



Dear shareholders,

In 2012, the Fund's NAV grew by 1.3% and assets under management increased to CZK 1.1 billion.

Our largest equity positions in early 2013 were Sanofi, WH Smith, Wal-Mart, Berkshire Hathaway and Teva Pharmaceutical. Our portfolio is concentrated into investments that we consider the best in terms of their combination of yield and risk. Sufficiently attractive investment opportunities are relatively rare, and we therefore endeavour to take utmost advantage of them. Our ten largest positions constitute approximately 73% of our portfolio.

The market currently values our portfolio at approximately 9 times the earnings of the past 12 months. This means that for the last year the net profit of our companies was 11% of their market capitalisation. In our opinion, that is a lot and thus the share values do not correspond to the quality and prospects of these companies. This number especially stands out in comparison with interest rates that are at almost zero. By our estimate, the fundamental value of our shares today is about one-third higher than their current

prices indicate. The fundamental value is not static, however, but develops over time. In the case of our portfolio, it has been growing rather solidly. By the end of 2013, we estimate that the fundamental value will be in the region of 50% higher compared to current market prices. This should create sufficient upward pressure on the prices of our assets.

In the following part of the annual report, you will find the quarterly letters to shareholders from the past year. Taken together, they provide an overview of our investments and opinions for the year just ended.

We thank you for your support and patronage through the years, and we look forward to continued co-operation in the years ahead.

Daniel Gladiš, January 2013



For more information

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Disclaimer :

Our estimates and projections concerning the future can and probably will be incorrect. You should not rely upon them solely but use also your own best judgment in making your investment decisions.

This document expresses the opinion of the author as at the time it was written and is intended exclusively for educational purposes.

The information contained in this letter to shareholders may include statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of applicable foreign securities legislation. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, objectives or financial performance, or the estimates underlying any of the foregoing. Any such forward-looking statements are based on assumptions and analyses made by the fund in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the given circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks, assumptions and uncertainties. In evaluating forward-looking statements, readers should specifically consider the various factors which could cause actual events or results to differ materially from those contained in such forward-looking statements. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.

This letter to shareholders does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer to buy or subscribe for, the securities of the fund.

Before subscribing, prospective investors are urged to seek independent professional advice as regards both Maltese and any foreign legislation applicable to the acquisition, holding and repurchase of shares in the fund as well as payments to the shareholders.

The shares of the fund have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or under any state securities law. The fund is not a registered investment company under the United States Investment Company Act of 1940 (the "1940 Act").

The shares in the fund shall not be offered to investors in the Czech Republic on the basis of a public offer (veřejná nabídka) as defined in Section 34 (1) of Act No. 256/2004 Coll., on Capital Market Undertakings.

The Fund is registered in the Czech National Bank's list in the category Foreign AIFs authorised to offer only to qualified investors (without EuSF and EuVECA) managed by AIFM.

Historical performance over any particular period will not necessarily be indicative of the results that may be expected in future periods.

Returns for the individual investments are not audited, are stated in approximate amounts, and may include dividends and options.