

BDO Investment, Technology sub-fund

Summary

- BDO Investment SICAV a.s., Technology sub-fund collects resources from a limited number of 'accredited investors' to invest in start-ups, primarily technology-focused ones.
- The investment horizon of the sub-fund is five years. On entry, the investor acquires shares at a price reflecting the value of the asset. The sub-fund then invests those funds by purchasing ownership interests in selected companies. At exit, the investor sells the shares back to the sub-fund for a price based on the current value of the asset. The value of the sub-fund asset is calculated quarterly. The portfolio is evaluated by an independent expert institution every year.
- The BDO Investment SICAV a.s. founders are the companies BDO Advisory s.r.o. and BDO Tax s.r.o., while BDO Advisory s.r.o. is also the expert advisor for the fund. The expert advisor searches for and evaluates investment opportunities and manages the sub-fund portfolio.
- BDO is one of the largest advisory firms with a global span. It has operated in the Czech Republic since 1991.

Investor profile

- Investment in this sub-fund is exclusively intended for accredited investors pursuant to Section 272 of Act No 240/2013, on management companies and investment funds.
- A typical investor is a successful entrepreneur who, after selling their own company, is seeking to appreciate the funds they obtained. They are an active investor willing to share their experience with the portfolio companies as much as they can. If the entrepreneur is in the productive age segment they usually place part of their funds in technology investments.
- The minimum investment is CZK 1.000.000. An investment into companies inherently has limited liquidity. This is particularly true for start-ups. It is therefore anticipated that the investor's funds will be tied to the sub-fund for at least five years, which corresponds to the expected lifespan of the individual investment.

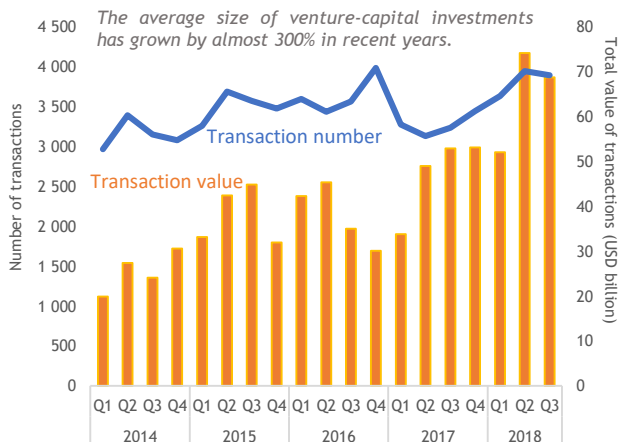
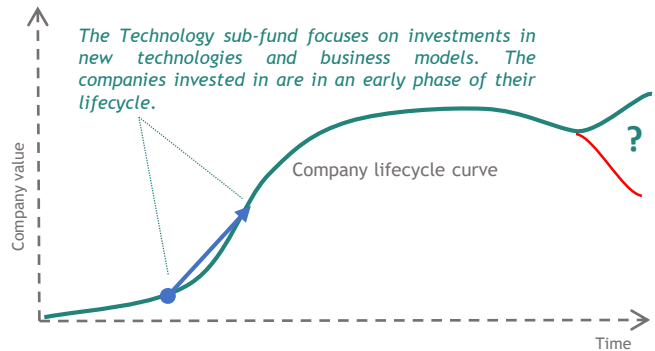
Sub-fund investment strategy

- The sub-fund searches for young companies with promising products in the fields of information technologies, biotechnology or new materials. Companies entering traditional sectors with innovative business models are also interesting investments.
- Target companies are in their initial development phase. Their product has already been proven by the market to some extent, however it needs to fine tune the minor aspects of its business model and accelerate market penetration to begin making profit.
- The sub-fund is an active investor. It is involved in the management of the company and is a partner for the management team, usually made up of the founders of the company invested in. It provides its expert and managerial know-how aiming to set up effective management, functional organisation and accelerate business activities to rapidly commercialise the product.
- The average gross yield of the sub-fund is anticipated at 15% to 25% p. a. The remuneration for the expert advisor is based on the appreciation of the investors' funds.
- The investment risk is in accordance with the expected yield. With start-ups the risk is higher than with mature companies. Only a small number of portfolio companies will achieve high appreciation. The expert advisor thus works to create a sufficiently wide portfolio of investments to adequately diversify this risk and enable investors' target average yield to be achieved.

The BDO global network mediated in 2018 the largest number of transactions in company mergers and acquisitions (M&A)

Global market			European market		
#	Advisor	Number of transactions	#	Advisor	Number of transactions
1	BDO	437	1	BDO	311
2	KPMG	405	2	KPMG	282
3	EY	279	3	EY	214
4	PwC	255	4	PwC	187
5	Deloitte	242	5	Deloitte	163
6	Goldman Sachs Group	179	6	RSM	106
7	Lazard	158	7	Lazard	77
8	Houlihan Lokey	153	8	Clairfield International	60
9	Morgan Stanley	135	9	Clearwater International	56
10	Raymond James Financial	121	9	FTI Consulting	56

Source: PitchBook



Source: Preqin Quarterly Update: Private Equity & Venture Capital Q3 2018

Summary of basic information

Sub-fund name	BDO Investment, Industry sub-fund
Foundation	2/5/2017
Duration	Unlimited
Founders	BDO Advisory s.r.o. (67%), BDO Tax s.r.o. (33%)
Manager & administrator	AMISTA investiční společnost, a.s.
Expert advisor	BDO Advisory s.r.o.
Depository	Česká spořitelna, a.s.
Supervisory authority	Czech National Bank
Legal form	Joint-stock company with variable registered capital (SICAV)
Form of shares	Book-entered, registered
Minimum investment	CZK 1.000.000 with the option of additional investments. For higher amounts it is possible to use a <i>capital call</i> , where the investor is asked for a promise of funds that are physically provided only at the moment of implementation of the investment opportunity
Investment horizon	5 years
Valuation period	Calendar quarter; valued by an independent expert at the end of a fiscal year (30/9)
Target gross yield	15% to 25% p.a.
Entry fee	0% to 3%
Exit fee	30% within 5 years of the original investment (the liquidity of the sub-fund investment is limited, and short-term investments are undesirable as they damage other investors). No fee after 5 years from the original investment
Annual fund management fee	2% of the average value of the sub-fund capital
Performance fee	20% of the total annual appreciation of the sub-fund capital exceeding three times the annual inflation in the given year

Detailed information is available in the sub-fund statute, also available upon request, or at www.amista.cz/bdoinvestment

Sub-fund portfolio



OPIFER

Sub-fund entry: 2018
Purchase of bonds and ordinary shares
www.opifer.cz

Opifer Investments Stage 2 Limited is an investment fund focusing on searching for and performing seed investments into start-ups. The investments are directed towards medical technologies, oil and gas extraction, hydrogeology and IT security.

An example of such an investment is in the Israel-based start-up Q2Pharma specialising in developing drugs against multidrug-resistant bacteria to be used in conjunction with currently available antibiotics. The development of the substances is in the preclinical phase with encouraging results.

Investment committee



Ing. Petr Kymlička

Petr Kymlička is a partner at BDO Advisory s.r.o. He has been involved in strategic business management and mergers and acquisitions (M&A) for 25 years. Before founding BDO Advisory s.r.o. he worked in the senior management of domestic branches of important global consulting companies.



Ing. Tomáš Brabenec

Tomáš Brabenec is a partner at BDO Appraisal services - Znalecký ústav s.r.o. He is a Czech and Slovak expert witness in economics and business valuation, and a member of the American Society of Appraisers. He has focused on business valuation for 15 years.



Mgr. Ing. Karel Kučera

Karel Kučera focuses on business development and international trade, in particular between the EU and Asia. He led the CzechInvest agency from 2014 to 2018 which, during his time there, arranged investments totalling over EUR 7 billion. At BDO Advisory s.r.o. he is responsible for advising investors entering the Central European market.

Contact details for investors

Ing. Michal Kusák, Ph.D.
Expert advisor manager
Tel: +420 227 031 495
michal.kusak@bdo.cz
www.bdoinvestment.cz

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