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Nova Green Energy

STATUTE

of the Qualified Investors Fund

NOVA GREEN ENERGY

OTEVŘENÝ PODÍLOVÝ FOND REDSIDE INVESTIČNÍ
SPOLEČNOST, A.S.

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1. Definitions

1.1 For the purposes of this Statute, the below mentioned terms have the following meaning:

- a) "**AIFMD**" means DIRECTIVE 2011/61/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.
- b) "**Auditor**" means an audit firm, as defined in Article 3.1 below, providing auditing services to the Fund;
- c) "**ČNB**" means the Czech National Bank.
- d) "**Depository**" means UniCredit Bank Czech Republic and Slovakia, a.s., as defined in Article 13.1 below performing the activities of the depository for the Fund (as defined below);
- e) "**Fund**" means **NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.**, an open-ended mutual fund (alternative investment fund) as defined in Article 2.1 below;
- f) "**Investment Company**" means **REDSIDE investiční společnost, a.s.**, as defined in Article 4 below;
- g) "**CZK**" means the Czech crown, the currency of the Czech Republic;
- h) "**Decree**" means Governmental Decree no. 243/2013 Coll., on investments of investment funds and on methods of their management;
- i) "**Business Day**" means a day on which the banks are open for their ordinary activities in the Czech Republic;
- j) "**Participation**" means participation of the Fund and rights and obligations arising from such participation in a company within the meaning of Section 31 of the Business Corporations Act and in similar legal entities established under foreign laws, except for the participation in unlimited partnerships and participation of a general partner in limited partnerships;
- k) "**Act**" means Act No. 240/2013 Coll., on investment companies and investment funds, as amended.

2. Basic Information about the Fund

2.1 Details of the Fund:

- a) Name: **NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s.**
(an open-ended mutual fund (alternative investment fund))
- b) Abbreviated Name: NOVA Green Energy OPF

2.2 An authorization to establish the Fund was given by the decision of ČNB on 29 January 2013, Ref. No. 2013/1333/570 relating to Sp/2012/816/571, that became legally enforceable on 29 January 2013.

2.3 The Fund is recorded in the list of open-ended funds kept by ČNB within the meaning of Section 597 (1) letter b) of the Act.

2.4 The Fund is established for an indefinite period of time.

2.5 The Fund is a fund of qualified investors (an alternative investment fund) within the meaning of Section 95 (1) letter b) of the Act, which collects financial funds from qualified investors by issuance of units and performs collective investments of the collected financial funds or assets valued by money on the basis of defined investment policy to the benefit of such qualified investors and also administers those assets.

2.6 Fund's website:

www.redsidefunds.com

The Fund, as a fund of qualified investors (alternative investment fund), publishes information on the website in accordance with its general notification and information obligation.

- 2.7 The legal status of the Fund and the legal relationships resulting from the investment contracts for the benefit of the Fund are governed by Czech law. Settlement of disputes resulting from the investments contracts for the benefit of the Fund falls within the jurisdiction of Czech courts.
- 2.8 The Fund does not utilize the services of prime broker.
- 2.9 The assets of the Fund are managed and administrated by REDSIDE investiční společnost, a.s.
- 2.10 The historical data concerning the Statute related matters of the Fund: The manager of the Fund has been changed from AVANT investiční společnost, a.s. to REDSIDE investiční společnost, a.s. This change came into force on 1st November 2014.
- 2.11 The general meeting of the fund-holders of the Fund is not established.

3. Details of the Auditor

3.1 Auditor-related details:

Name: **PricewaterhouseCoopers Audit, s.r.o.**, registered office: Hvězdova 1734/2c, Nusle, 140 00 Praha 4, Identification No.: 407 65 521. The Auditor is a company incorporated in the Companies Register kept with the Municipal Court in Prague, Section A, Insert 3637

3.2 Auditor is responsible for:

- a) verification of the Fund's Financial Statement,
- b) Statement concerning the compliance of the Fund's Annual Report with its Financial Statement.

4. Details of the Investment Company Managing the Assets of the Fund (Manager of Alternative Investment Funds)

4.1 Basic information

REDSIDE investiční společnost, a.s., Company Identification No. 242 44 601, with the registered office at Prague 1, Nové Město, V Celnici 1031/4, Postal Code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 18362 (Hereinafter the "**Investment Company**"). The Investment Company is a manager of alternative investment funds (the „**AIFM**“) authorized to manage and administrate qualified investors funds (alternative investment funds or also the „**AIF**“) based on the authorisation granted by ČNB, authorized to exceed the relevant threshold pursuant to Article 3 of AIFMD.

4.2 Registered Capital

CZK 8 400 000 (in words: eight million four hundreds of thousand Czech crowns), 100% of the registered capital has been paid up.

4.3 Date of Incorporation

29 June 2012

4.4 Decision on authorization for taking up activities as an investment company (AIFM)

Decision of ČNB Ref. No. 2013/5063/570 dated 26 April 2013, which came into force on 29 April 2013.

4.5 List of directors or persons under Section 21 (5) of the Act, indicating their functions:

Rudolf Vřešťál, Chairman of the Board of Directors and Chief Financial Officer

Ing. Karel Krhovský, Member of the Board of Directors and Executive Director

Juraj Dvořák, Member of the Board of Directors and Sales Director

4.6 Involvement of leading persons in other companies:

Rudolf Vřešťál	company	position	Company No.
	ASB Accounting, s.r.o.	Managing Director	27215849
	ASB Prague, s.r.o.	Managing Director	47902728
	BAZ Czech, a.s.	Chairman of BoD	28204298
	RVR Czech, s.r.o.	Managing Director	24300136
	UnitedData a.s.	Vice-chairman of BoD	4201094
	TC VENTURES, s.r.o.	Managing Director	25777581
	White Express s.r.o.	Managing Director	4378059
	Paříkova Property, s.r.o.	Managing Director	5481953
	REDSIDE Investments a.s.	Chairman of BoD	7187939

Ing. Karel Krhovský

	REDSIDE Investments a.s.	Member of BoD	7187939
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Ing. Juraj Dvořák

	Arca Capital Finance Group, a.s., odštěpný závod	Member of BoD	6093060
	Deluvis Advisory CZ s.r.o.	Managing Director	5719127
	DELUVIS CZ s.r.o.	Managing Director	4885473
	Arca Capital Finance Group, a.s.	Member of BoD	50 108 361
	Arca Investments, a.s.	Member of BoD	35 975 041
	BHP Tatry, s. r. o.	Managing Director	45 948 879
	BLUESIDE, a. s.	Member of Supervisory Board	50 045 539
	DAMASK Consult s. r. o.	Managing Director	46 391 363
	DAMASK Holding s. r. o.	Managing Director	47 017 490
	Deluvis Advisory, s. r. o.	Managing Director	36 332 267
	DELUVIS s. r. o.	procuration	35 798 998
	DIAMOND HOTELS SLOVAKIA, s.r.o.	Managing Director	35 838 833

- 4.7 The Investment Company is recorded in the list kept by ČNB within the meaning of Section 596 letter a) of the Act.
- 4.8 The Investment Company is authorized to exceed the relevant threshold.
- 4.9 The Investment Company's activities in relation to the Fund:
- a) Management of the Fund's asset:
 - a. Administration of the Fund's assets including investments on the Fund's account;
 - b. Management of risks relating to investing.
 - b) Fund's administration, in particular:
 - a. Keeping the Fund's books;
 - b. Ensuring legal services;
 - c. Compliance and internal audit;
 - d. Settlement of complaints and claims by the fund-holders;
 - e. Evaluation of the Fund's property and debts;
 - f. Calculation of the current value of the Fund's unit certificates;

- g. Ensuring fulfilment of the obligations relating to taxes, fees or other similar monetary fulfilments;
 - h. Keeping the list of fund-holders issued by the Fund;
 - i. Distribution and payment of revenues from the Fund's assets;
 - j. Ensuring issue and purchase of units issued by the Fund;
 - k. Elaboration and updates of the Fund's Annual Report;
 - l. Elaboration of the Fund's promotional notice;
 - m. Publication, publication and provision of data and documents to the Fund's investors and other persons;
 - n. Notification of data and provision of documents to ČNB or to a supervisory authority of another Member State;
 - o. Performing other activities relating to management of values owned by the Fund;
 - p. Distribution and payment of monetary fulfilments in relation to dissolution of the Fund;
 - q. Keeping records on issue and purchase of units issued by the Fund;
 - r. Soliciting investors in the Fund;
 - s. The implementation and evaluation of test of suitability within the meaning of Section 15h ZPKT and implementing legislation (in particular Decree No. 303 / 2010.) with investor interested in investing in the amount of at least 1.000.000, - CZK, but below the 125.000 EUR.
- 4.10 The Investment Company's may outsource above mentioned activities regarding administration of the fund in compliance with § 50 Act.
- 4.11 The list of other alternative investment funds fully managed and administrated by the Investment Company:
- ARCA OPPORTUNITY, SICAV, a.s., whose registered office is at V Celnici 1031/4, Nové - Město, 110 00 Praha 1, Id. No.: 241 99 591;
 - NOVA Hotels otevřený podílový fond REDSIDE investiční společnost, a. s., whose registered office is at V Celnici 1031/4, Nové Město, 110 00 Praha 1;
 - NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., whose registered office is at V Celnici 1031/4, Nové Město, 110 00 Praha 1, Id. No. 043 31 869;
 - NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., whose registered office is at V Celnici 1031/4, Nové Město, 110 00 Praha 1, Id. No. 046 99 017.
- 4.12 Contracts closed within the meaning of Section 50 et seq. of the Act:
- Contract for the commissioning of particular activities with another person which includes the administration of the investment fund:
 - The contract is concluded by and between the Administrator and the Arca Brokerage House o.c.p. a.s. (Authorized Person) with registered office at Plynárenská 7 / A, Bratislava 824 63, Slovak Republic, IČO: 358 71 211, registered in the Commercial Register kept by the District Court Bratislava I, insert number 3228 / B, who is authorized to provide investment services and ancillary services on the basis of a decision to grant a license to do so issued by the Financial Market Authority No. GRUFT - 054/2003 / OCP and a decision issued by the National Bank of Slovakia.
 - Activities carried out by an Authorized Person include:
 - dealing with complaints and warranty claims from investors;
 - managing of the list of owners of unit certificate;

- distribution and disbursement of returns generated by Fund assets;
- providing the necessary information and documents to investors;
- implementing and evaluation of the so-called suitability test;
- offering of an investment into Fund.
- Contract for provision of internal audit activities
 - The contract is concluded by and between the Administrator and Compllex, 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.
- Ensuring performance of the valuation function of the Fund's assets is performed by:
 - MBM-Hopet, s.r.o., Company Identification No.: 26685434, with registered office at Freyova 82/27, Vysočany, 190 00 Praha 9, registered at Municipal court in Prague, Sp. zn. C 87224.

5. Investment Objectives of the Fund

- 5.1 The Investment objective of the Fund is to constantly increase the value of financial means invested by the fund-holders, particularly by making direct or indirect investments in new projects and business plan development specifically in the sector of renewable energy with a focus on the segment of small and medium enterprises working in the field of the electricity and heat production mainly from renewable resources (photovoltaic energy, energy from wind, hydro and biomass and other) while the revenues from the investment will be generated from interests from the loans provided and by a share in profit achieved from the projects and business plans. The portion of profit made from the Fund portfolio will be further reinvested in line with the investment objective mentioned in the previous sentence.

6. Investment Policy of the Fund

- 6.1 Regarding the risk of asset types, in which the Fund predominantly invests, the Fund is a capital unprotected special fund of qualified investors with focus on both direct and indirect investments in new projects and business plan development, particularly in the energy sector specializing in the segment of small and medium enterprises working in the field of the electrical energy production mainly from renewable resources of energy (photovoltaic energy, energy from wind, hydro and biomass and other) while the revenues from the investment will be generated from interests from the loans provided and by a share in profit achieved from the projects and business plans. As an additional type of investments, the Fund will make investments using investment instruments of both domestic financial market and foreign financial markets, including investments in evaluable rights and receivables.
- 6.2 The investment activity of the Fund will focus on the following assets:
- a) Ownership interests in companies, the line of business of which includes production of electrical energy or heat from renewable resources, operation or maintenance of electrical energy resources

(solar and wind power plants, hydro power plants, co-generation power plants, energy production units of heat and/or electricity from biomass, bio-fuels, natural gas and conventional and other resources of energy) including management of related buildings and property, preparatory work for construction development and installation of technologies, design activities in investment development, construction development, the making of works, manufacture of related material, or fitting out. In addition, the Fund may acquire ownership interests in companies, the prevailing line of business of which is the acquisition of ownership interests in companies specified in the previous sentence or their direct funding. When selecting suitable companies acquired as the assets of the Fund, the Investment Company shall take into consideration particularly the conditions for the state-support of renewable resources in the territory of the country, in which the company conducts its activities, existing results of the company, and further regulatory and market environment, quality of suppliers of technologies and guarantees, purchasing prices for outputs (electricity, heat and so on), political and exchange rate risk. The Fund may also acquire ownership interests in newly established companies, through which the realization of the project shall commence.

The ownership interests pledged as a lien or by liabilities e.g. arising from bank funding (in particular by project, senior, mezzanine and junior financing) may be acquired as assets of the Fund only if such operation yields an economic benefit (i.e. if the cost of acquisition corresponds to the existence of the property right in question, respectively). At the same time, with regard to the existing interest being the assets of the Fund, these may be pledged by third part rights only if the above-mentioned conditions are met. Decisions concerning the establishment of the lien or right of first refusal over the companies being the assets of the Fund are taken by the Investment Company. Third party may arise under law, upon the decision of the court of government authority.

When selecting suitable companies/ownership interests, the Investment Company shall take into consideration the financial results of the company for the last three years, the amount of equity, the level of indebtedness of the company, value and quality of fixed assets and experience of the company management.

- b) Provisions of credit facilities and loans (while respecting rules given in Article 10) to companies specified in the letter a) above, the projects of which give reasonable grounds for higher increase of value of the financial means invested, or to companies, which provide credit facilities and loans, in particular to the companies specified in the letter a) above, the projects and business plans of which give reasonable grounds for higher increase of value of the financial means invested.

When selecting suitable companies/debtors the Investment Company shall take into account financial results of the company, the amount of equity capital, the level of indebtedness of the company, value and quality of fixed assets and experience of the company management, maturity and interest rate of the credit facility or loan, the company's credit facility or loan to equity ratio and the Investment Company will not provide credit facilities or loans in the excess of ratio 10.

- c) Deposits in banks or foreign banks.
- d) Bonds issued by companies specified in letter a) above (directly).
- e) Money market instruments (directly).
- f) Trademarks, trade names and copyrights specifically related to the line of business of companies given in Article 6.2 letter a) of this Statute.

6.3 When managing the assets of the Fund no methods and tools specified in Part Five Chapter II. of the Government Regulation No. 243/2013 Coll., on Investments of Investment Funds and their Management Methods are used with the exception of specific contracts on financial markets related to interest rate or foreign exchange risk (exchange rate or interest rate risk using financial derivatives).

6.4 Limits for risk mitigation and distribution are specified in Article 7 of this Statute.

6.5 The Fund notes that investments may bring an increased risk despite the fact that the Fund makes investment in line with principles laid down by the Statute and legal regulations and that the individual risks related to the investments given above are specified in the risk profile of the Fund (Article 8) and the Key Information Communication (KID) published on the Investment company website.

- 6.6 The Fund will neither carry out repo operations nor lend securities. The Fund shall not make short deals.
- 6.7 The Fund has no intention to follow or actively replicate any particular index or indicator (benchmark).
- 6.8 The Fund is not the so-called capital protected fund. Return of investments or of any part of it or incomes from such investments are not guaranteed. In relation to the Fund's activities, no security or guarantee by third parties will be provided to the fund-holders for the purpose of their protection.
- 6.9 The Fund is authorized to accept credit or lease. The Fund is authorized to use the property to provide credit loans. Detailed definition of the rules and limits are defined in Article 10 of this Statute.
- 6.10 The Fund is only authorized to utilize its assets to make a donation, to secure the loan of another person or to pay a debt not relating to the Fund's economy if such use brings a positive economic impact to the Fund.
- 6.11 The management style of the Fund will not be based on tactical asset allocation.
- 6.12 Investments in the Fund are mainly suitable for qualified investors with above-average experience in the field of alternative investments. The Investor should have mid-term time horizon of the investment. The Investor should be able to accept even a prolonged term of negative development of the value of the unit of the Fund. The Fund is suitable for investors who may put aside the invested capital for a period of at least three years.
- 6.13 The experience of potential fund-holders will be verified using the questionnaire of the Investment Company, if required by Section 272 of the Act. The questionnaire in question shall review the experience of potential fund-holders with investments in assets that are in the focus of the Fund's investment policy.

7. Limits for risk mitigation and distribution

- 7.1 The basic limits for risk mitigation and distribution are the following:
 - a) The value of participation of the Fund in one company may amount to max. 35% of the value of the Funds' assets in the time of acquisition. The value of participation of the Fund in other investment fund may amount to max. 10 % of the value of assets of the Fund.

The maximum limit for investments made in all companies may amount up to 100 % of the value of assets of the Fund.

The maximum limit for investments in all other investment funds may amount up to 10% of the value of assets of the Fund, and no exceptions from the obligation to keep investment limits under Article 7.2 letter a) hereof shall apply.
 - b) The amount of principal of loans provided to one debtor (one collective investment fund) or bonds issued by a single issuer may amount up to 35% of the value of assets of the Fund. The credit facility may exclusively be provided to a company, in which the Fund has an ownership interest.
 - c) The value of one trademark, trade name or copyright may, upon the expiry of 3 years following the date when authorization to establish the Fund, amount to 10 % of the value of assets of the Fund. The maximum limit for investments in all trademarks, trade names or copyrights may amount up to 20 % of the value of assets of the Fund.
 - d) The investments that the Fund intends to make must be assessed by an analysis of the economic profitability (the amount of the investment including the future cost of investment, the risk adjusted return, investment horizon). The analysis of the economic profitability is prepared by the board of the Investment Company.
 - e) The ratio of liquid assets will usually be lower than 10% and may only temporarily reach higher values, typically after the sale of major assets from the assets of the Fund. A portion of liquid asset of the Fund is invested in the short-term perspective in:
 - (i) current deposits or term deposits with maturity not exceeding 3 months, if these are deposits with banks, branches of foreign banks or foreign banks applying precautionary principles under the laws of the European Communities or equivalent rules as required by ČNB),

- (ii) government treasury bills and equivalent foreign securities,

The maximum limit of investments in investment securities or money market instruments by a single issuer and deposits with this issuer may not exceed 35% of the value of assets in the Fund.

- f) In order to secure the internal operation, the Fund is obliged to keep minimum liquid assets in the amount of CZK 500,000 at minimum with an option to decrease temporarily this sum until the particular transaction is settled.
- g) The Fund is authorized to make an investment, the amount of which exceeds the actual value of the Fund, only on condition that:
 - (i) the liquidity of the Fund under Article 7.1 letter f) hereof will be maintained,
 - (ii) the Fund shall ensure sources of capital in the part of the investment exceeding in the time of acquisition the value of assets of the Fund, to make such an investment,
 - (iii) the maturity of this part of investment shall not fall due before the Fund obtains an access to the source of capital to make such an investment,
 - (iv) the capital source shall meet the requirements concerning the transparency and no limits for credit and loan acceptance under this Statute will be exceeded by the drawing down the credit or loan,
 - (v) in case that the Fund shall fail to obtain an access to such source of capital resource, the Fund will be entitled to withdraw from such an investment without sanction.

- 7.2 In the case of any discrepancy between the structure of the Fund's assets and the investment thresholds specified above for the reasons that occurred independently from the Investment Company's will, the Investment Company shall remedy such situation within a reasonable period of time so that the interests of the fund-holders of the Fund will be preserved to maximum extent.

8. Risk profile

- 8.1 The Fund warns the investors that the value of the investment in the Fund may both rise and fall and that the return of the original investment is not guaranteed. The performance of the Fund in the past is not indicative of the same or higher performance in the future. The yield from the investment in the Fund is achieved when held for the mid-term period and thus is not suitable for short-term speculation.
- 8.2 The relevant risks involved with regards to the investment policy of the Fund that may have an impact on the value of the investment in the Fund are specifically risks related to the investment orientation of the Fund, in particular the following risks:
- a) The risks related to the failure of the company, in which the Fund has an interest, being such that the company may be affected by the entrepreneurship risk. As a result, there may be a decrease in the market value of the interest in the relevant company or its total loss of value (e.g. in the event of bankruptcy), or impossibility to sell the interest in such company. With regard to interests held in companies, there is a special risk of delay or failure to finish the project and unsuccessful development of business plans of the company. Should the Fund acquire interests in newly established companies, in which the project is to be realized, as assets, there is a risk of delay or increase of project costs, resulting in damage to the Fund. Due to the nature of the assets there is also a risk of the loss of such assets, either caused by actions of a third party or as a result of force majeure.
 - b) The risks related to the failure of the company which has been provided the credit facility or loan by the Fund being that such company may be affected by an entrepreneurship risk - credit risk being such that either the issuer or the counterpart shall fail to meet their obligations. As a result, there may be a decrease in the market value of the interest in the relevant company or its total loss of value (e.g. in the event of bankruptcy), the loan may not be paid respectively. With regard to the provision of credit facilities and loans to entities, oriented to new projects or business plan development there is a special risk of delay or failure to finish the project and unsuccessful development of business plans of the entity in question.
 - c) The risk of insufficient liquidity, being such that certain asset of the Fund will not be sold in time for a reasonable price and that the Fund as a result for that will not be able to fulfil its obligations

resulting from request for redemption of securities issued by the Fund or that the redemption of securities issued by the Fund may be suspended.

- d) The credit risk, i.e. the risk associated with any failure to comply with the obligations of the counterparty of the Fund where the issuer of an investment instrument in the Fund's assets or the counterparty to the contract (in the implementation of specific investments) to not comply with its obligation, the debtor debts recovered on time and in full repay.
 - e) The risk of settlement related to the fact that the transaction will not be settled as envisaged for reasons that the counterparty will fail to pay or deliver investment in the specified time period.
 - f) The market risk arising from the changes in the development of energy market affecting prices and values of individual assets held by the Fund, volatility of the prices of outputs (in particular prices of electrical energy, heat and so on).
 - g) The risks related to construction and technical defects being such that the projects that are carried out by companies specified in Article 6.2 letter a) hereof may be affected by construction defects that may be e.g. hidden defects or defects that may arise after a prolonged period of time. The elimination of these risks consists in the provision of high-quality construction-development and engineering supervision and contractual liability for defects. These defects may result in the decrease in value of asset held by the Fund and increased costs etc.
 - h) The risks related to the acquisition of foreign interests, being such that in the event of foreign businesses there is a risk of political, economic and legal instability with the result being that unfavorable conditions for disposal (sale) of ownership interests may arise, e.g. for reason of foreign currency or legal restrictions, economic recession or in extreme cases even nationalization.
 - i) The risk related to the financing of the implementation of the energy project being such that when financing the implementation of the energy project there is a risk arising from the specifics of the implementation, e.g. force majeure affecting adversely the construction or making it even impossible, failure to meet the schedule of works and so on. This risk may be mitigated by careful selection of renowned suppliers, developers and construction companies together with the application of inspection activities of construction and engineering supervision by a company specified in Article 6.2 letter a) herein.
 - j) The risks of increased investment costs on individual projects as opposed to the level anticipated in the business plan for the relevant project.
 - k) The risk arising from the public-law regulation connected with the project implementation by companies specified in Article 6.2 letter a) hereof, including but not limited to delayed issuance of permits required for the construction (e.g. reservation contracts, zoning permit, building permit, public-law contracts, occupancy permits and so on) against the deadline envisaged by the business plan of the relevant project, or situation when the project implementation is entirely impossible as some of the required public-law documents have not been issued, or are insufficient or for retroactive price regulation of electricity and heat.
- 8.3 The consequence of such events posing risks given in the previous Article 8.2 hereof may result in delay, decrease in or impossibility to achieve revenues envisaged in the business plan for the relevant investment. Such situation may prevent the coverage of the investment of the Fund as such.
- 8.4 Other relevant risks that may have an impact of the value of the investment in the Fund:
- a) The risk of volatility of the current value of unit certificate issued by the Fund as a result of changes in composition or value of the Fund's assets.
 - b) Operation risk– loss as a result of deficiencies in or failure of internal processes or human factor caused by external events and risk of loss of assets put in trust or custody, which may mainly be caused by insolvency, negligent or willful actions of a person holding in trust or custody the assets of the Fund or securities issued by the Fund.
 - c) Settlement risk– transaction of the assets of the Fund may be frustrated as a result of an inability of the counterparty to fulfil its obligations and deliver the assets or to pay for them by the agreed date.

- d) Currency risk being such that the value of the investment may be influenced by a change in a foreign exchange rate. Assets held by the Fund may be denominated in other currencies than Czech crowns, while the current value of the units and share in the profit is determined in the Czech crowns (base currency value). The changes in the exchange rate of the base currency value and other currency, in which the investments of the Fund are denominated, may lead to a decrease or increase in the value of the investment instrument denominated in this currency. Unfavorable currency fluctuations may lead to a loss, where both classes of unit certificates (EUR and CZK) share exchange rate gains and losses evenly, resulting in the same percentage performance of the Fund for both classes of unit certificates regardless of the composition of assets
- e) The risks that the Fund may be dissolved or reasons prescribed by law, e.g. for a reason that within 1 year from the date when the permission to establish a unit trust is granted the fund capital of the unit trust will not reach EUR1,250,000, the average amount of the fund capital of the unit trust have not reached EUR 1,250,000 for the past 6 months, for a reason of request for deletion of the Fund from the list pursuant to Section 597 (b), withdrawal of permit to conduct activities of an Investment Company, dissolution of the Fund with liquidation, court decision, and so on.
- f) The risk that ČNB will withdraw the authorisation to conduct activities of an Investment Company, if such the decision concerning its bankruptcy was taken or if the insolvency petition was refused because the assets of the Investment Company are insufficient to cover the costs of the insolvency proceedings.
- g) The risks resulting from limitations of inspection activities of the Depositary [the Depositary is compulsory to check that complies with the law directly applicable regulations of the European Union's management of investment funds, Statute and the arrangement of the depository contract are carried out orders Management Company seeking to acquire or dispose of assets held by the Fund pursuant to Section 73 of No. 1 letter f) of the Act]. Such failure may have an adverse effect on the value of assets held in the Fund, value of the units of the Fund and also the ability of the Fund to fulfil its obligations.
- h) The risk that the value of the Fund may decrease as a result of legal defects concerning the acquisition of ownership interests or provision of credit facilities or loans, e.g. as a result of an existence of a third-party pledge, right of first refusal or restrictions with regard to the acceptance of credit facilities and loans.
- i) The risks of loss of the deposited assets being such that the assets of the Fund are held in trust and there is a risk of loss of the assets of the Fund held in trust or custody which may be caused by insolvency, negligent or willful actions of a person holding the assets if the Fund in trust or custody.
- j) The risk of legal defects – the value of the assets of the Fund may decrease as a result of legal defects of the trademark, trade name, or copyright, e.g. as a result of defective registration, insufficient territory or type-related protection, the existence of dispute with other entity, lease, or right of first refusal.

9. Fund Management Principles

- 9.1 The accounting period of the Fund is the period from January 1st to December 31st of the calendar year. The approval of the financial statement of the Fund lies with the competence of the statutory body of the Investment Company managing the assets held in the Fund.
- 9.2 The actual value of the unit certificate of the Fund is determined based on the fund capital of the Fund determined for the relevant period. The Investment Company determines the actual value of the unit certificate of the Fund always as of the last day of the calendar month with validity for the following period, i.e. from the first day of the relevant months until the last day of the relevant month.
- 9.3 Assets and liabilities of the Fund are valued at real cost. The real value of unit certificates in the assets of the Fund is determined at least annually by an independent expert opinion, as of 31 December of each calendar year. The real value of loans provided by the Fund is determined at the value of principal unless the Investment Company is aware of serious reasons concerning the credibility of the debtor allowing the Fund to proceed otherwise. The method for the determination of the real value of other assets and liabilities of the Fund and the method for the determination the actual value of the unit certificates of the

Fund is set forth by an implementing legal regulation. The expert opinion regarding the real value of the share in the assets of the Fund will be prepared by the Investment Company by authorised persons. The receivables, liabilities and rights of the Fund are valued semi-annually as of 30 June and 31 December of the relevant year without the supporting external expert opinion.

9.4 Should there be a sudden change in events affecting the value of unit certificates, the Investment Company will conduct a valuation upon the request of all fund-holders of the Fund reflecting the current circumstances having an impact on the assets held in the Fund (Hereinafter the "extraordinary valuation"). Based on the extraordinary valuation, the Investment Company will also make an "extraordinary determination of the actual value of the unit", which shall be sent without undue delay to all fund-holders of the Fund in a form specified in the Article 16.2 hereof.

9.5 When converting the values of assets in foreign currencies, the ČNB foreign exchange market rate published by ČNB and valid as of the date when the conversion is made will be used.

During the process of determination of Fund'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 units) will not be taken into account / corrected if the "operational deviation" is in range of +/- 0,1 % of Fund's NAV.

9.6 The Investment Company makes decision about all particular investments and divestments, nevertheless the investment company can take into account the recommendation of the Investment Committee if it is established.

9.7 Use of the Profit

The profit and loss of the Fund is determined as the difference between the revenues and costs of the Fund. The revenues from the assets of the Fund will be used to cover for costs, unless generally binding legal regulations or this Statute provide otherwise. If profit is posted as a result of economic activities of the Fund (the excess of revenues over costs of the Fund), the manager shall decide about paying a share in profits, with a pay-out ratio of up to 100 % of the profit generated for the accounting period.

Determining the specific amount of share in profits paid belongs to the competence of the Investment company (as sole member of the board of the Fund). The unpaid portion of the profit generated may be used for reinvestment to increase the Fund's assets. If a loss is posted as a result of economic activities of the Fund for the accounting period (the excess of costs over revenues of the Fund), the resulting loss will be settled from the resources of the Fund. Retained profit from previous years will preferentially be used to cover for the loss. If these funds are insufficient to cover for the loss, the loss must be covered by a decrease of the capital fund in the accounting period following the period, in which the loss arose.

9.8 Information concerning the payment of the share on profit

In case of profit (a surplus of the proceeds above the Fund's expense), the Fund will primarily pay the share of profit under paragraph 9.7. The Investment Firm shall decide that the Fund's investors will be paid the profit generated by the Fund in the past calendar year or a portion of it as a share of the profit of the Fund (the "Profit Share"). Within the Investment Company, the Board of Directors decides to pay the profit share. An investment company can only pay a share of profits to the investors after the auditor has audited the Fund's regular financial statements. Advances on the profit share must not be paid by the Investment Company.

The decisive date for the share in profit is the last business day in June, i.e. the right to a share in profit belongs to the holders of unit certificate who, at the decisive date, own the unit certificate of the Fund. On the same day as the decisive day, the Meeting of the Board of Directors will be held, which will decide on the payment of the share in profit.

If an investor requests the redemption of unit certificate ten (10) days or less prior to the decisive day, the Fund may purchase the unit certificate at a price corresponding to the current value of the units determined for the period (i.e. the calendar month) in which the request for redemption of the unit

certificate was received, reduced by the value of share in profit paid (before tax). Reduction of the redemption price in the amount of the paid share in profit may be exercised only if the investor holds the Fund's unit certificate on the relevant day and the payment of the share in profit was duly processed.

In order to protect investors, it is not possible to subscribe the unit certificate of the Fund within 10 working days before the decisive day, including.

The share in profit of the individual fund-holder is calculated as a total amount paid as the share in profit to all fund-holders multiplied by the number of units of the Fund held by the fund-holder and total number of existing units of the Fund, as of the decisive date. The share in profit is payable by 31.7. the year following the year for which it is paid on the basis of audited statements submitted to ČNB. The share in profit is paid to the bank account maintained with a bank or a branch of a foreign bank in the Czech Republic communicated in writing by the fund-holder unless the fund-holder and the Investment Company agree otherwise. The share in profit is paid by the Investment Company from the assets of the Fund. The information concerning the fact that the share in profit will be paid will be provided by the Investment company to fund-holders without undue delay. The right for the share in profit is time barred after 3 years from due date.

10. Rules for the Provision and Acceptance of Credit Facilities and Loans

- 10.1 The Fund may accept a credit or loan with maturity not exceeding 7 years under standard conditions in the market, up to the 95% of the value of assets of the Fund (calculated for each individual credit or loan independently). The sum of all credits and loans accepted by the Fund may not exceed 95% of the value of assets of the Fund and at the same time the interest charge will take into account rules for low capitalization while maintaining the full interest deductibility as the tax base of the Fund.
- 10.2 The Fund may also provide credits or loans up to the aggregate amount of 100% value of assets of the Fund. The credits or loans will be provided by the Fund with maturity not exceeding 10 years and under conditions that are usual in business transactions. The condition for the provision of a credit or loan from assets of the Fund will be the provision of a reasonable security (such as right of lien, bill of exchange, guarantor's declaration and so on), with the exception of conditions set forth in the following paragraph.
- If the credit or loan is provided to a company in which the Fund holds a controlling ownership interest the Fund may not require this company to secure the credit or loan with regard to the existence of the mutual relationship of the controlling and controlled entity, and in addition the Fund may contractually pledge its receivables from the credits or loans provided owed by this company against the receivable or receivables of other creditors.
- 10.3 The Fund may provide security for the accepted credits or loans from its assets provided that the provision of such security will have a positive economic impact. The provision of security must be in line with the overall investment strategy of the Fund and may not unreasonably increase the risk of the portfolio of the Fund.

11. Information about the Units Issued by the Fund

- 11.1 The identification code according the international system of numbering for the identification of securities (ISIN) - CZ0008474053 for EUR issue, CZ0008474673 for CZK issue.
- 11.2 Decision of the general director of the Prague stock exchange market dated 12. 10. 2015 file no. B/154/2015/LM - the CZK class of the units of the Fund ISIN: CZ0008474673 was accepted for marketing and transactions on regulated market, particularly being the Prague stock exchange market with effective date as of 19. 10. 2015. Decision of the general director of the Prague stock exchange market dated 23.2. 2016 file no. B/034/2016/LM - the EUR class of the units of the Fund: CZ0008474053 was accepted for marketing and transactions on regulated market, particularly being the Prague stock exchange market with effective date as of 29. 2. 2016.

11.3 The units of the Fund are book-entered registered securities with the nominal value of one unit of EUR 0,1 (ten cents) or 1 CZK (one Czech crown). The currency of the unit is either EUR or CZK. The Fund issues the Investor's units within twenty (20) business days from the date of announcement of the current value of the unit. This period may be prolonged if there are technical issues on the side of the Fund or the institution issuing the units. The investor is informed about the issuance of the Fund's units in writing by a notice sent to the address specified in the securities subscription agreement or to the electronic address provided for this purpose in the securities subscription agreement, whereas in the notification the Fund informs the investor about the number of the issued units of the Fund and their current value for which they were issued. On the day of the issuance of the units, the investor becomes the Fund's shareholder.

11.4 The calculation of the value of the unit for the period reflecting different currency of investments (EUR and CZK).

11.5 The Fund may issue, in accordance with this Statute, the units of the Fund in Czech crowns (CZK) or in Euro (EUR) (collectively "classes of units").

Prerequisites and mechanism of calculation of individual classes of units:

- Each class of units (CZK, EUR) is valued separately, taking into account the date of the first subscription of the units in the class;
- The value of each new subscription of units is determined as the value of the investment class of the class at the end of the previous month; Both classes of units show the same performance as the total performance of the Fund as shown by the coefficient "k"
- The currency risk of currency fluctuations (EUR and CZK) is spread between holders of both classes of units in proportion to the current asset structure of the currencies in question, ie the investor may be exposed to a partial currency risk.

1. Calculation of the Fund's performance ratio:

$$k = \text{NAV}_2 / (\text{P_CZK}_2 * \text{H_CZK}_1 + \text{P_EUR}_2 * \text{H_EUR}_1 * \text{FX}_2)$$

Where:

K - the performance coefficient of the current month;

NAV2 - net assets of the Fund at the end of the current month;

P_CZK2 - Number of units in CZK at the end of the current month

P_EUR2 - number of investment actions in EUR at the end of the current month;

H_CZK1 - the value of the investment stock in CZK at the end of the previous month;

H_EUR1 - the value of the investment stock in EUR at the end of the previous month;

FX2 - EUR / CZK exchange rate at the end of the current month.

2. Calculation of the value of the investment stock:

$$\text{H_CZK}_2 = \text{H_CZK}_1 * k$$

$$\text{H_EUR}_2 = \text{H_EUR}_1 * k$$

Where:

H_CZK2 – the value of the investment stock in CZK at the end of the previous month;

H_EUR2 – the value of the investment stock in EUR at the end of the previous month;

3. Calculation of the performance of the units and the Fund

$$n = (\text{H_CZK}_2 / \text{H_CZK}_1) - 1 \text{ or } n = (\text{H_EUR}_2 / \text{H_EUR}_1) - 1$$

Where:

n - Performance of the Fund for the current month in%

- 11.6 Book-entered units are issued by crediting the relevant investor's asset account. The Units of the Fund are dematerialized and registered within register kept by either the Central Securities Depository or the follow-up records maintained by the so-called CSD Prague participants, i.e. especially securities trading participants, which are linked to the central register of securities according to Section 92 of Act No. 256/2004 Coll. on Business Activities on the Capital Market, as amended. In case the units are kept on the so-called customer account (account type 31) kept by the CDCP participant in the name of the Investment Company, which is linked to the investment company's records on so called owner accounts (account type 21), the Investment Company is entitled to request from the Investor fee according to the current tariff published on the website www.redsidefunds.com or available at the headquarters of the Investment Company.
- 11.7 A fund-holder may request the Investment Company to register the subscribed units to a different asset account (owner account or customer account) maintained by Centrální depozitář cenných papírů, a.s. (the "Central Securities Depository"), IČ: 25081489, seated at Praha 1, Rybná 14, or to an asset account (owner account) maintained in the register linked to the central register of securities maintained by the Central Securities Depository. All costs of maintenance of the asset account are borne by the fund-holder.
- 11.8 The amount of the minimum entry investment per a qualified investor according to Section 272 (1) paragraphs from a) to g) of the Act is not stated in accordance with the requirements of the Act.
- The amount of the minimum entry investment per a qualified investor according to Section 272 (1) paragraphs h) and i) of the Act for the benefit of the funds managed by one management company is EUR 125.000 (one hundred twenty-five thousand euros) under the conditions set out by the Act relating to compliance procedures or 1.000.000 CZK (40.000 EUR), upon the condition that the Investment Company confirms in writing that based upon the information from the investor the Investments Company is reasonably of the view that the investment corresponds with the financial background, investment goals and professional knowledge and experience of the investor in the field of investments.
- In case the investor invests in more investment funds managed by the Investment Company or makes further investments under the Fund, the minimum amount is CZK 250,000 (in words two hundred and fifty thousand CZK) or EUR 10,000 (in words ten thousand euros).
- 11.9 The fund-holder of the Fund is especially entitled to:
- a. be informed about the current value of the Fund's unit;
 - b. receive a report on the Fund's economy within the terms set out by the Fund's Statute;
 - c. receive, at their own request, information about payment to the Investment Company's Fund;
 - d. receive, at their own request, the up-to-date version of the Fund's Statute and last Annual Report;
 - e. apply, in the case of ordering execution of a decision by sale of a unit certificate or in the case of execution order to sell a unit certificate, the pre-option right to unit certificates of another fund-holder under the conditions of 283 (1) of the Act;
 - f. require exchange of a collective unit certificate;
 - g. receive a share in profit or liquidation balance of the Fund;
 - h. require purchase of the Fund's units under the conditions set out in the Fund's Statute.
- 11.10 The units of the Fund establish same rights for fund-holders. The fund-holder has a right to have his/her units redeemed by the Investment Company. The fund-holders are not entitled to neither require the distribution of assets held in the Fund nor the dissolution of the Fund. The transferability of the units of the Fund is conditioned by the consent of the board of directors of the Investment Company. Should a transfer of ownership to units of the Fund occur, the transferee is obliged to inform the Investment Company of the change in the owner in question without undue delay to make changes and updates to the register of fund-holders.

- 11.11 The public subscription of units of the Fund intended for qualified investors in the Czech Republic is permitted. The investor can only be a qualified investor, which must be explicitly notified when making public offers. Potential over-boarder offering in others EU member states will be always undertaken in conformity with local legislative framework or alternatively in compliance with AIMFD directive.
- 11.12 A subscription order may be submitted in person at the registered seat of the Investment Company or via mail info@redsidefunds.com or orders@redsidefunds.com. Units of the Fund are subscribed for the actual value of unit announced always for the period, in which the so-called decisive date occurs, that is the day for subscription of financial means remitted by the fund-holder to the account of the Fund. The actual value of the unit is determined always as of the last day of the calendar month with validity for the following period, i.e. from the first date of the relevant month until the last date of the relevant month. Announcement of the actual value means the provision of such information to fund-holders by means prescribed by this Statute. The actual value of the unit corresponds to its nominal value until the last day of the second calendar month following the month, in which the first unit of the Fund was issued. For funds received on the account of the Fund, the fund-holder is provided with the closest lower whole number of units of the Fund valid as of the decisive date. The difference (remaining portion of the amount received), for which a whole unit of the Fund cannot be subscribed is a revenue of the Fund (method of settlement of arrears, or overpayments). The actual value of the unit is mathematically rounded off to four decimal places (to one hundredth of cent). The actual value of the unit of the Fund is determined within 10 business days following the last day of the previous period. The actual value of the unit of the Fund is announced within 15 business days following its determination for the relevant period.
- 11.13 The client becomes a fund-holder of the Fund at the time of entry into the register maintained according to Article 11.3. or 11.6. The Investment Company shall issue the unit for the sum equivalent to its actual value. The subscription order may only be filed during 20 days following the start of first subscription in line with the decision of the Investment Company for the first time and subsequently during last 5 business days of each calendar month. In order to maintain the stability or creditability of the Fund the Investment Company reserves a right to decide which requests of fund-holders for the subscription of units will be accepted and which will not be accepted.
- 11.14 The information on the actual value of the unit of the Fund is provided by the Investment Company to all fund-holders, in an electronic form by an email to the email address sent by the fund-holder to the Investment Company, or in the client section of the Investment Company website.
- 11.15 The rights from the unit arise when the certificate is issued. The ownership interest to units is proved by an extract from the register of certificates.
- 11.16 The units are redeemed on the base of redemption notice filed by the units-holder and then send to Investment Company. The Investment Company is obliged to redeem the units of the Fund from units-holders within:
- a) 4 months from the date when the redemption notice of units is received by Investment company, if the relevant units-holder requires to have redeemed max. 10.000.000 CZK.
 - b) 6 months from the date when the request for redemption of units is received, if the relevant units-holder requires to have redeemed from 10.000.000 CZK to 30.000.000 CZK.
 - c) 12 months from the date when the request for redemption of units is received, if the relevant fund-holder requires to have redeemed more than 30.000.000 CZK.
- 11.17 The request for redemption of units may also be filed in person at the registered office of the Investment Company or sent to orders@redsidefunds.com or info@redsidefunds.com via fax number +420 224 931 368.
- 11.18 The Investment Company shall redeem the units at its current value announced for the period in which the payment of the money for the redeemed units is taking place. The payment of the funds corresponding to the value of the purchased units is made by cashless transfer to the account of the shareholder. However, the value of the investment in all funds managed by an investment company in the possession of a qualified investor pursuant to Section 272 of the Act may not fall below the minimum investment amounting to CZK 1,000,000 (by one million Czech crowns) or the equivalent of that amount expressed in the euro. If the investor invests in more funds managed by the Investment Company, his investment in the Fund must not fall below the threshold of a minimum investment of 250,000 CZK (in

words two hundred and fifty thousand Czech crowns) or the equivalent of this amount expressed in the euro.

The fund will reduce the number of units issued in the own funds account - the capital funds as of the date of their deletion from the CDCP record.

11.19 In case that the requested amount does not correspond with the total amount of the units of the Fund, the Investment company shall redeem the nearest higher amount of the units of the Fund, whereas the difference between the requested amount of money and the money obtained by redemption of the units, is the income of the Fund. The Investment company is entitled to suspend the subscription and redemption of unit of the Fund for 3 months at maximum for reasons of insufficient liquidity, i.e. certain assets of the Fund will not be sold in time for a reasonable price.

11.20 The reasons for suspending subscription and redemption of the Fund's units may particularly include:

- a) insufficient liquidity of the Fund;
- b) significant fluctuation of value of assets owned by the Fund;
- c) protection of the common interests of the fund-holders of the Fund;
- d) termination of the depositary agreement.

After restarting subscription or redemption of the units, the units, subscription or redemption of which was applied for by the potential buyers or fund-holders during suspension of redemption, shall be subscribed or redeemed at the current value of the unit quoted as of the date of restarting the subscription or redemption of units.

12. Information on Fees, Costs and Total Expense Ratio

12.1 The fee of the Investment Company for management of assets of the Fund is paid from the assets of the **Fund at 1,5 % p. a.** from the value of equity capital of the Fund at the end of a calendar month. Value of equity capital of the Fund shall mean the value of equity capital before subtracting investment company management fee and financial provision for income tax. The particular fee of the Investment Company for asset management of the Fund is available at the registered office of the Investment Company. The Investment Company is also entitled to a performance fee paid from the assets of the Fund depending on the performance of the Fund over the set benchmark, being the annual audited performance of the Fund, taking into account the revaluation of the assets to a current value by an independent expert.

12.2 The performance fee is calculated annually as 30% from the value, by which the appreciation of the units exceeds the amount of 7 % annual audited performance of the Fund, taking into account the revaluation of the assets to a current value by an independent expert. The Total expense ratio of the Fund per calendar year shall not exceed 1.95 % of the average annual value of the equity capital of the Fund, before calculating any costs associated with the payment of the performance fee.

12.3 The Depositary fee, its amount, method of calculation and due date are specified in the depositary agreement. The fee is determined by the value of Fund capital, but min. fee is CZK 540,000 annually VAT excl. and is paid from the assets of the Fund.

12.4 Other costs for the assets management of the Fund paid from the assets of the Fund are in particular the following:

- a) costs arising from participation in companies (including but not limited to related due diligence, legal services, audit, and so on),
- b) costs of foreign funds,
- c) fees to the Depositary for maintaining accounts and management of financial means,
- d) fees for custody of paper securities in the assets of the Fund,
- e) fees for custody and management of foreign securities,
- f) cost of liquidation of the Fund,

- g) interests from credits and loans accepted in connection with the asset management of the Fund,
- h) costs of accounting and tax audit,
- i) notary, court and administration fees and taxes,
- j) cost of expert opinions,
- k) cost related to the marketing.

12.5 The Investment Company is allowed to invoice the investors – fund-holders of the Fund one-off fees. The entry fee (surcharge) amounts to maximum of 3 %. Exit fee (deduction) is maximum of 5 % respectively of the amount purchased and is applicable for two years from the date of investment of the investor into the fund with effect from 1 April 2018. After the expiry of the two-year period, the exit fee shall not apply.

12.6 The table with information regarding the fees charged to investors and costs paid from the assets of the Fund:

One-off fees charged before and after the investment: (It is the highest sum that may be charged to the investor before the investment is made or before the investment is paid, always being calculated from the amount of the invested / redeemed amount).)	
Entry fee (surcharge)	max. 3 %
Exit fee (deduction) see article 12.4. of this Statute	max. 5 %
Cost paid from the assets of a collective investment fund during the year:	
Maximum cost rate	1.95 %
Costs paid from the assets of the Fund under special conditions:	
Performance fee	30 % from the amount of financial funds generated by the Fund in excess of 7 % performance of the Fund

12.7 The total expense ratio of the Fund for the previous accounting period in percentage terms is equal to the ratio of the total cost to the average monthly value of the equity, the total cost being the sum of the costs of fees and commissions, administrative costs and other operating expenses in the statement of costs, income and profit or losses of the Fund under a special legal regulation, net of fees and commissions for operations with investment instruments under this special legal regulation.

13. Details of the Depository

13.1 Details of the Depository:

13.2 **UniCredit Bank Czech Republic and Slovakia, a.s.**, Identification No.: 649 48 242, seated at Želetavská 1525/1, Praha 4 – Michle, PSČ 140 92. Depository is a company incorporated in the Companies Register kept with the Municipal Court in Prague, Section B Insert 3608

Basic characteristics of activities of the Depository:

In particular, the Depository:

- a) keeps the assets of the Fund in custody, if possible, given the nature of the assets,
- b) opens and maintains money accounts and keeps on record of all transaction of financial means of the Fund, and
- c) keeps records of, if possible, given the nature of the assets, and checks the condition of other assets of the Fund, then assets specified in letters a) and b).

13.3 The provisions of depositary agreement do neither permit the transfer nor other use of the assets of this Fund by the Depository:

13.4 No Depository's activity is, even partially, entrusted to another person.

14. Details of Authorisation Given to Other Persons with Regard to Asset Management or Performance of Activities

14.1 Authorisation given to other persons regarding the asset management of the Fund

The asset management of the Fund is performed exclusively by the Investment Company and is not entrusted neither in part or as a whole with another person.

14.2 Authorisation given to other person regarding the activities that are usually part of the asset management of the Fund

The activities which are usually part the asset management of the Fund are performed exclusively by the Investment Company and neither in part or as a whole are entrusted with another person.

15. Other Information

15.1 Information on the Statute of the Fund:

- a) The details given in the Statute of the Fund must be updated from time to time.
- b) The Statute of the Fund and changes in the Statute of the Fund are approved by Investment Company.
- c) The change of the Statute is not subject to prior approval of ČNB.
- d) Each and every potential fund-holder of the Fund must be provided free of charge and upon request with an up-to-date Statute and the last annual report of the Fund.
- e) Each potential fund-holder may obtain the documents specified in Article 15.1 letter d) of this Statute during the subscription period in a paper form at the registered office of the managing Investment Company, i.e. at Prague 1, Nové Město, V Celnici 1031/4, Postal Code 110 00.

15.2 Additional information concerning the Fund:

- a) The Fund is established for an indefinite period of time.
- b) The Fund may be dissolved by deletion from the List of Investment Funds pursuant to Section 597 (b) of the Act, by a merger or amalgamation of unit trusts (the Fund with another unit trust) or by dissolution of the Investment Company with liquidation, unless ČNB shall decide on the transfer of its management to another Investment Company. Special provisions of the Act shall apply to dissolution of the Fund. The Investment Company may decide on the merger or amalgamation of unit trusts (the Fund with another unit trust), if the board of directors decides by all its members on the intended merger or amalgamation, on condition that these unit trusts have not significantly different method of investments and the interest of fund-holder are not at risk. The Investment Company shall inform all fund-holders of this intention sufficiently in advance.
- c) Should the Fund be dissolved under letter b), the fund-holder is entitled to redeem the units without the deduction (as a result of a merger and amalgamation) or units in the liquidation balance (withdrawal of the permission). In the Fund is dissolved with liquidation, the units in the liquidation balance of the dissolved unit trust may be provided in parts within the period of 6 months, during which the Investment company is obliged to pay the units to fund-holders and to deposit the unsettled units in judicial custody.
- d) The procedure followed when the Fund is dissolved as well as the rights of fund-holders of the Fund when the Fund is dissolved are governed by generally binding legal regulations, particularly by the Act.
- e) As appropriate, additional information may be obtained at the registered office of the Investment Company at Prague 1, Nové Město, V Celnici 1031/4, Postal Code 110 00, during business days from 9 a.m. to 4 p.m.; contact person: Karel Krhovský

15.3 Basic information on the tax system applicable to the Fund:

- a) The taxation of the Fund and its fund-holders is subject to tax regulations of the Czech Republic, in particular to Act No. 586/1992 Coll., on the Income Tax, as amended. The Fund is a collective investments entity, the profits of which are currently subject to an income tax at 5 %.
 - b) If tax non-resident outside the Czech Republic is entitled to revenues from the redemption of units of the Fund, the buyer is, in cases stipulated by generally binding legal regulation, obliged to deduct income tax in the applicable rate arising from the valid legal regulations.
 - c) Generally, the units in profit are subject to 15 % withholding tax. The rate of the withholding tax may be restricted by an agreement on double taxation binding for the Czech Republic. Therefore, the Fund may request that a tax domicile certificate is presented by the beneficiary - foreign fund-holder of the Fund before the payment of the unit in profit is made.
 - d) The tax regime of income of profit of individual investors is dependent on valid tax regulations that do not have to be identical for each of the investors, and therefore, if the investor is not certain whether or not it applies to him/her, he/she should seek the advice of an expert.
- 15.4 The supervisory authority of the Fund is ČNB, with the registered office at Na Příkopě 28, Prague 1, Postal Code: 115 03, Telephone No.: 800 160 170, Email address: podatelna@cnb.cz, Website: www.cnb.cz.
- 15.5 The Investment Company warns the investors that the supervision and approval of the Statute of the Fund by ČNB do not guarantee the return of investment or performance of the Fund, and the possibility that legal obligations or the Statute of the Investment Company by the Depositary or other party and do not guarantee that potential damage resulting from such breach will be compensated may not be ruled out.

16. Publication of Reports regarding the Economic Activities of the Fund

16.1 The Investment Company is obliged, within 4 months following the end of the accounting period at latest, to send to ČNB the annual report of the Fund. The Investment Company is obliged to inform ČNB according to Section 3 subsection 3 paragraph c) of decree 249/2013 Coll.

16.2 Notifying the shareholders of the Fund

Type of the provided information	Frequency and/or time period for the provision of the information	Means of provision of the information
Up-to-date wording of the statute of the Fund	Upon amendments	Written form or electronically by email upon request, website
Annual report of the Fund	Upon amendments	Written form or electronically by email upon request, website
Information about the current value of the unit	Monthly	Written form or electronically by email upon request, website
Business report of the Fund	Annually	Written form or electronically by email upon request, website

16.3 Shareholder of the Fund is responsible for the accuracy of the contact details for electronic communications.

16.4 The Fund also undertakes to provide the information mentioned in point 16.2., within the terms defined therein, to the Prague Stock Exchange, a.s. through their dedicated web application.

16.5 The Fund's management report shall contain at least an indication of the Fund's current fund value, an indication of the current value of the unit certificate, an indication of the total leverage ratio and changes in the leverage ratio, and an indication of the structure of the Fund's assets to the extent prescribed by the law regulating the Fund's accounting.

In Prague, on 4 June 2019

On behalf of **REDSIDE investiční společnost a.s.**



Rudolf Vřešťál
Chairman of the Board of Directors



Ing. Karel Khovský
Member of the Board of Directors