e.g. in case of insolvency), or to the impossibility to sell the participation in such company. A special risk associated with participations in business companies is the risk of delay or failure to complete a project and unsuccessful development of the company's business plans. If Subfund 3 acquires in its property any participations in start-up companies where the project will only commence to be implemented, there is a risk of a delay of the project or of increase of its costs, resulting in a damage to Subfund 3. With regard

to the nature of the property, there is also a risk of destruction of such asset, whether as a result of a third party's conduct or of force majeure.

l) The risk of legal defects

The value of Subfund 3's property may decline as a result of legal defects of shares in business companies acquired in Subfund 3's property.

m) The risk of winding-up of Subfund 3

Subfund 3 may be wound up on the grounds stipulated by the law.

n) The operational risk associated with the delegation of activities

Some activities associated with the administration of Subfund 3 will be delegated by the Administrator to third parties. Despite compliance with all legal rules applicable to outsourcing and utmost prudent conduct of the Administrator or of the authorised third party, there may occur objective technical problems that may have a negative effect on the administration of Subfund 3 (such as malfunction of electronic systems used for communication among the Manager, the Administrator and the third party).

o) The risk resulting from limited activities of the Depositary

The scope of control of Subfund 3 by the Depositary is restricted by the contract with the Depositary.

Due to the limitation of the Depositary's controlling activity to the extent defined by these Statutes, there is a risk associated with the absence of third party control (e.g. a risk of failure of the human factor).

p) The risk of unstable value

As a result of the composition of Subfund 3's property and its management method, the value of the shares issued by Subfund 3 may be unstable.

q) Risks associated with the acquisition of a participation in a foreign business company

The risks associated with the acquisition of a participation in a foreign business company are represented by the risks of political, economic or legal instability relating to foreign business companies. Such risk may result in unfavourable conditions for the disposal (sale) of the participations in these business

companies, e.g. due to foreign exchange or legal restrictions, economic recession or in extreme cases due to nationalisation.

13. INFORMATION ABOUT PAYMENT OF A PROFIT SHARE

13.1. Decisive date for payment of profit shares

If Subfund 3 generates profit, it shall pay periodic quarterly advances for profit, i.e. the dividend, based on prior decision of the Statutory Director.

The decisive dates for payment of quarterly advances for profit or profit shares shall be 31 March, 30 June, 30 September and 31 December. The advances belong to holders of investment shares who hold as of the decisive date the investment shares of Subfund 3. Subfund 3 must provide Czech National Bank with audited financial statements until 30.4. following the previous year in which the advances for profit were made. The audited financial statements will be used for a settlement of paid advances for profit with audited profit. The settlement will be done till 31 May.

13.2. Time limit for payment of profit shares

Advances for profit shall be due/settled within 20 business days after the end of the decisive day. Dividend bound to the decisive date of 31 December will be paid pursuant to clause 13.1..

13.3. Method of payment of profit shares

Advances for profit shall be paid to the investors by cashless transfer to the account designated in writing by the holder of investment shares in the subscription documents or otherwise confirmed by a written notice sent to the address of the Statutory Director's seat.

13.4. Period within which the entitlement to a share of profit is forfeited

The right to payment of advances for profit which is to be paid upon a decision of the Statutory Director of the Fund or by the general meeting shall be forfeited three years after the due date.

13.5. Method of approval of the distribution of profit

Decisions on the distribution of profit or other yield on Subfund 3's assets fall within the powers of the general meeting. The power to decide on quarterly distribution of advances for profit (in the form of a quarterly dividend) with the decisive dates 31 March, 30 June, 30 September and 31 December also belongs to the Statutory Director.

14. FEES AND COSTS

14.1. Fees charged to investors and costs paid from the property of Subfund 3

Investors subscribing for investment shares under Section 272(1)(h) through (i), as described in detail in clause 10.5. of the Statutes, shall subscribe for investment shares through the intermediary referred to in clause 5.2. of the Statutes, or directly via investment company.

Professional investors pursuant to Section 272(1)(a) through (g) may directly subscribe for investment shares in Subfund 3.

One-time charges charged before or after the investment is terminated	
(this is the highest amount that can be charged to the investor before the investment is made or before the investment is paid)	
Entry fee (surcharge)	max. 3,0 %
Exit fee (surcharge)	0 %
Costs paid from Subfund 3's property in the course of the year	
Management fee of the investment company	1,3 % p.a. ¹
Total cost rate (before counting any costs associated with the payment of the performance fee)	1,95 % ¹
Costs paid from Subfund 3's property under special conditions	
Performance fee	30 % above 6 % IRR

14.2. Cost rate indicator

The cost rate indicator of the fund for the previous accounting period, expressed in percent, is equal to the ratio on the total costs to the average monthly equity value; the total amount of costs means the sum of fees and commissions, administrative expenses and other operating expenses described in the statement of costs and revenue and in the profit and loss account of Subfund 3 under a special law, after deduction of fees and commissions for operations with investment instruments under this special law.

¹ Calculated from the average value of Subfund 3's equity.

14.3. Method of determination and amount of the Manager's fee

The management fee shall be determined either:

- a) as an amount expressing the percentage of the average equity value of Subfund 3, or
- b) as a fixed amount, or
- c) as a combination of the minimum and the maximum fixed fee and the amount expressing the percentage of the average equity value of Subfund 3.

The specific amount of the annual fee and of the minimum monthly fee within the above limits is determined in the contract on performance of the statutory director's office. Such contract must be in writing and must be always approved by the general meeting.

14.4. Other expenses

- a) the fee for depositing and administration of foreign securities or foreign book-entry securities;
- b) taxes
- c) administrative and court fees;
- d) interest on loans and borrowings received under the Act;
- e) exchange rate losses;
- f) acquisition cost of sold property;
- g) bank charges;
- h) interest on notes used as security for Subfund 3's liabilities;
- i) property insurance costs;
- j) costs of audit of the financial statements of Subfund 3 and of the preparation of tax return;
- k) costs of the elaboration of an expert valuation of the real value of shares in business companies and of movable things;
- l) preparation of underlying accounting documents for the investment company which manages the property of Subfund 3;
- m) wages and remuneration of the Fund's bodies;
- n) costs of legal and tax services relating to Subfund 3's activities;
- o) costs of other professional advisors;
- p) other costs, particularly those relating to the acquisition or sale of Subfund 3's property (acquisition costs).

PART THREE

FINAL PROVISIONS

15. OTHER INFORMATION

15.1. The Statutes and Key Information for investors of Subfund 3

Rules for adoption of changes of the Statutes:

- a) the Statutes are issued and updated by the Manager;
- b) the Fund's board of directors grants consent with changes of the Statutes concerning
 1. the investing method and investment objectives of Subfund 3,
 2. the fee paid to the Manager, the Administrator or the Depository of Subfund 3,
 3. costs related to the management of Subfund 3's property,
 4. remuneration of the Fund's officers;
- c) changes of the Statutes of Subfund 3 shall become effective upon their acceptance by the Manager unless a later effective date is determined by the Statutes, the Manager or the law;
- d) each update of the Statutes of Subfund 3 is deemed to be a change of the Statutes.

The Statutes and the changes are not published but are available to each shareholder and subscriber in accordance with clause 15.3. of the Statutes.

Based on the interpretation of the Czech National Bank, Subfund 3 does not prepare Key Information for investors.

15.2. Note

- a) the updated version of the State must be provided free of charge upon request to every subscribed of Subfund 3's shares;
- b) the Fund's statutes do not constitute a part of the Statutes of Subfund 3.

15.3. Obtaining documents under clause Chyba! Nenalezen zdroj odkazů..

Every subscriber may obtain the documents listed in clause **Chyba! Nenalezen zdroj odkazů..** either in the paper form at the Administrator's seat, i.e. at the address Praha 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, or in the electronic form in the "PDF" format sent by e-mail.

15.4. Conditions under which it is possible to decide on winding-up

The Fund is established for an unlimited period of time. Subfund 3 is established for an unlimited period of time.

Subfund 3 may be wound up

- by a decision of the general meeting of the Fund,
- by a court decision,
- by a decision of the Czech National Bank,
- in other cases stipulated by the law.

Every investor shall be informed about the intention to wind up the Fund or Subfund 3 or to transform the Fund without undue delay in the manner described in clause 15.3. of the Statutes.

15.5. Shareholder rights in case of winding-up or transformation of the Fund

A shareholder shall be entitled to a share in the liquidation balance or to shares of another investment fund.

15.6. Contact information

Additional information may be obtained if required at the Administrator's seat at the address Praha 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, business days from 10:00am until 4:00pm, the contact person. Front-Office director, or by telephone at the number 222 500 757, or electronically at the web address www.redsidefunds.com, or by posting a question to the e-mail address info@redsidefunds.com.

15.7. Basic information about the tax system

The tax system applying to Subfund 3, holding and transfer of the shares, is governed by Act No. 586/1992 Coll. on income taxes, as amended (hereinafter the "Income Taxes Act").

The Income Taxes Act determines a tax rate of 5% for the basic investment fund.

The object of personal or corporate income tax is the income (yield) from the sale of shares under the relevant provisions of the Income Taxes Act.

The taxation of income or profit attained by individual investors/shareholders depends on applicable laws, which need not be identical for every investor/shareholder. If the investor/shareholder is not sure about his taxation, it is recommended to use the services of a tax advisor.

15.8. Method and frequency of the publication of a report on Subfund 3's management

Reports on Subfund 3's management are available to the investors/shareholders at the Manager's website, i.e. at the address www.redsidefunds.com, at least once a year in the manner described in clause 15.3. of the Statutes.

15.9. Information about the Czech National Bank – the supervisory authority

Czech National Bank, Na Příkopě 28, 115 03 Praha 1, tel.: 224 411 111, www.cnb.cz, info@cnb.cz

15.10. Note

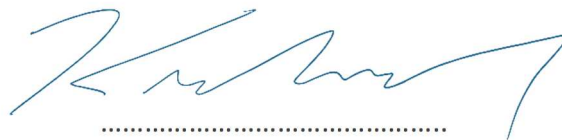
The registration in the list kept by the Czech National Bank and the exercise of supervision so not constitute a guarantee of the return on the investment of performance and cannot exclude a possibility of a breach of the legal obligations or of the Statutes by Subfund 3, the Fund, the Manager, the Administrator, the Depositary or other person and do not guarantee the compensation of any damage caused by such breach.

In Prague, on 16th April 2018

For REDSIDE investiční společnost, a.s.:



Rudolf Vřešťál
Chairman of the Board



Ing. Karel Křhovský
Member of the Board