NGE

Nova Green Energy

open-ended mutual fund of REDSIDE investiční společnost, a.s.

Price as of november, 30th 2016 denominated
in EUR: 0,1251 EUR per share
in CZK: 1,1033 CZK per share

November 2016

FUND

BASIC INFORMATION:

Fund structure:	open ended mutual qualified investors fund
ISIN:	CZ0008474053 CZ0008474673
Inception:	29th January 2013
AUM:	42.297 mil. EUR 1.144.570 mil. CZK
Strategy capacity:	170 mil. EUR 4.68 billion CZK
Available currency share classes:	EUR, CZK
Base currency share class:	CZK
Administrator:	REDSIDE investiční společnost, a.s.
Depository:	UniCredit Bank Czech Republic and Slovakia, a.s.
General advisor:	Arca Capital Slovakia, a.s.
Minimum initial subscription:	40,000 EUR 1,000,000 CZK
Additional subscription:	10,000 EUR 250,000 CZK
Dealing day:	last 10 working days in a month
Subscriptions:	monthly
Redemptions:	monthly
Target return:	8% p.a. net of fees

PERFORMANCE:

AS OF NOVEMBER, 30TH 2016:

NAV:	**42.297.515 €**
NAV:	**1.144.570.753 CZK**
YTD return:	**5.20%**

FEES

Up-front Fee:
max. 3% (over 250,000 EUR not applied)

Maximum 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 - small hydro plants - waste-to-energy - electricity and heat cogeneration - biogas plants - biomass plants

Since the beginning of 2016, the Fund has achieved a rise of +5.2%, having totally appreciated their investors' financial resources by +26.2% since starting its activities in June 2013. The appreciation raised by 0.32% in November.

MANAGER COMMENTARY AS OF NOVEMBER, 30TH 2016

In fact, the November's appreciation value, similarly to its September's and October's figures, was impacted by a high balance of the cash on the Fund's reserve account, without calculating interests thereon. The Fund's performance is going to get to its long-term predicted level of about 7 % p.a. by the end of the year. The redundant part of the reserve fund will be used to purchase assets. Moreover, according to previous plans, financing banks should release redundant cash held on bank accounts of power plants.

The November's performance of the portfolio was at the level of the energy audit. In recent months, more EU institutional investors have showed their interest in investment to the Fund. In November, the Fund's main efforts focused on finishing the purchase of some new assets into the Fund's portfolio. As a result, that portfolio will become broader by a biomass power plant with a thermal power of 5 MW and an electric power of 1 MW; and a photovoltaic power plant with a total power of 1 MW, situated in the territory of both the Czech and Slovak Republics. In January 2017, the Fund's portfolio will extend acquiring 3 biogas stations with a total power of 2 MW, located in Slovakia. In addition, there's been intensive work on acquiring some biomass power plants with a total electric power of 16 MW and a thermal power of 53 MW, which shall be terminated in the first half of 2017.

Situation on financial markets was affected by Donald Trump's winning the presidential election. American shares got to their new maximum levels and the American stock-exchange index ended up at +3.4% in November. Trump is planning to reduce taxation and increase expenditures on the infrastructure and defence, particularly by increasing the state debt, willing to implement protectionist measures against immigration and cheap imports from Mexico and China. Among others, other intended steps of his are, for example, doing some deregulation in the financial sector, the pharmaceutics or mining fossil fuels to the detriment of renewable resources. Since Trumps' being elected, the price of gold has started to drop rapidly, mainly because of his strong expansive fiscal policy. In fact, this rapidly encourages inflation–related expectations with a higher probability of even more increasing interest rates which consequently strengthen the dollar pushing the price of gold down. Another reason is raising investors' trust in shares, with their consequent lower interest in safe assets. Similarly to October, November involved dropping prices of governmental bonds throughout the market, including the Central European region.

The Fund's financial results have been proving its stable performance not being affected by the performance and evolution both in inland and world financial markets. As a matter of its orientation, the Fund is a suitable instrument for conservative investors with a longer investment horizon to keep and grow values.

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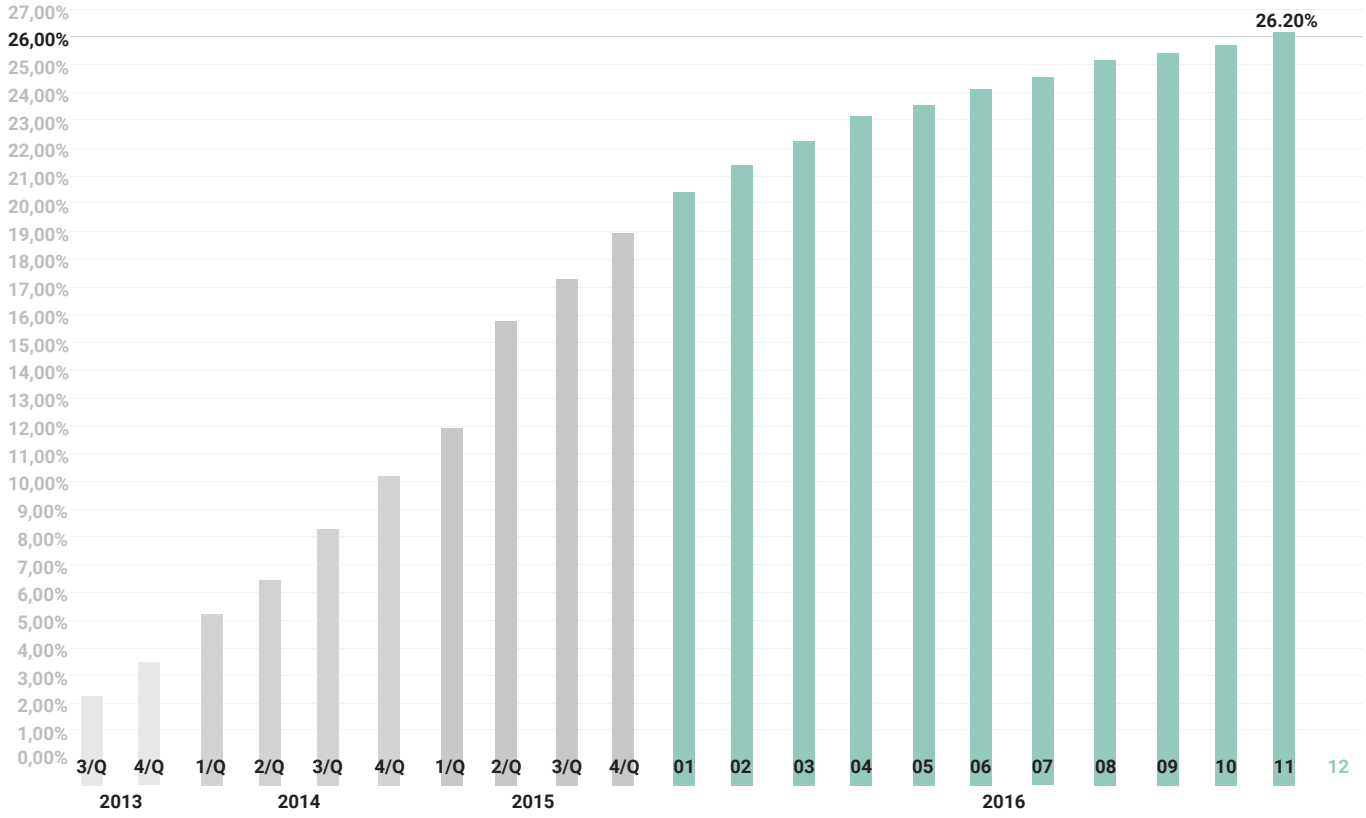
FUND PERFORMANCE *

		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	0.1153	0.1156	0.1163	0.1170	0.1176	0.1182	0.1189	
		2016	0.1193	0.1199	0.1204	0.1215	0.1221	0.1227	0.1233	0.1240	0.1243	0.1247	0.1251		
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%	0.28%	0.65%	0.91%	6.50% ***
		2015	0.64%	0.63%	0.45%	1.62%	0.44%	1.77%	0.26%	0.61%	0.60%	0.51%	0.51%	0.59%	8.98% ****
		2016	0.34%	0.50%	0.42%	0.91%	0.49%	0.49%	0.49%	0.57%	0.24%	0.32%	0.32%		6.00%

*net of Sponzor and Investment manager fees, **annualized performance, ***Fund's performance in 2014 does not reflect revaluation of assets for the year 2014 upwards. Audited fund's performance for 2014 is 7.71% p.a.
****Fund's performance in 2015 comprises revaluation of assets for the year 2014. Audited fund's performance for 2015 is 8.2% p.a.

FUND PERFORMACE - CUMULATIVE - 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.

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.

CONTACT DETAILS DEALING

REDSIDE INVESTIČNÍ SPOLEČNOST, A.S.
V Celnici 1031/4
110 00 Praha 1
+420 222 500 757
www.redsidefunds.com

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The Photovoltaics Becoming the Least Expensive Green Energy Resource

According to a current survey by the Bloomberg New Energy Finance (BNEF) agency, this year is a turning point regarding solar energy because of this alternative resource that has become this year the least expensive renewable energy resources in 58 countries worldwide for the first time in its history.

Taken over from www.solarninovinky.cz

In fact, the price of solar panels has dropped by even 80 per cent since 2008. That's why investing in generating solar energy is worth in lots of countries, even without any financial support. That price drop is mainly due to Chinese production which is currently the largest photovoltaic market in the world. At the same time, they manufacture almost 80% of the world's production of solar panels here.

According to a BNEF analysis, the costs of erecting a solar power plant in developing countries are lower than building a new windmill power plant. There's also a similar trend noticeable in the United States where the price of solar projects decreased by more than 30% during this year, getting to 1.5 dollar per Watt. Nevertheless, green energy has still been more expensive than traditional energy resources in most developed countries.

A new record

This year will be apparently the first one when the installed power of newly established solar resources will get over the capacity of new windmill power plants. According to BNEF estimates, the installed output of solar resources will reach 70 GWh compared to 59 GWh with wind. Most investments in renewable resources are currently headed for developing countries. For example, projects in developing countries are represented by the current exhibition of the future largest solar power plant worldwide which is being erected in Tamilnad, India. More than 2.5 million photovoltaic modules with a total capacity of 648 Megawatts will be supplied by eight companies not only from China, but also from Italy.

Nevertheless, the developing world simultaneously favours so-called insular systems integrating kilowatt-rated solar installations. The market with different solutions, often leaning on start-up companies, got to various installations being worth 450 million dollars last year.

The sun pushing coal away of the energetic mix

"In fact, investments in solar power plants were, broadly speaking, at zero some seven years ago and today, solar power plants are the most installed renewable resource all over the world. Of course, China claims the biggest credit for developing the photovoltaics both regarding their own installations and the financing of solar projects abroad," declared Michael Liebreich, director of BNEF. The solar power engineering is currently the world's fastest developing source of energy. The continuously applied innovation and growth in the global market push the price of photovoltaic power plants down so that solar installations start competing with coal-burning electricity production in lots of countries worldwide.

THE EUROPEAN COMMISSION PROPOSING PROLONGATION OF IMPORT DUTIES ON CHINESE PANELS BY 2 YEARS

On 22nd December 2016, the European Commission proposed to keep restrictive limitations on importing Chinese photovoltaic products into EU Member States by additional 2 years. This means following the current policy of minimum import prices (MIP) of solar cells, and quotas amounting to 7 GW a year.

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In 2013, the EU imposed some limitations on importing solar panels from China. In fact, the European Commission reacted to an application of EU ProSun, Union of European Manufacturers of Solar Panels, having claimed that China had sold solar equipment below production costs and that's why Chinese manufacturers had dominated 80% of the European market. Considering the EU restrictive policy on importing cheap panels from China, they fixed a minimum distribution price for solar panels (approx. 0.55 €/Wp) in line with introducing some limitation on quantities of solar panels, wafers and photovoltaic cells distributed in Europe, to the amount of 7 GW a year. As a result, the European Commission's December's decision states that terminating those measures wouldn't probably stop China from going on subsidising their panels, which might involve growing volumes of imported solar cells and panels for dumping prices. That's why the Commission suggest prolonging the existing restrictive policy by additional two years.

Reducing minimum import prices
Nevertheless, the European Commission also reacted to the market development and dropping prices of solar panels in the world markets. For that reason, the motion to prolong restrictive measures on importing solar panels from China into the EU intends to reduce the minimum import prices (MIP) from the current 0.55 €/Wp to 0.46 €/Wp. In fact, this would be an 18% drop in MIP compared to their current level. The Chinese Chamber of Commerce (CCCME) has already informed their members, photovoltaic -panel manufacturers, about that new MIP level. The aforementioned MIP amounting to 0.46 €/Wp, imposed on imports of Chinese solar panels, has been fixed based on the so-called Bloomberg Index published by the Bloomberg New Energy Finance agency surveying prices of solar panels and their evolutions.

Decision to be made in March 2017
The last European Commission's decision raised the European academic public's inconsistent opinions. While the European manufacturers of solar panels associated in ProSun welcomed that European Commission standpoint, the European Solar Association SolarPower Europe (SPE) is of the opposite opinion. According to SPE, the Commission's decision will not contribute to further development of the sustainable European solar sector. As a result, the Association hopes now that their decision will also be supported by EU Member States. "This year, 36 European solar associations representing 120 thousand companies and 1.3 million jobs, called upon the European Commission to terminate business restrictions on importing Chinese panels," said James Watson, SPE General Manager.

For example, the Solar Association is of a similar opinion, claiming that "cancelling subsidies will positively influence the whole sector and national economies. As a result, solar technology will become more accessible with increasing the demand which is currently reduced in an artificial way. Another positive effect will manifest in increasing the employment because companies dealing with designing and installing small solar power plants will recruit new staffs," said Veronika Knoblochová, President of the Solar Association. On the contrary: EU ProSun claims the current drop in the European photovoltaic market being caused not by restrictive measures imposed on importing solar panels from China, but by political decisions, particularly due to reducing support to renewable energy sources.

"European manufacturers of solar panels have currently a leading position in the sphere of quality, lifespan, efficiency and sustainability of solar cells and modules. Terminating the restrictive measures would put the European manufacturers' further existence at risk, predominantly in line with massive Chinese production capacities and unfair actions. Thousands of highly-qualified operators would lose their jobs and recent years' high investments in research and development would be completely lost," claimed Nitzschke, President of the EU ProSun initiative.

The definitive decision on either terminating or prolonging the restrictive measures on importing Chinese solar panels into the EU has to be made by March 2017. Moreover, it has to be ratified by all EU Member States.