

Annual Report 2019



ANNUAL REPORT CONTENT



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Key economics indicators

549.9

mil. CZK

ASSETS UNDER
MANAGEMENT

6.18%

NET FUND
RETURN FOR
THE YEAR 2019

99.98%

AVERAGE PROFIT-
SHARING PAID IN
DIVIDENDS

19.26%

CUMULATIVE
NOT ANNUALIZED
PERFORMANCE



REPORT OF
THE STATUTORY DIRECTOR



REPORT OF STATUTORY DIRECTOR OF NOVA MONEY MARKET – SUB-FUND 4

Dear shareholders, Dear business partners,

The 2019 followed successful close cooperation with Arca Capital Investment Group and their business activities. With a Sub-fund 4, in a form of assigned loans, we have successfully become an integral part of the project of Arca Capital Group associated with activities of a non-banking consumer loans' provider and collection agency. The non-banking provider offers micro-loans with a short-term to medium-term payment deadline. The collection agency acquires portfolios of overdue debts; it then conducts steps leading to their settlement, possibly to acquiring funds through monetizing of the collateral. The loans concerned are consumer, mortgage and credit card loans. Both projects administer 10,000+ debtors of the diversified portfolio.

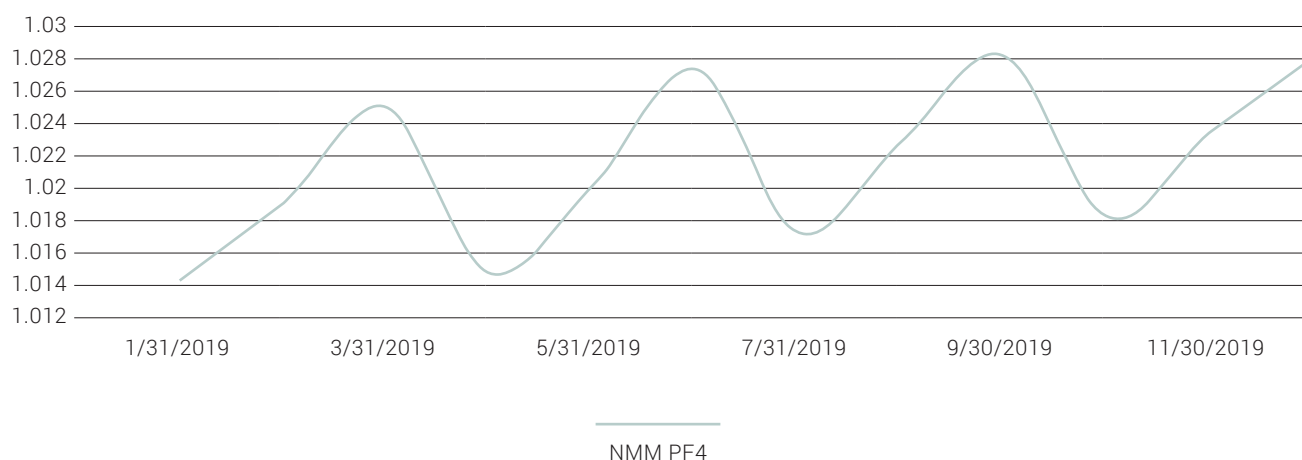
As part of the meeting of our investment strategy goals, the Sub-fund provided the projects with purpose financing, which lead to the acceleration of the growth of the primary phase of the life cycle of the projects. Currently, both of the projects have been expanding and bear the long expected fruit to the NOVA Money Market Sub-fund.

In 2017, the Sub-fund started to offer its investment shares to investors with an expected appreciation of around 6% p.a. The performance of the Sub-fund reached 6,48% in 2018, that is above the planned appreciation.

In 2019, the Sub-fund again exceeded 6% and brought to its investors an appreciation of 6,18% p.a.

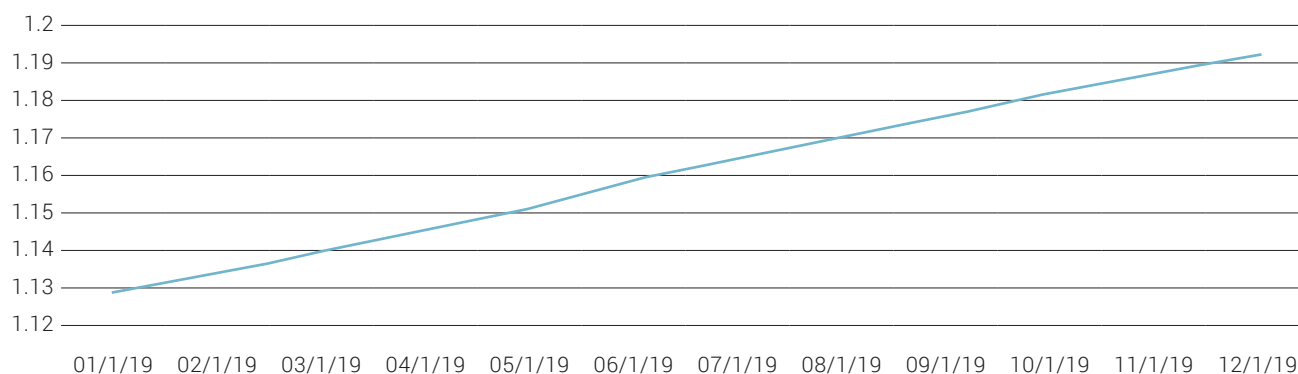
The Sub-fund investors, who were the shareholders in the decisive days, were paid out the yields. The total paid-out amount paid by the Sub-fund constituted 99% of its economic outturn.

The following chart displays the course of quarterly performance.



The cause of the decrease in the value of the Sub-fund investment share was just redistribution of the generated profit in a form of wherewithal to their investors.

The below stated chart displays the development in the value of investment share excluding the influence of redistribution of quarterly advances on dividends.



NMM PF4

The Subfund of NOVA Money Market fund managed to further expand in terms of the value of entrusted investment means - the value of assets under the management of the fund reached CZK549.9million (year-on-year increase of about 25%). We are delighted about the number of investors, which increased to the current 286 (year-on-year increase of almost 40%).

In 2020 we would like to focus on diversification of investment projects and further expansion. In cooperation with Arca Capital we are planning to continue in our careful selection of projects so as to bring adequate yearly appreciation of the investments of our valued investors. At the beginning of the year 2020, Mrs. Karin Šoóšová took over the management of the Sub-fund.

In Prague, 20 April 2020

Rudolf Vřešťál

Chairman of the Board of Directors
REDSIDE investiční společnost, a.s.

Ing. Karel Křhovský

Member of the Board of Directors
REDSIDE investiční společnost, a.s

PROFILE OF NOVA MONEY MARKET - SUB-FUND 4



PROFILE OF NOVA MONEY MARKET – SUB FUND 4

The decisive period for the purposes of this Annual Report is the accounting period from 1 January 2019 to 31 December 2019. This part of the Annual Report contains information on the administrative unit NOVA Money Market - Sub-Fund 4.

1. Basic information on Sub-Fund 4

Name:	NOVA Money Market – Sub-Fund 4
NID:	75159929
Short name:	NMM – SF4
Registered office:	V Celnici 1031/4, Prague 1, postcode 110 00, Czech Republic
Shares:	registered investment shares in book-entry form without a nominal value
Net assets:	CZK 544 850 000

1.1. NOVA Money Market – Sub-Fund 4 (hereinafter referred to as the “Sub-Fund 4”) is managed and administered by REDSIDE investiční společnost, a.s., with Sub-Fund 4 being established on the basis of the announcement of the Czech National Bank under ref. No. 2016/108417/CNB/570 dated 19 September 2016, which came into force on 15 September 2016.

1.2 Sub-Fund 4 is registered in the list of investment funds without legal personality maintained by the CNB pursuant to Section 597 (b) of Act No. 240/2013 Coll.

1.3 Sub-Fund 4 is established for an indefinite period

Business activity:

The Fund is a fund of qualified investors within the meaning of Section 95 (1) (a) of the Act which may, in accordance with its Articles of Association, create separate sub-funds pursuant to Section 165 (1) of the Act. Each sub-fund collects financial means from qualified investors by issuing sub-fund’s investment shares and carries out joint investment of collected financial means or things whose value can be expressed in monetary terms on the basis of a defined investment strategy of the Sub-Fund for the benefit of these qualified investors.

Authorities of the company (according to the extract from the Commercial Register):

Members of the Board of Directors and the Management Board as at 31 December 2019

Statutory Director	REDSIDE investiční společnost, a.s.	
Authorised Representative	Rudolf Vřešťál	since 20 January 2016
Authorised Representative	Ing. Karel Krhovský	since 16 February 2018

Management Board

Chairman of the Management Board	Rastislav Velič	since 20 January 2016
Member of the Management Board	Rudolf Vřešťál	since 20 January 2016
Member of the Management Board	Ing. Karel Krhovský	since 1 January 2018

2. Information on changes in the facts recorded in the Commercial Register which took place during the decisive period.

There were no changes in the Commercial Register in the reporting period.

3. Information on the investment company managing the investment fund

Basic information:	REDSIDE investiční společnost, a.s. , identification No.: 242 44 601, with registered office at Prague 1, Nové Město, V Celnici 1031/4, postcode 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362.
Registered capital:	CZK 8 400 000; 100% of the registered capital fully paid.
Date of establishment:	29 June 2012
Decision to grant a license:	Decision of the CNB ref. No. 2013/5063/570 dated 26 April 2013, which came into force on 29 April 2013. The investment company is registered in the list of investment companies maintained by the CNB pursuant to Section 596 (a) of the Act and is authorized to exceed the decisive limit.

4. Information on facts with significant influence on the activity of Sub-Fund 4

4.1. Main factors which affected the financial result of Sub-Fund 4:

A true and comprehensive view of the economic activities of the Sub-Fund is provided in the financial statements for the period from 1 January 2019 to 31 December 2019.

Economic activities of Sub-Fund 4 ended in 2019 with a profit of CZK 29 980 000. The profit of Sub Fund was realized mainly by interest income. The most significant operating expense item were the management fees.

5. Information on the person who had a qualified ownership interests in the Sub-Fund 4

In the reporting period, no person had a qualified ownership interests in the accounting unit.

6. Information on the persons in which Sub-Fund 4 had a qualified ownership interests

In the reporting period, Sub-Fund 4 did not have a qualified ownership interests in any person.

7. Persons acting in concert with Sub-Fund 4

In the reporting period Sub-Fund 4 did not act in concert with any person.

8. Information on the depositary

Name:	Česká spořitelna, a.s.
Registered office:	Olbrachtova 1929/62, Prague 4, 140 00
IN.:	452 44 782

The depositary is a company registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1171.

9. Information on all securities dealers who have acted as securities dealers for Sub Fund 4

In the decisive period, a securities dealer of the investment company was Arca Brokerage House, o. c. p., a.s., with the registered office at Plynářská 7/A, Bratislava 824 63, Slovak Republic, company identification No.: 35 871 211, registered in the Commercial Register maintained by the District Court Bratislava I, Insert No.: 3228/B, pursuant to the Delegation Agreement dated 18 January 2017 in accordance with the provisions of Section 50 of Act No. 240/2013 Coll., On Investment Companies and Investment Funds, as amended.

10. Information on all monetary and non-monetary considerations received during the decisive period by the members of the Statutory Body and the Management Board

10.1. Statutory Body

Members of the Statutory Body did not receive any consideration from Sub-Fund 4.

10.2. Management Board

Members of the Management Board did not receive any consideration from Sub-Fund 4.

11. Information on the number of Sub-Fund 4 investment shares that are owned by the members of the Statutory Body and the Management Board

11.1. Statutory Body

Members of the Statutory Body do not own any Sub-Fund's shares.

11.2. Management Board

Members of the Management Board do not own any Sub-Fund's shares.

12. Information on litigations or arbitrations the NOVA Money Market - Sub-Fund 4 participated or participates in during the decisive period.

The Sub-Fund 4 was not involved in any litigation or arbitration during the decisive period.

13. A person who arranges for the safekeeping or other custody of the assets of the Sub-Fund 4

Name:	Česká spořitelna, a.s.
Registered office:	Olbrachtova 1929/62, Prague 4, 140 00
IN.:	452 44 782

The depository is a company registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1171.

14. Information on the average number of employees of the Sub-Fund 4

In the decisive period, Sub-Fund 4 did not employ any employees.

15. Investments in research and development

The Sub-Fund 4 did not undertake any research and development activities in the past accounting period.

16. Information on environmental and labor-law activities

The Sub-Fund 4 did not develop any activities in this area in the past accounting period.

17. Information on whether the accounting entity has an organizational unit abroad

The Sub-Fund 4 does not have an organizational unit abroad.

18. Fund's capital of the Sub-Fund 4

Fund's capital per 1 investment share as at 31 December 2019

Fund's capital	CZK 544 850 000
Number of issued investment shares	509 033 715 pcs
Fund's capital per 1 share	CZK 1.0704 ¹

In accordance with the Act on Accounting, this Annual Report also includes the Financial Statements, including the Notes to the Financial Statements and the Auditor's Report.

In Prague 20 April 2020



Rudolf Vřešťál

Chairman of the Board of Directors
REDSIDE investiční společnost, a.s.



Ing. Karel Krhovský

Member of the Board of Directors
REDSIDE investiční společnost, a.s

¹The value is not determined the investment share subscriptions.

Independent Auditor's report to the shareholders of Sub-Fund

NOVA Money Market – Sub-Fund 4 of fund

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

Opinion

We have audited the accompanying financial statements of NOVA Money Market – Sub-Fund 4, company identification No.: 75159929 (hereinafter also the “Sub-Fund”) of fund NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., with registered office at V Celnici 1031/4, Nové Město, Prague 1, postcode 110 00, company identification No.: 04699017 (hereinafter also the “Fund”) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2019, and the income statement, statement of changes in equity for the year then ended at 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Sub-Fund and Fund, see point 1 of the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of NOVA Money Market – Sub-Fund 4 as at 31 December 2019, and of its financial performance for the year then ended at 31 December 2019 in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The statutory director is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Sub-Fund and Fund obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Fund's Statutory Director and Management Board for the Financial Statements

The Statutory Director is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control system, which determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Director is responsible for assessing the Sub-Fund's and Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Director either intends to liquidate the Sub-Fund and Fund or to cease operations, or has no realistic alternative but to do so.

The Management Board is responsible for overseeing the Sub-Fund's and Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

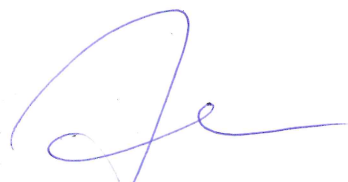
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's and Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's Statutory Director in the notes to the financial statements.
- Conclude on the appropriateness of the Statutory Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's or Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund or Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Director and the Management Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

29 April 2020
Prague, Czech Republic



PROXY – AUDIT, s.r.o.
Plzeňská 3217/16, Prague 5
Licence No. 476
Ing. Tomáš Ryba
Proxy



Ing. Jaroslav Havelka
Statutory Auditor, Licence No. 2044

FINANCIAL STATEMENTS NOVA MONEY MARKET - SUB-FUND 4



FINANCIAL STATEMENTS

Company identification No.: 751 59 929

Business activity: An activity of a fund of qualified investors pursuant to the provisions of Section 95 (l) (a) of Act No. 240/2013 Coll. On Investment Companies and Investment Funds (hereinafter referred to as the law).

The date of preparation of the financial statements: 20 April 2020

BALANCE SHEET

As at 31 December 2019

In thousands of CZK	31 December 2019	31 December 2018
ASSETS		
3 Receivables from banks - repayable on demand	10,364	10,055
4 Receivables from clients, thereof:	517,928	414,368
a) repayable on demand	0	0
b) other	517,928	414,368
11 Other assets	21,650	17,211
Total assets	549,942	441,634

LIABILITIES		
4 Other liabilities	4,461	13,117
6 Provisions, thereof:	631	1,023
a) provisions for tax	631	1,023
12 Capital funds	514,870	402,677
14 Accumulated profits or losses brought forward from previous years	0	-74
15 Profit or loss for the accounting period	29,980	24,891
Total liabilities	549,942	441,634

In thousands of CZK	31 December 2019	31 December 2018
OFF-BALANCE SHEET ITEMS		
Off-balance sheet assets		
8 Assets under management	544,850	427,494

The accompanying notes are an integral part of these financial statements.

PROXY - AUDIT, s.r.o.
AUDITOR
evidenční č. 476

INCOME STATEMENT

For period from 1 January 2019 till 31 December 2019

In thousands of CZK	2019	2018
1 Interest income and similar income	47,277	35,336
5 Fee and commission expenses	-13	-5
6 Profit or loss on financial operations	0	-1
7 Other administrative revenues	5	74
9 Administrative expenses, thereof:	-15,711	-9,207
a) cost of employees	0	0
b) other administrative expenses	-15,711	-9,207
19 Profit or loss for the accounting period on ordinary activities before taxation	31,558	26,197
23 Income tax	-1,578	-1,306
24 Profit or loss for the accounting period	29,980	24,891

PROXY - AUDIT, s.r.o.
AUDITOR
evidenční č. 476

STATEMENT OF CHANGES IN EQUITY

For period from 1 January 2018 till 31 December 2019

In thousands of CZK	Capital funds	Retained earnings (Accumulated losses)	Profit (loss)	Total
Balance as at 1 January 2018	299,605	-74	11,144	310,675
Settlement of dividends from accumulated losses (incl. withholding tax)	0	0	-11,144	-11,144
Settlement of dividend from capital funds	-75	0	0	-75
Subscribed investment shares	202,709	0	0	202,709
Purchase of investment shares	-99,188	0	0	-99,188
Other capital funds	-374	0	0	-374
Net profit for the accounting period	0	0	24,891	24,891
Balance as at 31 December 2018	402,677	-74	24,891	427,494
Payment of losses from previous years	0	74	-74	0
Settlement of dividends from accumulated losses (incl. withholding tax)	0	73	-23,489	-23,416
Transfer into accumulated profit	0	1,328	-1,328	0
Subscribed investment shares	257,328	0	0	257,328
Purchase of investment shares	-145,371	0	0	-145,371
Other capital funds	236	-1,401	0	-1,165
Profit for the accounting period	0	0	29,980	29,980
Balance as at 31 December 2019	514,870	0	29,980	544,850

The accompanying notes are an integral part of these financial statements.

PROXY - AUDIT, s.r.o.
AUDITOR
evidenční č. 476

1. GENERAL INFORMATION

Establishment and characterization of the Sub-Fund

NOVA Money Market - Sub-Fund 4 (hereinafter referred to as the "Sub-Fund" or "Sub-Fund 4") is managed and administered by REDSIDE investiční společnost, a.s., the Sub-Fund being established on the basis of the announcement of the Czech National Bank ref. No. 2016/108417/CNB/570 dated 19 September 2016, which came into force on 15 September 2016.

The Sub-Fund was created in accordance with Act No. 240/2013 Coll., On Investment Companies and Investment Funds (hereinafter referred to as the "Act"). In particular, sub-funds are covered by Section 165 of the Act, where the investment fund - NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s. - may create sub-funds as a separate accounting and proprietary units provided that the Articles of Association allow this. The Sub-Fund has its own investment strategy.

The Sub-Fund has no legal personality, the Sub-Fund's assets are managed and administered by an investment company. The Sub-Fund itself has no employees. All the administration associated with the business activity is provided by the investment company.

The Sub-Fund is established for an indefinite period.

Sub-Fund strategy

The investment objective of the Sub-Fund is to achieve a stable asset appreciation above the long-term interest rate level through long-term investments in receivables, debt securities, money market instruments, including bills of exchange, term deposits and other financial instruments issued by collective investment funds, repurchase agreements and financial derivatives. If short-term investments are economically viable for the Sub-Fund, the Sub-Fund is authorized also to make short-term investments.

Investment shares

Issuance of the Sub-Fund's investment shares commenced on 9 September 2016 under ISIN CZ0008042298. Until 31 December 2019 were issued investment shares in total volume of 509 033 715 pcs. Depository of Sub-Fund is the Česká spořitelna, a.s.

Organizational structure

The sub-fund is managed by the Investment company.

Basic information on the Investment company

REDSIDE investiční společnost, a.s., identification No.: 242 44 601, with registered office at Prague 1, Nové Město, V Celnici 1031/4, postcode 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 18362 (hereinafter referred to as the "Investment company").

Registered capital

CZK 8,400,000; 100% of the registered capital fully paid.

Date of establishment

29 June 2012

Decision to grant a license

Decision of the CNB ref. No. 2013/5063/570 dated 26 April 2013, which came into force on 29 April 2013.

The Investment company is registered in the list of investment companies maintained by the CNB pursuant to Section 596 (a) of the Act.

The activities of the Investment company in relation to the Sub-Fund:

- Management of the Sub-Fund's assets;
- Wealth management of the Sub-Fund, including investing in the Sub-Fund's account;
- Investment risk management;
- Administration of the Sub-Fund, mainly;
- Bookkeeping for the Sub-Fund;
- Providing legal services;

- Ensuring compliance;
- Dealing with complaints from Sub-Fund investors;
- Valuating the Sub-Fund's assets and liabilities,
- Calculating the current value of the Sub-Fund's investment;
- Ensuring compliance with duties, taxes or other similar financial performances;
- Maintaining a list of owners of investment shares issued by the Sub-Fund;
- Distributing and paying out proceeds from the Sub-Fund's assets
- Ensuring the issue and repurchase of investment shares issued by the Sub-Fund;
- Preparing and updating the Sub-Fund's annual report;
- Preparing the Sub-Fund's promotional material;
- Publishing, disclosing and supplying data and documents to Sub-Fund's shareholders and other persons;
- Reporting data and providing documents to the Czech National Bank or the supervisory authority of another Member State;
- Performing other activities related to the management of the Sub-Fund's assets;
- Distributing and paying out cash benefits in connection with the cancellation of the Sub-Fund;
- Keeping records on the issue and repurchase of investment shares issued by the Sub-Fund;
- Offering investments in the Sub-Fund.

Business activity of the Investment company

- Activity of an investment company pursuant to the Act, carried out pursuant to the license of the Czech National Bank dated 26 April 2013, which came into force on 29 April 2013.

Members of the Board of Directors and the Supervisory Board as at 31 December 2019

Board of Directors

Chairman of the Board of Directors	Rudolf Vřešťál	since 29 June 2012
Member of the Board of Directors	Ing. Juraj Dvořák	since 31 July 2014
Member of the Board of Directors	Ing. Karel Krhovský	since 1 January 2018

Supervisory Board

Chairman of the Supervisory Board	Petra Rychnovská	since 29 June 2013
Member of the Supervisory Board	Ing. Petr Studnička	since 10 June 2014
Member of the Supervisory Board	Ing. Šárka Burgetová	since 1 January 2018

Company representation

The Board of Directors governs the Company. It is represented by the Chairman and one member of the Board of Directors.

Shareholders and Shares

At the end of the current year, the main shareholder of REDSIDE investiční společnost a.s. was:

RVR Czech, s.r.o., company identification No.: 24 300 136, Prague 1, V Celnici 1031/4, postcode 110 00.

The shareholders own 84 pcs of ordinary registered shares in paper form with a nominal value of CZK 100,000

Changes in the Commercial Register

There were no changes in the Commercial Register in the reporting period.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements containing the balance sheet, income statement, statement of changes in equity and accompanying notes were prepared on the basis of the accounting records kept in accordance with

- - Accounting Act No. 563/1991 Coll.,
- - Decree 501/2002 Coll. issued by the Ministry of Finance of the Czech Republic,
- - Czech Accounting Standards for Financial Institutions issued by the Ministry of Finance of the Czech Republic.

The order and identification of the items of the financial statements and the content definition of items are in accordance with Decree No. 501/2002 Coll.

The financial statements were prepared on the accrual basis for expenses and income and historical cost, except for selected financial instruments at fair value.

The financial statements are prepared under the going concern assumption as there is no evidence to limit it or prevent it from continuing in the foreseeable future.

These financial statements are unconsolidated.

Balance sheet date:	31 December 2019
Date of preparation of the financial statements:	20 April 2020
Accounting period:	1 January 2019 to 31 December 2019
Prior accounting period:	1 January 2018 to 31 December 2018

All monetary amounts in the financial statements are stated in CZK thousands, unless stated otherwise. Total amounts in tables (totals and subtotals) should have not matched to total of partial amounts for the reason rounding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sub-Fund were prepared in accordance with the following important accounting policies:

(a) The date of transaction recognition

Depending on the type of transaction, they are recorded on the date of payment or receipt of currency, the date of purchase or sale of foreign currency, foreign exchange, or securities, the payment date, the negotiation day and the day of settlement of a trade with securities, foreign exchange, options or other derivatives, the date of issue or acceptance of the guarantee or the loan commitment, the day of taking over the values into custody.

Financial assets and liabilities are recognized when the Sub-Fund becomes a contractual party of the transaction, that is, at the trade date.

The Sub-Fund shall derecognize a financial asset or part thereof in the balance sheet if it loses control of the contractual rights to that financial asset or part thereof. The Sub-Fund will lose that control if it exercises the rights to the benefits defined by the contract, these rights cease to exist or it waives these rights.

If the financial liability or part thereof ceases to exist (e.g. by fulfilling or cancelling the obligation defined in the contract or if the obligation defined in the contract expires), the accounting entity will no longer recognize the financial liability or part thereof in the balance sheet. The difference between the carrying amount of the financial liability, or part thereof, that has ceased to exist or has been transferred to another entity and the amount of the relevant debt repaid is charged to the expense or income.

(b) Receivables

Receivables initially incurred by the Fund are measured at their nominal value less allowances (except for receivables held for trading, see below). Bad debts are written off when they become barred by the statute of limitation, respectively at the end of the administrative proceedings.

Ceded receivables are recognized at the acquisition date at cost, including direct transaction costs (e.g. expert opinions, legal costs).

Trade receivables

Trade receivables are reviewed based on recoverability. On this basis, the Fund determines loss on impairment for individual receivables. If the Fund does not directly write-off a portion of the receivable corresponding to the impairment loss, it forms an allowance for this part of the receivable. Allowances are recognized in "Depreciation/amortization, creation and use of provisions and allowances for receivables and guarantees" item in the income statement. Allowances are recorded in the analytical records for the purpose of calculating the tax liability.

The tax-deductible part of the total allowances for the loss on receivables for the accounting period is calculated according to the Section 8 ("Allowances for receivables to debtors") of the Act No. 593/1992 Coll., On Provisions for Determining the Income Tax Base, as amended.

Write-offs of bad debts are included under "Write-offs, creation and use of allowances and provisions for receivables and guarantees" in the income statement. In the case of a write-off of a receivable for which an allowance has been set aside in full, the same amount is written-off in the same allowance item of the income statement. Revenues from previously written-off loans are recognized in the income statement in the item "Release of allowances and provisions for receivables and guarantees, income from previously written-off receivables".

Receivables held for trading

Receivables that the Sub-Fund acquired and holds for trading are measured at fair value. Changes in fair value are recognized under "Profit or loss on financial operations" (if the Sub-Fund owns such assets).

(c) Creation of provisions

Provision represents probable fulfillment of an obligation, with uncertain timing and amount. The provision is charged to the expenses at the best estimate of the resource outflow necessary to settle the existing obligation.

Provision is recognized if the following criteria are met:

- a) There is an obligation (legal or constructive) existing as a result of past events;
- b) It is probable or certain that the fulfillment will occur and that it will require an outflow of resources representing economic benefits; where "probable" means a probability of more than 50%;
- c) The amount of such fulfillment can be reliably estimated.

(d) Foreign currency translation

Transactions denominated in a foreign currency are recognized in local currency, translated at the exchange rate published by the Czech National Bank on the date of the transaction or on the date of the accounting event.

Financial assets and liabilities denominated in a foreign currency are translated into the domestic currency at the rate published by the Czech National Bank as at the balance sheet date. The resulting profit or loss on the translation of assets and liabilities denominated in a foreign currency, other than equity investments in foreign currency and receivables from subordinated loans, is recognized in the profit and loss statement as "Profit or loss on financial operations".

(e) Value added tax

The Sub-Fund is not registered as Value Added Tax ("VAT") payer.

(f) Taxation**Current tax**

The tax base for income tax is calculated from the financial result for the current accounting period before taxation by adding non-deductible expenses, deducting income that is not subject to income tax, and adjusting for tax rebates and possible credits.

Deferred tax

Deferred tax is based on all temporary differences between the carrying amount and the tax value of assets and obligations using the expected tax rate applicable for the subsequent period. A deferred tax receivable is recognized only if there is no doubt about its future recoverability in subsequent accounting periods. Deferred tax from revaluation differences reported in equity is also recorded under equity.

(g) Leasing

The Sub-Fund does not have any property under financial or operating leases.

(h) Personnel expenses, pensions and social fund

The Sub-Fund has no employees.

(i) Related parties

A related party is a person or entity that is related to the entity preparing the financial statements. Related parties of the Sub-Fund are defined as follows:

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) controls or jointly controls the reporting accounting entity;
 - (ii) has significant influence in the reporting accounting entity; or
 - (iii) is a member of the key management of the reporting accounting entity or its parent company.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in letter a) point i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transactions mean the transfer of resources, services or obligations between the reporting accounting entity and the related party, regardless of whether the price is charged.

(j) Items from a different accounting period and changes in accounting policies

Items from an accounting period other than to which they relate based on tax and accounting rules, and changes in accounting policies are recognized as income or expense in the profit and loss statement in the current period, except for the correction of material errors in the income and expenses of previous periods that are recognized in the item "Retained earnings or accumulated losses" in the Sub-Fund's balance sheet.

(k) Fees and commissions, management and administrations of assets

Fees and commissions are recognized on accrual basis on date of service received. Fees and commissions for the transactions arranged by the third party or from share of this arrangement are recognized in the moment, when transaction is completed. Fees for the management and administration of the assets and for advisory services are recognized on accrual basis on the base of contracts for providing these services.

(l) Income and expense interests

Income and expense interests from all interest-bearing instruments are recognized on accrual basis using the nominal interest rate derived from the real purchase price.

Incomes from non-paid interest-bearing instruments are accrued as well and included in the account balance of relevant financial instrument. These amounts are taken into account in determining the real value of the Sub-Fund's assets and debts.

(m) Penalty interests

Sub-Fund records into accounting books contractual penalty interests on the benefit of income in current accounting period and increases its receivables against the debtor. The Sub-Fund may decide not to apply such interests or forgive them, either for non-

performing receivables will not use accrual basis for the delay interests. In case, if delay interests are not applied or forgiven, the value of such unused or forgave interests is mentioned in the notes to the financial statements. Income from the penalty interests that has already been applied are not settled.

(n) Subsequent events

The effects of the events that occur between the balance sheet date and the date of issuing the financial statements are recognized in the financial statements only and just in case, if those subsequent events indicate about circumstances and conditions of the facts that existed by the balance sheets date. In other cases, the impacts of significant events that occurred after the balance sheet date are described in the notes to financial statements, but are not recognized in the financial statements.

4. CHANGES IN ACCOUNTING POLICIES

No changes in accounting policies were made in the accounting period from 1 January 2019 to 31 December 2019.

5. INTEREST INCOME

In thousands of CZK	2019	2018
Income from interests		
- from loan	47,118	35,336
- other – penalty interests	159	0
Total	47,277	35,336
Expenses of interests and similar expenses	0	0
Net interest income	47,277	35,336

6. PROFIT OR LOSSES FROM FINANCIAL TRANSACTIONS

In thousands of CZK	2019	2018
Revenues from foreign exchange transactions – income	0	0
Expenses on foreign exchange transactions – losses	0	-1
Total	0	-1

7. ADMINISTRATIVE EXPENSES

In thousands of CZK	2019	2018
Management fees of the Sub-Fund	13,726	8,187
Depositary and custody fees	996	623
Audit, legal and tax advisory fees, expert reports	349	297
Other (translations, marketing, registration fees, others)	640	100
Total	15,711	9,207

A significant part of other costs are fees for the remuneration of Silverside, a.s.

The Sub-Fund is managed by REDSIDE investiční společnost, a.s., to which it pays management fees, these fees being calculated in accordance with the Statutory Director Contract. The remuneration is set at 1.3% of the Sub-Fund's equity per year +30% of the achieved IRR above 10% was valid until 6 August 2018. Effective from 6 August 2018 the remuneration was increased at 2,7% of the Sub-Fund's equity per year +30% of the achieved IRR above 6%. The minimum management fee is not set and invoicing takes place from the day when investment strategy is fulfilled.

Management fees, as well as other administrative expenses, are invoiced to the Sub-Fund and accounted according to accounting policies - see above.

The Sub-Fund had no employees in the given accounting period.

8. RECEIVABLES TOWARDS BANKS

In thousands of CZK	31 December 2019	31 December 2018
Current accounts	10,364	10,055
Net receivables towards banks	10,364	10,055

9. RECEIVABLES TOWARDS NON-CREDIT INSTITUTIONS

In thousands of CZK	31 December 2019	31 December 2018
Receivables from loans (held for trading)	517,928	414,368
Net receivables towards non-banking entities	517,928	414,368

Receivables from loan are consisted particularly from the loan provided by ARCA Investments a.s. and loan provided by Mr. R. Změlik, which was transferred to the Sub-Fund from canceled NOVA Money Market - Sub-Fund 2. The receivables bear interest at an average interest rate of 9,8% to 15%.

10. OTHER ASSETS

In thousands of CZK	31 December 2019	31 December 2018
Advances paid on dividends	19,509	15,489
Withholding tax from advances on dividends	2,141	1,722
Total	21,650	17,211

The Investment company decided to pay advances on dividend payments and paid these advances on a quarterly basis in 2019. These advances will be settled against the profit of 2019.

11. RELATED PARTIES TRANSACTIONS

In 2018 and 2019 the Sub-Fund does not have any significant transactions with the related parties, which would not have been concluded under normal conditions on the regulated market.

12. OTHER LIABILITIES

In thousands of CZK	2019	2018
Trade payables and other creditors	129	183
Received advances on issuing investment shares	1,199	4,399
Payout after redemption of shares along the erase from CDCP	1,025	5,472
Estimated payables	2,108	3,063
Total	4,461	13,117

13. EQUITY

In thousands of CZK	31 December 2019	31 December 2018
Capital funds consisted of investment shares	514,870	402,677

The Sub-Fund's capital funds consist of investment shares. In the decisive period, the Sub-Fund issued 509 033 715 pcs of investment shares in CZK without nominal value.

The current value of the Sub-Fund 4's investment share is determined from the equity of the Sub-Fund 4, for the relevant week, as at the last day of the previous week, and takes into consideration paid advances of dividends.

In accordance to the Law and the Statute of the investment fund with variable registered capital, the Sub-fund has prepared an expert opinion of an expert institute for the purpose of determining the real (fair) value of the assets and debts from investment activities (at least once per year). The value of Sub-fund was confirmed by the expert institute.

14. RETAINED EARNING OR ACCUMULATED LOSSES FROM PREVIOUS YEARS

The Fund proposes the allocation of the profit incurred for the period 1 January 2019 till 31 December 2019 as follows:

In thousands of CZK	Profit	Settlement of advances on dividends	Retained earnings or accumulated losses from the previous years	Total
Balance as at 1 January 2018	24,891	0	-74	24,817
Allocation of profit for year 2018	-24,891	23,489	74	-1,328
Transfer to retained earnings	0	0	1,328	1,328
Settlement of dividends and capital funds from retained earnings	0	0	-1,328	-1,328
Profit for the period ended 31 December 2019	29,980	0	0	29,980

Proposal for settlement of the profit for the period ended 31 December 2019:

Settlement of advances paid on dividends (including withholding tax)	-21,650	21,650	0	0
Settlement of capital funds (Purchase of investment shares)	-212	0	212	0
Transfer to retained earnings	-8,118	0	8,118	0
	0	21,650	8,330	29,980

Allocation of profit for the year 2018

In thousands of CZK	Profit	Settlement of advances on dividends	Retained earnings or accumulated losses from the previous years	Total
Balance as at 1 January 2018	-	-	-74	-74
Profit for period ended 31 December 2018	24,891	0	0	24,891

Allocation of profit for the period ended 31 December 2018:

Settlement of advance on profit shares from retained earnings (incl. withholding tax)	-23,416	23,416		0
Payment of losses from previous years	-74		74	0
Transfer to retained earnings	-1,401		1,401	0
Use of retained earnings to pay purchases			-1,401	-1,401
	0	23,416	0	23,416

15. INCOME TAX**(a) Tax payable for the current accounting period**

In thousands of CZK	2019	2018
Profit or loss before tax	31,557	26,197
Tax base	31,557	26,264
Tax calculated at the rate of 5%	1,578	1,313

About estimation of due tax for the accounting period is accounted through the tax provision, which is discounted by advances paid of income tax, if these advances are lower than expected tax.

(b) Income tax

In thousands of CZK	2019	2018
Tax payable for the current accounting period/creation of provision	1,578	1,313
Advance corporation tax	-947	-290
Total	631	1,023

As at 31 December 2019 the Sub-Fund does not record any temporary differences between the tax base of assets, alternatively liabilities and the amount of assets, or liabilities recognized in the accounting records, from which would follow deferred tax.

Due tax for the year 2018 was measured out at 1 313 thousand CZK.

16. ASSETS UNDER MANAGEMENT

In thousands of CZK	31 December 2019	31 December 2018
Cash	10,364	10,055
Receivables towards client	517,928	414,368
Other assets	21,650	17,211
Other liabilities	-4,461	-13,117
Provisions	-631	-1,023
Total	544,850	427,494

17. FINANCIAL INSTRUMENTS

(a) Market risk

The Sub-Fund is exposed to market risk as a result of its general investment strategy in accordance with its statute. The Sub-Fund acquires funds from the shareholders and invests them through direct or indirect investments in receivables, debt securities, money market instruments, including deposit bills of exchange and other financial instruments issued by collective investment funds, repurchase agreements and financial derivatives. The value of the assets to which the Sub-Fund invests may rise or fall depending on changes in the economic conditions, interest rates, and the way the assets are perceived by the market.

(b) Liquidity risk

The liquidity risk arises from the way the Sub-Fund finances its activities and manages its open positions. In view of the assessment of the degree of this risk and the overall financial position of the entity during the reporting period 2019, the liquidity risk was not assessed as material and no extraordinary measures were taken.

Residual maturity of the Sub-Fund's assets and liabilities

In thousands of CZK	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2019						
Receivables towards banks	10,364	0	0	0	0	10,364
Receivables towards non-credit institutions	26,328	213,000	278,600	0	0	517,928
Other assets	0	21,650	0	0	0	21,650
Total	36,692	234,650	278,600	0	0	549,942
Other liabilities	4,461	0	0	0	0	4,461
Provisions for taxes	0	631	0	0	0	631
Equity	0	0	0	0	544,850	544,850
Total	4,461	631	0	0	544,850	549,942
Gap	32,231	234,019	278,600	0	-544,850	0
Cumulative gap	32,231	266,250	544,850	544,850	0	0

In thousands of CZK	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2018						
Receivables towards banks	10,055	0	0	0	0	10,055
Receivables towards non-credit institutions	0	0	414,368	0	0	414,368
Other assets	0	17,211	0	0	0	17,211
Total	10,055	17,211	414,368	0	0	441,634
Other liabilities	13,117	0	0	0	0	13,117
Tax provisions	0	1,023	0	0	0	1,023
Equity	0	0	0	0	427,494	427,494
Total	13,117	1,023	0	0	427,494	441,634
Gap	-3,062	16,188	414,368	0	-427,494	0
Cumulative gap	-3,062	13,126	427,494	427,494	0	0

The above tables represent the residual maturity of the accounting values of individual financial instruments, not all the cash flows arising from these instruments.

(c) Interest rate risk

The Sub-Fund is not exposed to interest rate risk, as loans provided have fixed rate.

(d) Currency risk

The Sub-Fund is not significantly exposed to currency risk.

Foreign currency position of the Sub-Fund

In thousands of CZK	EUR	CZK	Total
As at 31 December 2019			
Receivables towards banks	6	10,358	10,364
Receivables towards non-credit institutions	0	517,928	517,928
Paid advances for dividends	0	21,650	21,650
Total	6	549,936	549,942
Other liabilities	0	4,461	4,461
Tax provisions	0	631	631
Total	0	5,092	5,092
Net foreign exchange position	6	544,844	544,850

In thousands of CZK	EUR	CZK	Total
As at 31 December 2018			
Receivables towards banks	6	10,049	10,055
Receivables towards non-credit institutions	0	414,368	414,368
Paid advances for dividends	0	17,211	17,211
Total	6	441,628	441,634
Other liabilities	0	13,117	13,117
Tax provisions	0	1,023	1,023
Total	0	14,140	14,140
Net foreign exchange position	6	427,488	427,494

(e) Credit risk

The Sub-Fund is exposed to credit risk due to its business activity, lending, hedging, and investment activities. Credit risks associated with the Sub-Fund's business and investment activities are managed through the Sub-Fund's market risk management methods and tools. Receivables from non-credit institutions are not secured.

Collateral assessment

In the case of collateral for receivables from loans, the Sub-Fund considers as an acceptable collateral the following collaterals:

- cash;
- securities;
- creditworthy claims;
- bank guarantee;
- third-party creditworthy guarantee;
- properties;
- machinery and equipment.

(f) Operational, legal and other risks

The management of operational, legal and other risks is regulated by the Sub-Fund's Statute and internal regulations. Due to the nature of the business, which is collective investment in accordance with the Act, as amended, all Sub-Fund's investments must be executed in accordance with the applicable Sub-Fund's Statute and subject to the control by the depositary of the Sub-Fund, which was, in 2019, Česká spořitelna, a.s., on the basis of a Depositary Agreement.

g) Risk of concentration

The Sub-Fund regularly monitors the risk of concentration and quantifies the exposure value to each counterparty in the Sub-Fund portfolio. Diversification of the portfolio is an appropriate method of managing the risk of concentration, especially through territorial, sectoral diversification, etc. In addition to the above mentioned, the Sub-Fund specifically evaluates the concentration on Arca Capital investment group. The Sub-Fund was set up to cooperate with Arca Capital since its establishment, and the shareholders of the Sub-Fund are purposefully investing in this group's projects. The risk of concentration is thus naturally controlled through Arca Capital's projects and further through the following activities:

Detailed knowledge of Arca Capital group structure - sectoral diversification including staffing

Historical experience with Arca Capital projects

Communication with Arca Capital management about individual implemented projects on a regular basis

Assessment of the probability of default

The provision of funds is almost exclusively addressed through projects, etc.

18. SUBSEQUENT EVENTS

In December 2019, a new coronavirus (SARS-CoV-2) was detected in Chinese city of Wu-Han. By the end of February 2020, several countries had sustained local transmission of the disease, including Europe. After the date of the financial statements, that is, after 31 December 2019, due to the global spread of coronavirus causing respiratory disease COVID-19, many business and economic activities have been disrupted. As a result of global restrictions on economic activities, there has also been a downturn in financial markets and thus a potential impact on the performance of funds managed by the REDSIDE Investment Company, a.s. The company considers the outbreak of a global coronavirus pandemic a subsequent event after the annual financial statement date, which does not lead to the adjustment of the entity's financial statements. So far, the scale of the global recession and economic downturn cannot be well estimated, as various constraints continue to change and their duration cannot be predicted.

Economic policy, among other things, tries to respond to the negative development. Representatives of European countries declared a determination to coordinate actions to dampen the negative effects of coronavirus on the economy. The International Monetary Fund announced the deployment of up to 1 trillion USD. It is apparent that not only governments of particular states, but also multinational institutions, are preparing to provide the necessary care. In addition to fiscal support, central banks also rushed to help. They are trying to prevent a liquidity crisis that emerges in similarly tense situations. At the same time, it creates a room for support from fiscal policy. It is also likely that in this exceptional situation, banks will allow companies to defer interest and principal payments.

However, with regard to the fact that the situation in connection with the coronavirus is unstable and has a very dynamic development globally, it is not possible to make an estimate of the potential impact on the Company and the funds it manages.

Assets of the NOVA Money Market fund (special-purpose loans to finance the portfolio of consumer and other projects within the framework of Arca Capital investment group) have, so far, not been negatively affected by the global negative sentiment on the stock or bond markets. The majority of the portfolio of the consumer loans funded through special purpose loan is insured against incapacity to work or loss of employment. Special-purpose loans are primarily provided to the parent company Arca Investments, which is the top ownership structure of the whole group. Through Arca Capital Investments, the owners strategically manage the development of the entire financial group across various sectors.

The financial statements
were prepared on:

20 April 2020

Stamp
and signature



Rudolf Vřešťál
Authorised Representative

Person responsible
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