



HEPHAESTUS II
GREEN ENERGY FUND

Key Information Document (“KID”)

This document provides key investor information about this Fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision whether to invest.

This fund is managed by Fortified Capital Ltd (the “External Manager”).

You are about to purchase a product that is not simple and may be difficult to understand

HEPHAESTUS II FUND

What is this Product?

This Key Information Document is specific to **HEPHAESTUS II FUND** (the “Fund”), which is a sub-fund of I.H. HEPHAESTUS INVESTMENT AIF V.C.I.C. PLC, previously I.H. HEPHAESTUS INVESTMENT AIFLNP V.C.I.C. LTD, which was established on **27/11/2017** as a private company limited by shares incorporated under the Companies Law, Cap.113 with registration number HE 377630. It was authorized by the Cyprus Securities and Exchange Commission (“CYSEC”) to operate as an Alternative Investment Fund with Limited Number of Persons (AIFLNP) in accordance with part VI of the Alternative Investment Funds Laws of 2014, as an open-ended Variable Capital Investment Company (V.C.I.C.). The Company was converted from an AIFLNP to an Alternative Investment Fund (AIF) and was authorized by CySEC on 22/05/2020 to operate in accordance with part II of the Alternative Investment Funds Law 124(I)/2018, with license number **AIF71/2018**.

Objectives and Investment Policy

The investment objective of the Fund is to achieve long-term income and capital appreciation through investments in secured loans and asset-backed securities aiming to achieve an annual return (net of fees) to investors of circa 8-10%.

The Investment Objective will be achieved by seeking opportunities that will include both listed and unlisted asset-backed securities and secured loans that are backed either by real estate or pools of secured and/or unsecured loans.

The Fund holds investments in alternative assets in the UK and is currently focused in investments in renewable energy investments in Cyprus.

Examples include:

- Asset-backed securities backed by loans secured on motor vehicles, commercial or residential real estate;
- Equity investments in the development of alternative energy projects.
- 1st and 2nd lien bridge loans secured against residential and commercial real estate in the UK;
- Participations in loans secured against residential and commercial real estate.

- The Fund may enter into derivative contracts for the purpose of hedging interest rate and FX risk pertaining to its investments.
- The Fund may find itself taking possession of any assets that secured its investments in debt in the event of enforcement on a loan, these assets (such as property) may require asset management prior to liquidation and so won't always be sold immediately.
- The Fund will engage in investing in loans secured by mortgages or other security against real estate or other physical assets, such as equipment and motor vehicles.
- The Fund's loans will not be guaranteed by any governmental agency or private entity but may be guaranteed or cross-collateralized by affiliates and associates of the underlying borrowers.

Risk and Reward Profile

Lower risk
Typically lower rewards

Higher risk
Typically higher rewards

1	2	3	4	5	6	7
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The summary risk indicator is a guide to the level of risk of this product compared to other products. The higher the Fund's position on this scale, the greater the possible return, either positive or negative. We have classified this product as 6 out of 7, which is high risk class, due to the material risks related to investments in secured loans and asset-backed securities, listed herein. This rates the potential losses from future performance. The risk category shown is not guaranteed and may shift over time. The risk indicator assumes you keep the product for more than 3 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back. The lowest category (1) does not mean risk-free.

Other Material Risks:

- **Operational Risk** - material losses to the Portfolio may arise as a result of human error, system and/or process failures, inadequate procedures or controls.
- **Liquidity risk** - the Portfolio may not always find another party willing to purchase an asset that the Portfolio wants to sell which could impact the Portfolio's ability to meet redemption requests on demand.
- **Counterparty Risk** - A counterparty may fail paying the proceeds to the transaction placed on behalf of the Fund.
- **Risks connected to investments in debt securities:**
 - interest rate risk
 - credit risk
 - foreign exchange risk

Taxation

Prospective investors should consult their own professional tax advisers in respect of the possible tax consequences of subscribing for, buying, holding, redeeming, converting, or selling shares under the laws of their country of citizenship, residence, domicile or incorporation.

Charges for this Fund

One-off charges taken before or after you invest	
Entry charge	Up to 1.0%
Exit charge	Up to 3.0%
This is the maximum that might be taken out of your money [before it is invested] / [before the proceeds of your investment are paid out].	
Charges taken from the fund over a year	
Ongoing charges	Expected to be lower than 2%
Performance Fee	15% p.a. above a 5% hurdle rate
Charges taken from the fund under certain specific conditions	

The entry and exit charges shown are the maximum applicable amounts. In some cases, you might pay less. The ongoing charges figure is based on estimated expenses. This figure may vary from year to year. It excludes:

- Fund Management Fee
- Fund Depositary Fee
- Fund Administration Fee

It excludes any third-party fees and bank charges on transactions.

For more information about charges, please refer to the fund's prospectus.

Past Performance

Historic performance to 31 December 2021

YEARLY	2018	2019	2020	2021
NAV	£0.89	£0.96	£0.94	£0.98
ANNUAL RETURN	6.9%	7.93%	(1.63%)	4.26%

*Performance is shown after deduction of ongoing charges. Any entry/exit charges are excluded from the calculation.

Past performance is not a guide to future performance. The table shows the Fund's annual performance in GBP for each full calendar year over the period displayed in the chart. It is expressed as a percentage change of the Fund's net asset value at each year-end. The Fund's first full year performance figures refer to FY 2018.

Practical information

This Key Information Document is specific to the HEPHAESTUS II FUND, which is a sub-fund of I.H. HEPHAESTUS INVESTMENT AIF V.C.I.C. PLC. However, the Offering Document, annual reports and half-yearly reports may be prepared in respect to I.H. HEPHAESTUS INVESTMENT AIF V.C.I.C. PLC. The Offering Document is designed to be supplemented by the Offering Supplement specific to the sub-fund.

For further information regarding I.H. HEPHAESTUS INVESTMENT AIF V.C.I.C. PLC, copies of its Offering Document, Offering Supplement of the sub-fund, annual reports, and half yearly reports, in addition to the Offering Supplement of the HEPHAESTUS II Fund as well as other information are available free of charge from the Fund Manager and the Fund Administrator subject to a written request to be sent at the registered office of the Fund Manager or by electronic mail at the e-mail address info@forticap.eu. The said documents are available in English.

Fund Manager:	Fortified Capital Ltd
Investment Consultant:	Teamvision Investment Consulting Ltd
Depository:	T.C.R. International Ltd
Administrator:	BDO Fund Services Ltd
Auditors:	Belifor Ltd
Legal Advisors:	Christos Patsalides LLC

The Net Asset Value ("NAV") is calculated on a Quarterly Basis in GBP / EUR and disclosed to investors electronically via electronic mail. The Fund Manager and the Board of Directors of I.H. HEPHAESTUS INVESTMENT AIF V.C.I.C. PLC may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate, or inconsistent with the relevant parts of the sub-fund's Offering Document.

Hephaestus II Fund is a sub-fund of:

I.H. HEPHAESTUS INVESTMENT AIF V.C.I.C. PLC is registered in Cyprus and authorized and regulated by the Cyprus Securities and Exchange Commission (the "CySEC").

CySEC License Number:	AIF71/2018
National code of sub-fund:	AIF71_2
LEI Number:	231800YCHHIECAHGXT39
ISIN Code:	CYF000001158

This key investor information document is accurate as of 1 July 2022.

For further information, please visit the Fund's website at www.hephaestusfund.com or call +357 22760711.



HEPHAESTUS II
GREEN ENERGY FUND

OFFERING INVESTORS ACCESS TO
ASSET-BACKED REAL ESTATE AND GREEN ENERGY INVESTMENTS