

These Fund Rules are effective as of 01.09.2017.

## **Trigon Russia Top Picks Fund Rules** (Hereafter: “Fund Rules”)

### **1. General**

- 1.1 These Fund Rules set out the basis for the activities of the contractual investment fund Trigon Russia Top Picks Fund (hereinafter: “Fund”) and the relations of the unit-holders with the fund management company. The Fund Rules have been set out in accordance with the effective legislation. In case the Fund Rules conflict with the provisions of legislation, the provisions of the legislation will be applied. In case the different provisions of the Fund Rules conflict with each other or in case the Fund Rules include misleading provisions such provisions will be interpreted in accordance with the best interests of the unit-holders of the investment fund. The Fund Rules constitute an integral part of the prospectus for public offering of Fund units (hereinafter: “Prospectus”).
- 1.2 Trigon Russia Top Picks Fund is a contractual investment fund founded by AS Trigon Asset Management. In Estonian the name of the Fund is: *Trigon Venemaa Top Picks Fond*.
- 1.3 The Fund is managed by AS Trigon Asset Management (hereafter: “Management Company”), registered address: Pärnu mnt 18, Tallinn 10141, the Republic of Estonia.
- 1.4 The Fund is situated at the registered address of the Management Company.
- 1.5 The depositary of the Fund is Swedbank AS (hereafter: “Depositary”), registered address: Liivalaia 8, Tallinn 15040, the Republic of Estonia.
- 1.6 The Fund is open-ended. The Fund’s units are offered publicly.
- 1.7 The Fund is a UCITS, i.e. the Fund complies with the requirements established for the UCITS in the Directive 2009/65/EC of the European Parliament and of the Council and the current legislation of the Republic of Estonia.

### **2. The basis and objective of the Fund’s activities**

- 2.1 The Fund is a pool of money raised through public issue of units, and of other assets acquired from investing this money that belongs collectively to unit-holders and that is managed by the Management Company.
- 2.2 The basis of the Fund’s activities and the relations between unit-holders and the Management Company have been laid down in the legislation of the Republic of Estonia and the Fund Rules.
- 2.3 The Fund offers to the unit-holders the opportunity to indirectly invest into securities traded on the global regulated markets with every markets bias considering Fund Rules article 3.2. The objective of the Fund’s activities is long-term capital growth.
- 2.4 Neither the profitability of the Fund nor the preservation of the original investment into the Fund made by the unit-holders is guaranteed to unit-holders.

### **3. The Fund’s investment policy**

- 3.1 The Management Company manages the Fund’s assets according to investment restrictions as provided for in the Investment Funds Act, other legislation issued in accordance with it and the Fund Rules.
- 3.2 The assets of the Fund may be invested in securities traded on regulated markets of all and any countries. It is however the intention of the Management Company to focus investments into securities of issuers whose basic business field of activity is in Russia, in other CIS countries<sup>1</sup> or in Georgia.
- 3.3 The Fund may invest in the currencies of the countries of the investment region. The assets of the Fund are denominated and the assets are settled in different currencies.
- 3.4 There are no restrictions regarding the type of issuers when investing the assets of the Fund.
- 3.5 The Management Company does not follow a sector approach when investing the Fund’s assets.
- 3.6 The precise shares of each asset class, type of issuer, region and sector in the assets of the Fund shall be determined in the course of the everyday activities of the Fund.

### **4. Investment restrictions**

- 4.1 The Fund’s assets may be invested in:
  - a) deposits of credit institutions;

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<sup>1</sup> Belarus, Kyrgyzstan, Azerbaijan, Armenia, Kazakhstan, Moldova, Tadžikistan, Uzbekistan, Ukraine, Turkmenistan.

- b) shares and other similar tradable rights, bonds, convertible bonds and other tradable debt obligations issued, subscription rights and other tradable rights granting the right to acquire securities, money market instruments, and tradable depository receipts (in articles 4.2 – 4.12 referred to as “**securities**”);
  - c) derivative instruments;
  - d) shares and units of investment funds.
- 4.2 Up to 100% of the Fund’s assets may be invested in freely transferable securities that comply with at least one of the following conditions:
- a) the securities are dealt in on a regulated securities market;
  - b) the securities are not dealt in on a regulated securities market but the terms of their issue include an undertaking that the securities will be admitted for a listing on a regulated securities market within 12 months of issue.
- 4.3 The Fund may invest no more than 10% of its assets in securities other than those referred to in articles 4.2.
- 4.4 The Fund’s assets may not be invested in immovables, precious metals or certificates that give rights to precious metals. The Fund’s assets may be invested in securities that give rights to immovables.
- 4.5 The Fund may invest up to 20% of its assets in deposits of credit institutions given that their term is at maximum 12 months. The restriction is not applied on the Fund’s current account and over-night deposits with the Depository.
- 4.6 The Fund may invest up to 10% of its assets in covered bonds as defined in the Investment Funds Act.
- 4.7 The Fund may invest no more than 10% of its assets in securities issued by the same person. If the value of securities issued by one person is more than 5% of the market value of the assets of the Fund, the aggregate value of such securities shall total no more than 40% of the market value of the assets of the Fund. The aggregate value of securities issued by persons belonging to one consolidation group shall total no more than 20% of the assets of the Fund.
- 4.8 The Fund may invest up to 10% of its assets in shares and units of other investment funds, taking into account the limitations provided for in legislation. The Fund may invest in units of other funds managed by the Management Company or other fund management company belonging to the same group as the Management Company taking into account the limitations set in legislation.
- 4.9 The Fund may invest in derivative instruments taking into account the limitations provided for in the Investment Funds Act, other legislation issued in accordance with it, the internal rules and the Fund Rules. The assets of the Fund may be invested only in such derivative instruments the underlying of which is:
- a) deposits of credit institutions;
  - b) securities referred to in articles 4.2 – 4.3;
  - c) units or shares of other investment funds;
  - d) financial indices;
  - e) currency in which the Fund may invest.
- The Fund may invest in derivative instruments referred to in points a) to d) only for the purpose of hedging the risks from fluctuations of securities prices and interest rates. The Fund may invest in derivative instruments referred to in point e) also for the purpose of achieving its investment objectives. The Fund’s total exposure relating to derivative instruments may not exceed the total net asset value of the Fund.
- 4.10 On account of the Management Company and on account of any UCITS managed by the Management Company, no qualifying holding may be acquired or held, whether directly or indirectly, in any company through voting shares.
- 4.11 The Management Company shall neither acquire nor hold on account of the Fund in any single person more than:
- a) 10% of the non-voting shares;
  - b) 10% of the bonds issued by the person;
  - c) 10% of the money market instruments issued by the person.
- 4.12 The restrictions in articles 4.10 and 4.11 shall not apply to the acquisition and holding of the securities issued or guaranteed by a government or international organisation as stated in the law.
- 4.13 The Management Company may on behalf of the Fund enter into repurchase and reverse repurchase agreements and make other transactions of borrowing and lending securities. The Fund may assume liabilities referred to above in the amount of up to 10% of its assets. The maturity of the loans and other liabilities of the Fund may be no more than three months.
- 4.14 In addition to the investment restrictions referred to above, the Management Company must take into account all other limitations and requirements for spreading risks provided for in legislation when investing the assets of the Fund. A short overview of the risks related to investing the Fund’s assets has been provided in the Fund’s Prospectus.

## 5. Fund units and the rights and obligations attached to the units

- 5.1 The Fund unit (hereafter: “Unit”) represents a unit-holder’s share of the Fund’s assets. A Unit is a registered security.
- 5.2 A Unit is divisible. The fractions of Units that emerge from dividing Units are rounded up to three decimals. The following rules are applied for rounding: numbers NNN.NNN0 until NNN.NNN4 are rounded to NNN.NNN and numbers NNN.NNN5 to NNN.NNN9 are rounded to NNN.NN(N+1).
- 5.3 The Fund has five classes of Units (hereafter: “Class 1”, “Class 2”, “Class 4”, “Class 5” and “Class 6”).
- 5.4 Class 1:
- The name of Units is Trigon Russia Top Picks Fund A (*in Estonian Trigon Venemaa Top Picks Fond A*).
  - The nominal value of a Unit is 6,39 euro.
- 5.5 Class 2:
- The name of Units is eQ Russian Top Picks.
  - The nominal value of a Unit is 10 euro.
- 5.6 Class 3 Unit is liquidated.
- 5.7 Class 4:
- The name of Units is Trigon Russia Top Picks Fund C (*in Estonian Trigon Venemaa Top Picks Fond C*).
  - The nominal value of a Unit is 10 euro.
- 5.8 Class 5:
- The name of Units is Trigon Russia Top Picks Fund D (*in Estonian Trigon Venemaa Top Picks Fond D*).
  - The nominal value of a Unit is 10 euro.
- 5.9 Class 6:
- The name of Units is Trigon Russia Top Picks Fund E (*in Estonian Trigon Venemaa Top Picks Fond E*).
  - The nominal value of a Unit is 10 USD.
- 5.10 Fund Units are registered in the register of Units. The register of Units (hereinafter: “**Register**”) is maintained by Swedbank AS (hereinafter: “**Registrar**”), register code 10060701. The registered address of the Registrar is Liivalaia 8, Tallinn 15040, the Republic of Estonia.
- 5.11 The right of ownership and the rights and duties of a unit-holder and the Management Company stemming from Units are deemed to be effective starting from making an entry to the Register. A unit-holder has the right to rely on the entry in the Register when performing his/her rights and duties in relation to third persons. The Registrar shall issue a statement of Units owned by the unit-holder upon the unit-holder’s request. The agreement on maintaining the Register of the Units entered into between the Management Company and Registrar and the rules for maintaining the Register as laid down by the Registrar shall be applied on maintaining the Register, making entries in the Register and storing the Register data. Processing of the Register data shall be done electronically. The Registrar shall make entries in the Register based on the information on transactions with the Units. An entry may be also based on a judicial decision or on other basis if acceptable to the Registrar. The Registrar is required to store the data and documents that were submitted as basis for making an entry for at least ten years as of the respective entry into the Register.
- 5.12 A Unit does not grant to unit-holder the right to make decisions regarding the transactions made with the assets of the Fund. Unit-holders do not hold general meetings. A unit-holder may not demand the dissolution of the community ownership of the unit-holders or separation of the unit-holder’s share from the assets of the Fund.
- 5.13 A unit-holder has the following rights:
- to demand from the Management Company that the unit-holder’s Units be redeemed according to the Fund Rules and the legislation;
  - to transfer the Units held by the unit-holder to third parties;
  - to receive, pursuant to the Fund Rules, a share of the Fund’s assets remaining after liquidation of the Fund and of the Fund’s income, based on the number of Units held by the unit-holder and the class of the Units;
  - to access at the registered office of the Management Company the Fund Rules, the annual reports of the Fund for past three years and the latest semi-annual report of the Fund if this is approved later than the most recent annual report, the annual reports of the Management Company for the past three years, the Prospectus, the key investor information documents and other documents and information regarding the activities of the Fund as provided in legislation;
  - to demand a document certifying the unit-holder’s ownership;
  - to perform other acts prescribed by law or the Fund Rules.
- 5.14 A unit-holder must exercise the rights attached to Units in good faith and in accordance with legislation and the Fund Rules. The objective of exercising the rights of a unit-holder may not be causing damage to other unit-holders, the Management Company, the Depository or third persons.

5.15 The obligations of a unit-holder:

- a) A unit-holder is not personally liable for the obligations of the Fund assumed by the Management Company on behalf of the Fund, or for obligations the performance of which the Management Company has the right to demand pursuant to the Fund Rules. A unit-holder's liability for performance of such obligations is limited to the unit-holder's share of the Fund's assets.
- b) The Management Company shall not assume obligations on behalf of unit-holders.
- c) In order to satisfy a claim against a unit-holder, a claim for payment may be made against the Units of the unit-holder but not against the assets of the Fund.
- d) With regards to potential tax liability, unit-holders are advised to consult a professional tax adviser.

5.16 The rights and obligations attached to a Unit with respect to a unit-holder shall enter into force upon issuing a Unit and shall terminate upon redeeming a Unit. Ownership of a Unit is proved by an entry in the Register.

**6. Issuing and redeeming Units**

6.1 Units are issued by the Management Company.

6.2 The time period of issuing Class 1, Class 2, Class 4 and Class 5 Units shall not be restricted. The size of the issue and the number of Class 1, Class 2, Class 4 and Class 5 Units to be issued shall not be fixed. The start of issuing Class 6 Units shall be determined by resolution of the Management Board of the Management Company.

6.3 Class 1, Class 2, Class 4, Class 5 and Class 6 Unit may be issued only upon a monetary payment into the assets of the Fund corresponding to the number of respective Units to be issued and a Unit's net asset value. When issuing a fraction of Class 1, Class 2, Class 4, Class 5 and Class 6 Unit an amount corresponding to the fraction of respective Unit's net asset value must be paid into the assets of the Fund.

6.4 The issue and redemption transactions of Class 1, Class 2, Class 4 and Class 5 Units shall be settled in euro. The issue and redemption transactions of Class 6 Units shall be settled in US dollar.

6.5 The procedure and schedule of issuing Units:

a) Class 2 Units may be acquired only through eQ Asset Management Ltd (register number: 1104630-3) (hereafter: "eQ"). In order to acquire a Class 2 Unit, an investor must submit a purchase order to the Management Company through eQ. The format of the purchase order shall be stipulated by eQ. A Unit shall be issued in no more than 6 banking days from the day the Management Company receives the purchase order (T+6) unless a longer period has been agreed between the Management Company and eQ.

b) In order to acquire a Class 1, Class 4 and Class 5 Unit, an investor must submit a purchase order in a prescribed format to the Management Company through the transfer agent or an intermediary appointed by the Management Company. The details of the transfer agent and a more detailed procedure for performing transactions with Units are shown in the Prospectus. A Unit shall be issued in no more than 6 banking days from the day the Management Company receives the purchase order (T+6) unless a longer period has been agreed between the Management Company and the investor. Class 6 Unit may be acquired under the terms set out in this clause after the Management Company has resolved to start issuing Class 6 Units.

6.6 The Management Company is entitled to decline the fulfilment of the subscription order if the Management Company deems necessary to limit the size of the Fund in order to effectively implement the investment policy of the Fund.

6.7 Upon redemption of Units a monetary payment corresponding to the number of Units to be redeemed and the redemption price shall be made out of the assets of the Fund to the current account linked to the unit-holder's securities account.

6.8 Payments shall be made in the order that the requests for redemption were submitted.

6.9 The procedure and schedule of redeeming Units:

a) In order to redeem a Class 1, Class 4 and Class 5 Unit, a unit-holder must submit a sale order in a prescribed format to the Management Company through the transfer agent or an intermediary appointed by the Management Company. The details of the transfer agent and a more detailed procedure for performing transactions with Units are shown in the Prospectus. A Unit shall be redeemed in no more than 6 banking days from the day the Management Company receives the sale order (T+6) unless a longer period has been agreed between the Management Company and the investor. Class 6 Unit may be redeemed under the terms set out in this clause after the Management Company has resolved to start issuing Class 6 Units.

b) Class 2 Units shall be redeemed only through eQ. In order to redeem a Class 2 Unit, a unit-holder must submit a sale order to the Management Company through eQ. The format of the sale order shall be stipulated by eQ. A Unit shall be redeemed in no more than 6 banking days from the day the Management

Company receives the sale order (T+6) unless a longer period has been agreed between the Management Company and eQ.

- 6.10 Issue and redemption fees and all other direct expenses related to issuing and redeeming Units shall be borne by a unit-holder. The currently valid issue and redemption fees are available in the Prospectus. On request, the Management Company shall issue a statement indicating the amount of issue or redemption fee paid by a person acquiring or redeeming Units by mail, fax or e-mail. The procedure for establishment of the issue and redemption prices of units is available in the Prospectus.
- 6.11 If Units are held on a nominee account, transfers of securities and payments to a unit-holder shall be made to the nominee account and to the current account linked to the nominee account. Transfers and payments to the accounts of a unit-holder shall be executed by the owner of the nominee account according to agreements with the unit-holder.
- 6.12 A Unit is deemed to be issued or redeemed from the point of making a corresponding entry in the Register of Units.
- 6.13 A unit-holder is not allowed to cancel or change the subscription, redemption or switch order after submitting it unless such permission is given by the Management Company. The investor who has submitted an order is obliged to utilise due care in securing the timely fulfilment of conditions necessary for the settlement of such order.
- 6.14 Additional details on making transactions with Units, including the cut-off times for submitting trade orders to the Management Company are available in the Fund's Prospectus.

## **7. Fees and expenses paid by the Fund**

- 7.1 The Management Company shall be paid a fee for managing the Fund. Depending on the Unit the Management Company may be paid a management fee and performance fee. Information about the currently valid management fee and performance fee is available in the Fund's Prospectus.
- 7.2 The procedure of calculation of performance fee is the following:
  - a) The Management Company shall be paid a performance fee based on the performance of a Class 2 Unit. The Management Company is entitled to the performance fee if the net asset value of a Class 2 Unit exceeds the life high of end-of-month net asset value of Class 2 Unit to which a hurdle rate of 3.5% on annual basis has been added. The rate of the performance fee is no more than 15% of the increase in the net asset value of a Class 2 Unit over the life high of end-of-month net asset value of Class 2 Unit to which a hurdle rate of 3.5% on annual basis has been added.
  - b) The Management Company shall be paid a performance fee based on the performance of a Class 5 Unit. The performance fee is 20% of the Class 5 Unit performance that exceeds the performance of the benchmark index MSCI Russia Daily Net TR EUR – i.e. 20% of the Alpha<sup>2</sup> generated YTD. The performance fee is calculated and accrued on daily basis. For calculating the performance fee a High Water Mark ('HWM') principle shall apply. The HWM principle in the Fund rules context means that after the performance fee has been accrued for the first time during a calendar year, subsequent performance fee accruals during that year will be made only if additional Alpha is generated since the last performance fee accrual.
  - c) The Management Company shall be paid a performance fee based on the performance of a Class 6 Unit. The performance fee is 20% of the Class 6 Unit performance that exceeds the performance of the benchmark index MSCI Russia Daily Net TR USD – i.e. 20% of the Alpha<sup>3</sup> generated YTD. The performance fee is calculated and accrued on daily basis. For calculating the performance fee a High Water Mark ('HWM') principle shall apply. The HWM principle in the Fund rules context means that after the performance fee has been accrued for the first time during a calendar year, subsequent performance fee accruals during that year will be made only if additional Alpha is generated since the last performance fee accrual.
- 7.3 The Depositary shall be paid a fee for its services out of the assets of the Fund. Information about the currently valid depositary fee rate is available in the Fund's Prospectus.
- 7.4 The management fee and depositary fee shall be accounted for daily based on 365-year and are paid out during the month following the accounting period. The performance fee shall be re-valued daily based on 365-year and is paid out as at the end of each month during the following month.
- 7.5 The Fund shall also pay expenses related to Fund management, holding the Fund's assets and making transactions therewith, including fees to intermediaries, interest expenses, payment fees and transaction fees, Fund auditing expenses, Fund Unit Registrar expenses and Fund administration (Fund accounting and net asset value calculation) expenses payable to the service providers.

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<sup>2</sup> Class 5 Fund Unit's performance that exceeds the performance of the benchmark index during a specified period of time

<sup>3</sup> Class 6 Fund Unit's performance that exceeds the performance of the benchmark index during a specified period of time

7.6 Total fees and expenses paid by the Fund may not exceed 30% of the weighted average market value of the Fund's assets per annum.

## **8. Accounting and reporting of the Fund**

8.1 The accounting and reporting of the Management Company and of the Fund shall be organised based on the Accounting Act, the Investment Funds Act, other legislation and the internal rules for accounting of the Management Company, unless otherwise provided by the Investment Funds Act.

8.2 The accounting of the Fund shall be organised by the Management Company.

8.3 The accounting of the Fund must be kept separate from the accounting of the Management Company and other funds.

8.4 The financial year of the Fund is the financial year of the Management Company that is the calendar year.

8.5 The annual and semi-annual report of the Fund shall be approved by the management board of the Management Company. The reports shall be signed by all members of the management board of the Management Company.

8.6 The annual report of the Fund must be audited by an external auditor prior to approval. The auditor's report shall be added to the Fund's annual report.

8.7 The annual report of the Fund shall be made available at the registered office of the Management Company in no more than 4 months after the end of the Fund's financial year. The semi-annual report of the Fund shall be made available in no more than 2 months after the end of the half-year.

## **9. Amending the Fund Rules**

9.1 The management board of the Management Company may adopt a decision to amend the Fund Rules, including Fund's investment policy and fees and expenses paid by the Fund.

9.2 Subsequent to registering the amendments by the Financial Supervisory Authority or sending the amended Fund Rules to the Financial Supervision Authority, the Management Company shall without delay publish a notice regarding amending the Fund Rules on the web page of the Management Company. The amendments to the Fund Rules take effect in one month after publishing the corresponding notice unless the notice prescribes a later date. The amended Fund Rules shall be published on the web page of the Management Company.

## **10. Liquidation of the Fund**

10.1 Liquidation of the Fund shall be effected in the cases and according to the procedures provided for in the Investment Funds Act.

10.2 Liquidation of the Fund shall be decided by the supervisory board of the Management Company. In the cases provided for in the Investment Funds Act, the Depositary can act as the liquidator.

10.3 Subsequent to obtaining approval for liquidation of the Fund from the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding the liquidation of the Fund in at least one daily national newspaper.

10.4 Upon liquidation of the Fund the Management Company shall transfer the assets of the Fund as soon as possible and in accordance with the interests of the unit-holders, shall collect the debts of the Fund and satisfy the claims of the creditors of the Fund. Liquidation must be concluded within a period of six months starting from the publication of the liquidation notice. The time limit may be extended on authorisation by the Financial Supervisory Authority if requested by the Management Company; however, as a result of the extension, the period of liquidation must not exceed 18 months.

10.5 Up to 2% of the net asset value of the Fund may be used to cover the expenses of liquidation of the Fund. If the actual liquidation expenses exceed the specified amount, the Management Company or the person acting as the Management Company shall assume responsibility for the expenses exceeding the amount.

10.6 The Management Company shall distribute the assets remaining after the liquidation between the unit-holders according to the class, the number and the net asset value of the Units held by a unit-holder. The Management Company shall publish a notice regarding the distribution of assets to be distributed in at least one daily national newspaper.