

APS CREDIT FUND

Fund RHAPSODY II

Investments with the expected above-standard return

APS GROUP FUND

Manager	Self-managed fund – Person with qualified interest - Martin Machoň and leading person Petr Valenta.
Administrator	QI investiční společnost, a.s. (hereinafter referred to as „QIIS“)
Depositary	UniCredit Bank Czech Republic and Slovakia
Auditor	ECOVIS
Type of fund	Fund of qualified investors in the form of a joint stock company with variable capital (SICAV) („Fund“).
Number of subfunds	2 („Subfund“ and „Subfund 2“)
Investors	The Subfund 2 (under development) is exclusively designed for qualified investors
Fund, Subfund and Subfund 2 Base Currency	CZK
Investment focus	<p>The envisaged goal of the Subfund 2 is to attain an average return above 15% p.a. by investing into portfolios of claims and/or distressed assets. Investments are executed via funding of acquisitions of such assets.</p> <p>The goal is to purchase claims and distressed assets at a significant discount to a market price, subsequent resolution of the distressed situation and realization of profit. Profit is typically generated via</p> <ul style="list-style-type: none">• Full payment of the claim, or other financial settlement of distressed situation• Resolution of a distressed situation (e.g. take over of the underlying asset – typically real estate asset) and subsequent sale of the underlying asset• Value increase of suitable assets before sale• Asset management of selected assets (namely real estate assets) until the time of a resolution of the distressed situation and/or sale of such assets <p>Cash excess due to e.g. temporal mismatch between cash inflows and outflows, are to be invested into liquid financial assets including bank deposits, financial market instruments, liquid short-term bonds, liquid investments.</p>
Expected geographical focus	<p>Subfund 2 is allowed to invest in shares/participations in capital structures and firms domiciled in the Czech Republic and other European countries.</p> <p>Key geographical regions are countries of the Central, Eastern and Southeastern Europe including Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Macedonia, Greece, Hungary, Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia.</p>
Holding period	Expected holding period is 4 years, (specifically 3 years since the end of capital raising, with the possibility of 2 extensions by 1 additional year each), max. 5 years after the end of the fundraising period.
Investment period	3 years after the end of fundraising period.

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Investment strategy	<p>Subfund 2 will be designed to invest into the following assets:</p> <ul style="list-style-type: none">a) Non-performing (NPL), Semi-performing (SPL) and performing (PL) credit assetsb) Single credits and selected distressed assetsc) Distressed real estate either standalone or as part of a broader portfoliod) REO assetse) Leasingf) NPL, SPL a PL assets may be SME, corporate, secured and unsecured, residential, mortgages, secured and unsecured consumer loans, leasing, factoring and B2B claimsg) Investments into capital structures and entities, which own above assetsh) Financial market instrumentsi) Bank depositsj) Bondsk) Sharesl) Securities issued by investment fundsm) Ownerships in trading companiesn) Financial derivativeso) Other assets that the Subfund is allowed to invest into under the Investment Companies and Investment Funds Act and/or related governmental statutes <p>For avoidance of doubt, any investments into the above assets are to be executed via financing of acquisitions of these assets, e.g. via provision of loans or purchase of securities.</p> <p>Subfund 2 is planning to re-invest all proceeds within the investment period. After and during the investment period the proceeds are to be placed into financial market instruments and/or other liquid assets.</p> <p>Subfund 2 aims to manage FX exposure due to EUR and CZK share classes. Hedging of the exposure is at a discretion of the fund manager.</p> <p>Subfund 2 is allowed to sell any asset in it's holding during the whole of the holding period, including within an investment period.</p>
Expected diversification and investment limits	<p>Subfund 2 will set investment risk limits:</p> <ul style="list-style-type: none">• No more than 35% of the of the Subfund's 2 asset value into a single investment opportunity• No more than 50% % of the of the Subfund's 2 asset value is to be invested into a single country <p>The Subfund 2 may accept loans or borrowings under standard market conditions provided that the proportion of borrowings does not exceed 80% of the Subfund's 2 asset value.</p>
Management fee	1.8% p.a. from NAV
Carry	20% of the total return applied after reaching 30% of total return, with catch up.
Entry fee	0 % distribution fee may be applied.
Exit fee	95% within the investment period; 50 % after the investment period. The exit fee does not apply to the mandatory redemption of investment shares initiated by the Fund.

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Other costs	<p>Fees to depositary, auditor and other similar costs are expected at about 0.4% p.a. Given the fixed character of selected costs, the total expected level is a subject to NAV of Subfund 2.</p> <p>Subfund 2 is expected to be a subject to 5% of tax, assuming that Subfund will meet requirements according to § 17b of the Czech Income Tax Act.</p>
Expected initial Subfund 2 size	EUR 25 M
Distribution channels	APS CREDIT FUND; Conseq, Independent advisers.
Minimum investment	1.000.000 CZK or equivalent in EUR, depending on applicable laws.
Share classes	Accumulation - denominated in CZK Dividend - denominated in EUR Carry for fund founders - denominated in CZK
Payout of returns	<ol style="list-style-type: none">1. Accumulation class (no intermediate returns), payout via repurchase of shares at NAV2. Dividend class (payout of dividends combined with repurchase of shares at nominal value – executed at the same time as the accumulation class payout)
Leverage	Yes, up to 80% of assets value – bank financing
Expected Subfund 2 opening	Sep 22, 2022
Underwriting period	22. 09. 2022–21. 12. 2022
Initial underwriting period	<ol style="list-style-type: none">1. First 3 months (22. 9. 2022–21. 12. 2022) underwriting at 1 CZK/1 EUR (underwriting-period).2. Subsequent trading day(s) planned for 31.3.2023 (resp. 30. 6. 2023) only if/until the fundraising target is met, underwriting at NAV <p>Subfund 2 will be closed to new capital inflows after the last underwriting trading day → revaluation is to follow on the 31. 12. 2023 (incl. audit) → subsequently on the 31. 12. 2024 etc.</p> <p>An exit fee of 95% is to be applied after after the underwriting period (within the investment period) and 50 % after the end of the investment period.</p>
Execution of purchase/sale of investment shares	<p>Settlement of the purchase of investment shares is usually expected within working days after the „T“ trading day, but a maximum of T + 6 months.</p> <p>Payout of capital is planned the earliest 3 years since the last entry.</p> <p>Subsequent payouts are to be applied always at the 31.12. of every following year. Payout of capital within the accumulation class will be distributed via mandatory repurchase of the shares. In the case of dividend class IA through dividends + redemption of IA for NAV reduced by the dividend paid. Fund reserves an option of early re-opening/liquidation of the Subfund 2 via a mandatory repurchase of shares.</p>

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Expected costs	Selected, expected Subfund 2 costs: <ul style="list-style-type: none">• Administration costs• Depositary costs• Investment adviser fees• Subfund 2 management costs Selected, expected transaction costs: <ul style="list-style-type: none">• Due diligence costs• Third party costs including legal and advisory fees necessary to securing a transaction• Third party costs related to management of transactions and underlying assets
Valuation	Valuation of underlying assets by APS → subject to approval of QIIS (the Administrator).
Fund Adviser	Fund has entered into an agreement with an investment adviser APS Investments S.à r.l. ("Adviser") <ul style="list-style-type: none">• Adviser is expected to provide the following set of services:<ul style="list-style-type: none">- Origination of the investment opportunities- Provision of investment expertise, qualification and skills including coordination, valuation, structuring, portfolio management, risk management, analytics, management of shadow funds and other functions- Underwriting and transaction management including due diligence and negotiations with the seller- Strong execution and maintenance of an investment process, including investment decision making- Monitoring of performance of all transactions throughout the subfunds life-cycle- Reporting on fund performance and other issues related to investments- Exit of all investments
Expected investment process	The Adviser has established an investment committee (IC) and has nominated it's members. <ul style="list-style-type: none">• IC adopts decisions via voting, where each member has an equal vote• IC may consist of up to 5 members• IC oversees all transactions, which Adviser recommends• IC approves budgets for non-binding and binding phase of each approved transaction• Statutory body of the Fund has the final approval over each transaction.
Asset management	<p>The preferred servicer for resolution and management of assets acquired by the Subfund 2 is APS Recovery, and it's daughter companies in each country.</p> <p>Fees for servicing and management of assets will be applied according to market standards and according to a market offering of APS Recovery.</p> <p>Fees for each transaction are to be negotiated separately as these are a function of the type of asset to be managed. All fees will be a part of a valuation model submitted to the IC.</p>

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