

**TRIGON SECOND WAVE FUND**

**2007 ANNUAL REPORT**  
**(Translation of the Estonian original)**

## Table of contents

---

General information and contact data of the investment fund Trigon Second Wave Fund .....	3
Management report.....	4
FINANCIAL STATEMENTS .....	5
Confirmation of the Management Board of the Fund Management Company's to the financial statements .....	5
Balance sheet.....	6
Statement of investments.....	7
Income and expense statement.....	11
Statement of changes in net assets .....	12
Notes to the financial statements .....	13
NOTE 1 Accounting policies .....	13
NOTE 2 Miscellaneous receivables .....	17
NOTE 3 Accrued income .....	17
NOTE 4 Statement of commissions .....	17
NOTE 5 Derivatives .....	17
NOTE 5 Repo transactions .....	18
NOTE 6 Comparative analysis of the net asset value.....	18
NOTE 7 Related parties .....	18
NOTE 8 Contingent liabilities.....	18
INDEPENDENT AUDITOR'S REPORT .....	19

## **General information and contact data of the investment fund Trigon Second Wave Fund**

### **Business name**

Investment fund Trigon Second Wave Fund

### **Legal address:**

Pärnu mnt. 15  
10141 Tallinn  
Estonia

Phone: + 372 6 679 200

Fax: + 372 6 679 221

### **Main activities**

The Fund offers to the unit-holders the opportunity to invest in the equity markets of the countries that have joined the European Union in recent years and are expected to join in the near future. The fund's objective is the long-term growth of assets.

### **Fund Management Company**

AS Trigon Funds

### **Fund managers**

Mehis Raud

### **Depositary**

AS Hansapank

### **Auditor**

AS PricewaterhouseCoopers  
Pärnu mnt. 15  
10141 Tallinn  
Estonia

Phone: + 372 6 141 800

Fax: + 372 6 141 900

### **Beginning and end of financial year:**

1 January 2007 – 31 December 2007

## Management report

---

AS Trigon Funds manages Trigon Second Wave Fund (hereinafter the Fund) from its launching in June 2004.

The Fund is an open-ended investment fund, which invests in the equities traded on the stock exchanges of the countries (incl. Romania, Bulgaria, Croatia, and other Balkan countries, incl. Serbia) that have joined the European Union in recent years and are expected to join in the near future and the equities of companies with significant business interests in these countries. The Fund is targeted at investors with a medium and long-term investment horizon because the equity markets are volatile and the value of the Fund's unit may change in the short term.

During 2007, the Fund's net asset value increased to 1 328.8 million kroons (31.12.2006: 1 341.3 million kroons). Fund has three classes of units. The net asset value of the Fund's Type 1 Unit increased by 29.6% during the year, to 274.74 kroons (31.12.2006: 212.0386 kroons). The net asset value of the Fund's Type 2 Unit (eQ Toinen Aalto) gained 29.4% and reached to 397.0943 kroons at the year-end (25.3807 euros) (31.12.2006: 306.8079 kroons). During 2007 Type 3 Units increased by 33.2% and reached 149.7451 kroons (31.12.2006: 112.3849 kroons) at the year-end.

The Fund's objective is to keep approximately 90% of its assets invested. As at the end of December 2007, the equities, bonds and structured deposits and derivatives made up 90.1%(31.12.2006: 89.2%) of the market value of the Fund's investments, the remaining portion was made up of uncollected dividends, cash in bank accounts and deposits, uncollected amounts for subscribed Units and unsettled trades. As of 31 December 2007, the largest equity investments were Erste Bank 9.8%, Raiffeisen 7.4% and OMV AG 5.9%. The Fund's investments were diversified between the issuers of seven countries- Romania, Bulgaria, Croatia, Austria, Serbia, Great Britain and Estonia.

Mehis Raud  
AS Trigon Funds  
Member of the Management Board and the Fund Manager

## FINANCIAL STATEMENTS

### Confirmation of the Management Board of the Fund Management Company's to the financial statements

---

The Management Board of the Fund Management Company's confirms the correctness and completeness of the financial statements of Trigon Second Wave Fund for 2007 as presented on pages 5 - 18.

The Management Board confirms that:

1. the accounting policies, accounting methods and measurement bases used in preparing the financial statements are in compliance with the Accounting Act, the Investment Funds Act and the generally accepted accounting principles of Estonia;
2. the financial statements present a true and fair view of the financial position and the results of operations of the Fund;
3. Trigon Second Wave Fund is a going concern.

/signed/  
Mehis Raud  
AS Trigon Funds  
Member of the Management Board and the Fund Manager

/signed/  
Jouni Nissinen  
AS Trigon Funds  
Member of the Management Board

/signed/  
Riku Wiitala  
AS Trigon Funds  
Member of the Management Board

Tallinn 31 January 2008

## Balance sheet

---

in EEK

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
<b>Securities</b>			
Equities and units		1 117 656 436	1 133 021 431
Bonds		0	24 055 700
Derivatives	Note 5	2 043 240	171 828
<b>Total securities</b>		<b>1 119 699 676</b>	<b>1 157 248 959</b>
<b>Deposits</b>			
Cash and bank		118 349 731	145 788 892
Structured deposits		81 073 636	61 278 671
<b>Total deposits</b>		<b>199 423 367</b>	<b>207 067 563</b>
<b>Other assets</b>			
Miscellaneous receivables	Note 2	390 227	808 630
Accrued income	Note 3	12 865 904	312 879
<b>Total other assets</b>		<b>13 256 131</b>	<b>1 121 509</b>
<b>TOTAL ASSETS</b>		<b>1 332 379 174</b>	<b>1 365 438 031</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Payable to fund management company		2 742 707	10 526 572
Payable to depositary		413 783	339 569
Other payables		27 630	56 847
Unsettled securities transactions		11 760 393	0
Payable for redeemed fund units		356 234	1 444 815
<b>Total liabilities</b>		<b>3 540 354</b>	<b>24 128 195</b>
<b>Fund's net asset value</b>		<b>1 328 838 820</b>	<b>1 341 309 835</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1 332 379 174</b>	<b>1 365 438 031</b>

## Statement of investments

In EEK as at 31 December 2007

Name/Issuer	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
<b>Shares</b>											
ADRS GRUPA D.D. PREF	HR		10	HRK	51,515	888.93	45,793,380	1,236.88	63,718,013		4.78%
ADVANCE TERRAFUND SHARE	BG		1	BGN	1,165,000	10.08	11,742,623	16.24	18,917,544		1.42%
AGRO FINANCE REIT SOFIA	BG		1	BGN	710,930	8.81	6,264,866	11.20	7,961,551		0.60%
ALBALACT	RO		0	RON	2,246,143	0.44	997,932	3.13	7,034,659		0.53%
ALBENA	BG		1	BGN	4,887	420.11	2,053,099	947.89	4,632,334		0.35%
ALCOMET AD SHARE	BG		1	BGN	16,837	45.13	759,872	135.99	2,289,583		0.17%
ALTUR SLATINA	RO		1	RON	13,220,550	0.81	10,757,745	0.44	5,865,741		0.44%
BANINI AD	RS		4,240	RSD	2,416	10,527.13	25,433,546	11,288.73	27,273,563		2.05%
BLAGOEVGRAD-BT	BG		1	BGN	18,429	764.20	14,083,452	719.92	13,267,438		1.00%
BM REAL ESTATE FUND	BG		1	BGN	756,000	12.43	9,398,327	16.80	12,699,420		0.95%
BULGARIA REAL ESTATE FUND	BG		1	BGN	2,329,650	10.36	24,138,841	17.04	39,692,923		2.98%
BULGARTABAC	BG		1	BGN	42,059	305.44	12,846,389	247.97	10,429,499		0.78%
C.N.T.E.E. TRANSELECTRICA SA	RO		10	RON	69,684	133.06	9,272,438	173.99	12,124,567		0.91%
CAPITAN DIADO NICOLA AD	BG		1	BGN	5,249	485.70	2,549,420	1,583.83	8,313,513		0.62%
COMCMSA CONSTANTIA	RO		0	RON	2,632	888.32	2,338,054	1,537.67	4,047,142		0.30%
COMINCO BUCURESTI	RO		3	RON	4,417	512.99	2,265,870	434.98	1,921,324		0.14%
COMPA SA COMMON SHARE	RO		0	RON	3,732,400	6.30	23,528,694	7.18	26,788,308		2.01%
COMPENSATION VOUCHER-BULGARIAN	BG		1	BGN	196	3.03	594	3.52	690		0.00%
COMVEX	RO		3	RON	113,273	96.49	10,929,530	204.44	23,157,806		1.74%
DUCTIL SA	RO		1	RON	1,343,715	3.00	4,032,274	5.96	8,007,573		0.60%
EFORIE SA SHARE	RO		0	RON	2,688,700	3.74	10,049,213	8.53	22,923,006		1.72%
ERSTE BANK	AT		1	EUR	172,739	802.12	138,557,376	758.81	131,075,519		9.84%
FLAMINGO	RO		0	RON	20,056,300	1.62	32,397,438	1.50	30,098,376		2.26%
GRADITELJ AD	RS		0	RSD	13	11,427.91	148,563	11,096.28	144,252		0.01%
ICMRS GALATI	RO		1	RON	491,500	3.31	1,625,511	3.02	1,485,872		0.11%
IMPACT(RO)	RO		0	RON	6,974,414	1.89	13,177,929	2.17	15,168,788		1.14%
INDUSTRIAL HOLDING BULGARIA	BG		1	BGN	406,115	25.98	10,552,112	95.17	38,648,202		2.90%
KOKA DD VARAZDIN	HR		200	HRK	3,326	1,498.32	4,983,423	1,514.12	5,035,947		0.38%
KZ - ZAPISI COMPENSATION NOTE	BG		1	BGN	178	2.66	474	3.52	627		0.00%
LC ROMANIA PROPERTY FUND LTD	GB		1	GBP	1,014,286	32.56	33,021,130	28.25	28,649,684		2.15%
LC SOFIA PROPERTY FUND	GB		1	GBP	1,500,000	18.30	27,457,193	17.77	26,650,332		2.00%
MECANICA CEAHILAU PIATRA NEAMT	RO		0	RON	4,702,000	1.35	6,328,215	2.70	12,680,824		0.95%
MEDELA AD VRBAS	RS		6,780	RSD	1,228	5,102.03	6,265,297	4,662.11	5,725,065		0.43%
METALAC A.A GORNJI MILANOVA	RS		400	RSD	15,500	823.60	12,765,856	843.78	13,078,555		0.98%
MJ MAHLIS ROMANIA(RO)	RO		1	RON	543,690	9.41	5,117,571	18.05	9,814,600		0.74%
OMV AG	AT		1	EUR	91,219	733.39	66,898,692	867.07	79,093,588		5.94%
PRIME PROPERTY BG REIT	BG		0	BGN	3,222,470	7.15	23,034,844	13.04	42,016,443		3.15%
RAIFFAISEN BANK	AT		1	EUR	61,144	1,664.81	101,793,356	1,620.87	99,106,708		7.44%
SANTIERUL NAVAL ORSOVA SA	RO		3	RON	158,300	27.63	4,373,176	66.55	10,535,266		0.79%
SEE REAL ESTATE	DE		1	EUR	80,000	156.46	12,516,400	85.74	6,858,987		0.51%
SIF BANAT CRISANA(RO)	RO		0	RON	431,300	17.72	7,643,031	15.44	6,660,103		0.50%
SIF MOLDOVA (RON)	RO		0	RON	1,025,000	15.22	15,605,310	15.14	15,515,875		1.16%
SIF MUNTENIA(RO)	RO		0	RON	636,500	11.34	7,215,300	10.48	6,672,500		0.50%
SIF TRANSILVANIA (RON)	RO		0	RON	872,000	4.20	3,659,728	10.09	8,799,898		0.66%
SINERGON HOLDING	BG		1	BGN	175,521	114.81	20,151,385	113.64	19,945,443		1.50%
SLOGA AD NOVI PAZAR	RS		1	RSD	27,700	385.99	10,691,819	376.75	10,436,080		0.78%
SNP PETROM (RON)	RO		0	RON	3,961	2.25	8,926	2.16	8,563		0.00%
SOFIA-BT	BG		1	BGN	25,231	778.83	19,650,594	735.52	18,557,907		1.39%
STIROM	RO		3	RON	181,600	62.79	11,402,637	98.74	17,931,427		1.35%
TELEFONIA AD	RS		950	RSD	12,306	203.70	2,506,713	2,281.55	28,076,788		2.11%
VIMETCO NV GDR	NL		0	USD	530,001	105.82	56,084,283	102.39	54,269,358		4.07%
WIENER SV AG VIENNA INSURANCE	AT		0	EUR	34,572	778.50	26,914,189	860.50	29,749,292		2.23%
ZAGREBACKA PIVOVARA D.D	HR		300	HRK	1,798	7,651.48	13,757,359	10,774.74	19,372,985		1.45%
ZITOSREM AD INDIJA	RS		3,000	RSD	2,647	1,840.96	4,873,016	1,785.56	4,726,385		0.35%
<b>Total shares</b>							<b>930,415,005</b>		<b>1,117,656,436</b>		<b>83.88%</b>
<b>Derivatives</b>											
ERSTEBANK JAN08 PUT @ 48	EE	19/01/2008		EUR			1,770,806.04		1,023,354		0.08%
ERSTEBANK JAN08 PUT @ 48	EE	19/01/2008		EUR			1,770,806.04		311,777		0.02%
ERSTEBANK JAN08 PUT @ 50	EE	19/01/2008		EUR			277,336.83		332,800		0.02%
ERSTEBANK JAN08 PUT @46	EE	19/01/2008		EUR			447,461.30		111,959		0.01%
OMV JAN08 PUT @ 54	EE	19/01/2008		EUR			195,568.75		126,225		0.01%
OMV JAN08 PUT @52	EE	19/01/2008		EUR			226,859.75		94,480		0.01%
OMV JAN08 PUT@48	EE	19/01/2008		EUR			409,912.10		5,341		0.00%
OMV JAN08 PUT@50	EE	19/01/2008		EUR			292,883.76		27,082		0.00%
OMV JAN08 Put@48	EE	19/01/2008		EUR			706,105.66		10,221		0.00%
<b>Total derivatives</b>							<b>6,097,740</b>		<b>2,043,239</b>		<b>0.15%</b>
<b>Total securities</b>							<b>936,512,745</b>		<b>1,119,699,675</b>		<b>84.04%</b>

Name/Issuer	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
<b>Deposits</b>											
DEMAND DEPOSIT	EE			EEK					104,822,297		7.87%
OVERNIGHT DEPOSIT-HANSAPANK(EEK)	EE	01/01/2008		EEK			1,105,670.0		1,105,831	5.25%	0.08%
OVERNIGHT DEPOSIT-HANSAPANK(EUR)	EE	01/01/2008		EUR			6,699,138.0		6,699,806	3.59%	0.50%
OVERNIGHT DEPOSIT-HANSAPANK(GPB)	EE	01/01/2008		GBP			5,722,626.0		5,723,262	3.99%	0.43%
HIP DEPOSIT ERSTE 30.06.2008	EE	30/06/2008		EUR			40,678,300		40,564,394		3.04%
HIP DEPOSIT RZB 30.06.2008	EE	30/06/2008		EUR			40,678,300		40,509,242		3.04%
<b>Total deposits</b>							<b>94,884,034</b>		<b>199,424,832</b>		<b>14.97%</b>
<i>* Accrued interest on deposits has been added in amount of 1464.39 kroons, which is recognised in the balance sheet on line "Accrued income".</i>											
<b>Total investments</b>							<b>1,031,396,779</b>		<b>1,319,124,507</b>		<b>99.01%</b>
<b>Other Assets</b>											
Miscellaneous receivables (uncollected amounts for unsettled trades)									12,841,122		0.96%
Miscellaneous receivables (uncollected amounts for subscriptions)									24,782		0.00%
Accrued income (uncollected dividends)									388,762		0.03%
<b>Total other assets</b>									<b>13,254,666</b>		<b>0.99%</b>
<b>Total assets of the Fund</b>									<b>1,332,379,173</b>		<b>100.00%</b>

#### Distribution of investments, 31.12.2007

	Amount	Share
Securities entered into the stock exchange lists	1 117 656 436	83.9%
Structured deposits	81 073 636	6.1%
Other securities	2 043 240	0.2%
Cash, deposits, miscellaneous receivables and accrued income	131 605 862	9.9%
<i>Total</i>	<i>1 332 379 174</i>	<i>100.0%</i>

In EEK as at 31 December 2006

Name	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
<b>Shares and fund units</b>											
ADRS GRUPA D.D. PREF	HR		10	HRK	97,720	923.42	90,236,312	908.43	88,772,235		6.50%
ADVANCE TERRAFUND SHARE	BG		1	BGN	1,165,000	10.08	11,742,623	10.04	11,695,329		0.86%
AEROSTAR (RON)	RO		3	RON	24,000	20.00	479,923	36.64	879,366		0.06%
ALBALACT	RO		0	RON	527,000	3.16	1,665,202	5.87	3,094,378		0.23%
ALBENA	BG		1	BGN	8,387	420.11	3,523,499	619.13	5,192,666		0.38%
ALCOMET AD SHARE	BG		1	BGN	141,137	40.72	5,747,593	84.99	11,995,342		0.88%
ALUMIL ROM INDUSTRY	RO		0	RON	54,651	21.19	1,157,843	21.27	1,162,291		0.09%
BANCA ROMANA PENTRU DEZ.(RON)	RO		0	RON	421,920	66.69	28,138,202	85.30	35,990,309		2.64%
BANINI AD	CS		4,240	RSD	1,415	8,005.45	11,327,705	8,484.87	12,006,085		0.88%
BIOFARM	RO		0	RON	3,920,451	1.54	6,021,026	3.06	12,008,285		0.88%
BLAGOEVGRAD-BT	BG		1	BGN	18,429	764.20	14,083,453	647.93	11,940,095		0.87%
BM REAL ESTATE FUND	BG		1	BGN	756,000	12.43	9,398,327	11.04	8,345,333		0.61%
BULGARIA REAL ESTATE FUND	BG		1	BGN	3,859,000	10.36	39,985,315	11.20	43,216,104		3.16%
BULGARTABAC	BG		1	BGN	19,203	343.33	6,592,936	285.57	5,483,781		0.40%
C.N.T.E.E. TRANSELECTRICA SA	RO		10	RON	89,684	119.57	10,723,415	155.81	13,973,460		1.02%
CAPITAN DIADO NICOLA AD	BG		1	BGN	12,249	461.97	5,658,680	703.88	8,621,869		0.63%
CHIMIMPORT AD	BG		1	BGN	147,490	32.00	4,719,167	61.15	9,019,580		0.66%
COMPA SA COMMON SHARE	RO		0	RON	509,000	4.32	2,197,361	5.92	3,012,221		0.22%
COMPENSATION VOUCHER-BULGARIAN	BG		1	BGN	196	3.03	594	4.38	858		0.00%
COMVEX	RO		3	RON	130,873	96.62	12,645,371	83.22	10,891,349		0.80%
CROATIA OSIGURANJE	HR		1,400	HRK	600	9,119.73	5,471,840	23,083.18	13,849,906		1.01%
DALEKOVOD	HR		100	HRK	7,659	573.61	4,393,243	1,706.26	13,068,257		0.96%
DUCTIL SA	RO		1	RON	4,659,715	3.03	14,125,196	4.11	19,173,812		1.40%
EFORIE SA SHARE	RO		0	RON	2,028,700	1.91	3,881,231	1.95	3,958,124		0.29%
ERICSSON NIKOLA TESLA	HR		100	HRK	18,610	3,784.60	70,431,410	5,233.60	97,397,386		7.13%
FLAMINGO	RO		0	RON	8,035,000	1.48	11,857,531	1.66	13,373,574		0.98%
IMPACT(RO)	RO		0	RON	12,061,801	1.26	15,255,179	2.69	32,483,826		2.38%
INDUSTRIAL HOLDING BULGARIA	BG		1	BGN	491,920	26.76	13,163,137	48.07	23,648,944		1.73%
INSTITUT GRADEVINARSTVA	HR		1	HRK	1,854	5,124.58	9,500,974	8,509.91	15,777,364		1.16%
JADROPLOV D.D	HR		360	HRK	38,000	429.04	16,303,355	619.10	23,525,692		1.72%
KZ - ZAPISI COMPENSATION NOTE	BG		1	BGN	178	2.66	474	4.63	824		0.00%
LC SOFIA PROPERTY FUND	GB		1	GBP	1,200,000	17.81	21,374,735	20.02	24,018,233		1.76%
METALAC A.A GORNJI MILANOVAC	CS		400	RSD	9,000	618.11	5,562,985	769.56	6,926,018		0.51%
MI MAILIS ROMANIA(RO)	RO		1	RON	543,690	9.41	5,117,571	19.42	10,557,467		0.77%
MONBAT AD ORD SHARE	BG		1	BGN	82,665	56.01	4,630,142	55.59	4,595,675		0.34%
ODESSOS SHIOREPAIR YARD	BG		1	BGN	17,354	792.45	13,752,121	1,107.68	19,222,673		1.41%
OMV AG	AT		1	EUR	161,335	483.00	77,924,089	672.60	108,513,928		7.95%
ORGACHIM AD COMMON STOCK	BG		1	BGN	15,488	572.60	8,868,466	918.30	14,222,634		1.04%
PODRAVKA D.D	HR		300	HRK	11,897	672.09	7,995,842	999.94	11,896,258		0.87%
PRIME PROPERTY BG REIT	BG		0	RON	3,222,470	7.15	23,034,845	12.00	38,665,439		2.83%
PRIVREDNA BANKA ZAGREB	HR		100	HRK	5,665	1,264.65	7,164,228	2,387.03	13,522,550		0.99%
RAIFFEISEN BANK	AT		1	EUR	56,814	866.94	49,254,432	1,807.21	102,674,926		7.52%
S T SYSTEM INTEGRATION TECH	AT		2	EUR	57,126	423.26	24,179,273	613.30	35,035,581		2.57%
SEE REAL ESTATE	DE		1	EUR	80,000	156.46	12,516,400	153.33	12,266,072		0.90%
SIF BANAT CRISANA(RO)	RO		0	RON	1,242,500	10.02	12,446,966	15.05	18,698,488		1.37%
SIF MOLDOVA (RON)	RO		0	RON	1,500,000	7.50	11,244,214	15.16	22,747,003		1.67%
SIF MUNTENIA(RO)	RO		0	RON	1,357,500	6.41	8,698,078	8.46	11,485,503		0.84%
SIF OLTENIA (RON)	RO		0	RON	522,500	11.24	5,874,315	16.25	8,491,232		0.62%
SIF TRANSILVANIA (RON)	RO		0	RON	1,322,000	8.44	11,155,366	13.75	18,183,502		1.33%
SNP PETROM (RON)	RO		0	RON	4,874,461	2.25	10,985,023	2.60	12,676,759		0.93%
SOFIA-BT	BG		1	BGN	25,231	778.83	19,650,594	585.94	14,783,760		1.08%
STIROM	RO		3	RON	153,000	57.78	8,840,538	54.56	8,347,041		0.61%
TEHNICA DD	HR		940	HRK	1,028	3,616.50	3,717,759	10,320.41	10,609,385		0.78%
TELEFONJA AD	CS		9,500	RSD	269	9,318.64	2,506,713	11,839.35	3,184,784		0.23%
TURBOMECHANICA BU (RON)	RO		3	RON	3,450,000	2.10	7,247,668	3.44	11,883,229		0.87%
ZAGREBACKA BANKA	HR		51	HRK	1,132	7,998.30	9,054,075	14,786.00	16,737,749		1.23%
ZAGREBACKA PIVOVARA D.D	HR		300	HRK	2,598	7,661.66	19,904,995	7,512.07	19,516,368		1.43%
<b>Total shares and fund units</b>							<b>823,129,550</b>		<b>1,133,021,430</b>		<b>82.98%</b>
<b>Bonds</b>											
HIP STR BOND ERSTE 28.02.07	EE	28/02/2007	10,000	EUR	1,500,000	156,455.00	23,468,250	160,371.33	24,055,700		1.76%
<b>Total bonds</b>							<b>23,468,250</b>		<b>24,055,700</b>		<b>1.76%</b>
<b>Derivatives</b>											
RZB opt FEB07 PUT@ 105	EE	17/02/2007	1	EUR			273,953		171,828		0.01%
<b>Total derivatives</b>							<b>273,953</b>		<b>171,828</b>		<b>0.01%</b>
<b>Total securities</b>							<b>846,871,753</b>		<b>1,157,248,958</b>		<b>84.75%</b>

Name	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
<b>Deposits*</b>											
DEMAND DEPOSIT	EE			EEK					33,858,850		2.48%
OVERNIGHT DEPOSIT-HANSAPANK(EEK)	EE	01/01/2007		EEK			8,873,690		8,874,498	3.27	0.65%
OVERNIGHT DEPOSIT-HANSAPANK(EUR)	EE	01/01/2007		EUR			78,682,834		78,690,208	3.37	5.76%
OVERNIGHT DEPOSIT-HANSAPANK(USD)	EE	01/01/2007		USD			24,373,518		24,376,879	4.96	1.79%
HP DEPOSIT ERSTE 27.04.07	EE	27/04/2007		EUR			25,032,800		25,152,185		1.84%
HP DEPOSIT OMY 24.04.2007	EE	24/04/2007		EUR			23,468,250		23,295,034		1.71%
HP DEPOSIT RAIFFEISEN 19.04.07	EE	19/04/2007		EUR			11,734,125		12,831,452		0.94%
<b>Total deposits</b>									<b>207,079,106</b>		<b>15.17%</b>
<i>* Accrued interest on deposits has been added in amount of 11 542.03 kroons, which is recognised in the balance sheet on line "Accrued income".</i>											
<b>Total investments</b>									<b>1,364,328,064</b>		<b>99.92%</b>
<b>Other assets</b>											
Miscellaneous receivables (uncollected amounts for subscribed units)									312,879		0.02%
Accrued income (uncollected dividend)									796,984		0.06%
Accrued income (Uncollected interest on deposits)									104		0.00%
<b>Total other assets</b>									<b>1,109,967</b>		<b>0.08%</b>
<b>Total assets of the Fund</b>									<b>1,365,438,031</b>		<b>100.00%</b>

#### Distribution of investments, 31.12.2006

	Amount	Share
Securities entered into the stock exchange lists	1 127 263 464	82.6%
Structured deposits	61 278 671	4.5%
Other securities	29 985 494	2.2%
Cash, deposits, miscellaneous receivables and accrued income	146 910 401	10.8%
<i>Total</i>	<i>1 365 438 031</i>	<i>100.0%</i>

## Income and expense statement

in EEK

	2007	2006
I. Net gain on investments		
1.1. On equities and units		
1.1.1. Sales profit	646 209 783	304 835 641
1.1.2. Unrealised gains	(122 650 435)	156 979 072
1.1.3. Dividends	21 286 187	15 391 386
1.2. Bonds		
1.2.1. Sales profit	-	1 406 698
1.2.2. Unrealised gain/(loss)	(587 450)	(215 465)
1.2.3. Interest income	900 437	434 446
1.3. On deposits		
1.3.1 Interest income on deposits	1 959 210	1 461 241
1.3.2 Change in fair value of structured deposits	(1 326 461)	1 043 496
1.4. On derivatives		
1.4.1 Sales loss	(11 127 193)	(1 395 281)
1.4.2 Unrealised gain/(loss)	(3 952 570)	258 504
<b>Total net gain on investments</b>	<b>530 711 509</b>	<b>480 199 738</b>
II. Other income		
2.1. Foreign exchange gains	11 125 278	4 983 707
2.2. Other financial income	-	26 468
<b>Total other income</b>	<b>11 125 278</b>	<b>5 010 175</b>
<b>TOTAL INCOME</b>	<b>541 836 787</b>	<b>485 209 913</b>
<b>EXPENSES</b>		
III Operating expenses		
3.1. Management fees	30 854 055	24 392 469
3.2. Performance fees	116 261 467	78 817 342
3.3. Depositary charges	5 638 716	3 690 248
3.4. Transaction costs	Note 4 1 205 784	2 463 424
3.5. Other expenses	2 362	25 816
<b>Total operating expenses</b>	<b>153 962 384</b>	<b>109 389 299</b>
<b>TOTAL EXPENSES</b>	<b>153 962 384</b>	<b>109 389 299</b>
<b>NET RESULT OF THE FUND</b>	<b>387 874 403</b>	<b>375 820 615</b>

## Statement of changes in net assets

---

in EEK

	<u>2007</u>	<u>2006</u>
<b>Net asset value of the Fund at the beginning of the reporting period</b>	<b>1,341,309,835</b>	<b>1,124,097,042</b>
Cash received for units	609,590,892	308,920,345
Cash paid for units	1,006,116,156	464,634,465
Subscription and redemption fees (total) paid to the Fund Management Company	3,820,154	2,893,701
Net result of the Fund	387,874,403	375,820,615
<b>Net asset value of the Fund at the end of the period</b>	<b>1,328,838,820</b>	<b>1,341,309,835</b>
Number of units in circulation at end of the reporting period	4,786,464.996	6,431,624.104
incl. Type 1	3,344,619.268	4,708,232.011
Type 2 (eQ Toinen Aalto)	784,432.122	768,793.946
Type 3	657,413.606	954,598.147
Unit's net asset value at end of the period		
Type 1	274.7400	212.0386
Type 2 (eQ Toinen Aalto)	397.0943	306.8079
Type 3	149.7451	112.3849

## Notes to the financial statements

---

### NOTE 1 Accounting policies

The financial statements of the investment fund Trigon Second Wave Fund have been prepared in Estonian kroons and pursuant to the Accounting Act, the Investment Fund Act and the accounting principles generally accepted in Estonia.

#### Cash and bank

The balance sheet item cash and bank includes cash in demand deposit, overnight deposits and term deposits.

#### Accounting for securities transactions

Securities transactions are recorded at the settlement date. The coupon interest on fixed rate securities is calculated on an accrual basis. Realised profits and losses from the sales of securities are calculated under the FIFO method.

#### Issue of Units

Units shall only be issued publicly. The issue of Units is executed by the Fund Management Company pursuant to the rules set out in legislation. The issue of Units is restricted neither by time nor by volume.

The Fund has three types of Units (hereinafter: “Type 1”, “Type 2” and “Type 3”).

A Unit shall be issued only upon the collection of an amount equalling the Unit’s net asset value. Upon the issue of a fractional unit, cash shall be collected equalling that fraction of the Unit’s net asset value.

The Unit’s issue price is the net asset value of the Unit of the respective type calculated at the banking day following the purchase order and may also include an issue fee or intermediary’s transaction cost.

The Unit’s issue fee is:

- a) In case of Type 1 Units, a maximum of 2.0% of the net asset value of the Unit of the respective type;
- b) In case of Type 2 Units, there is no issue fee. The unit holder bears the intermediary’s transaction cost, which is a maximum of 3.0% of the net asset value of the Unit of the respective type;
- c) In case of Type 3 Units, a maximum of 6.0% of the net asset value of the Unit of the respective type

A Unit is deemed to be issued at the time of making the respective entry in the registry of Units.

#### Redemption of Units

At the request of the Unit holder, the Fund Management Company shall redeem the Unit.

The Unit’s redemption price is the net asset value of the Unit of the respective type calculated at the banking day following the day of the redemption order and may also include a redemption fee or intermediary’s transaction cost.

The Unit’s redemption fee is:

- a) In case of Type 1 Units, a maximum of 1.5% of the net asset value of the Unit of the respective type;

- b) In case of Type 2 Units, there is no redemption fee. The fund holder shall bear the intermediary's transaction cost which at a maximum is 0.5% of the net asset value of the Unit of the respective type but not less than 20 euros per transaction;
- c) In case of Type 3 Units, there is no redemption fee.

Upon the redemption of a Unit, a monetary payment from the Fund's assets is made to the Unit holder's bank account related to the securities account. The payments shall be made in the order of the applications submitted. The payment may be halted pursuant to the procedure prescribed in the rules and regulations of the Fund. The Unit shall be considered as redeemed from the time of making a respective entry in the registry of Units.

#### **Issue and redemption fees**

Upon the issue and redemption of a Unit, the Management Company has the right to charge issue and redemption fees which are collected in the Fund's bank account. Issue and redemption fees are transferred to the Fund Management Company in the month following the month of the calculation.

#### **Exchange of Units**

The Unit holder has the right to exchange the Units held by him for the Units of another Fund managed by the Fund Management Company. Units shall not be exchanged for the Units of another type of the Fund.

To exchange Units, the Unit holder shall give an order through its account operator to exchange Units in the form prescribed by the account operator. Upon the exchange of Units, no payments are made to the Unit holder. According to the number and net asset value of exchangeable Units, the Units are redeemed and the Units of another Fund are issued according to the net asset value of the Units of another Fund. The basis for the exchange of Units is the net asset value of the Unit calculated on the banking day following the day of receiving an exchange order. No redemption and issue fees are charged upon exchanging Units.

#### **Calculation of the net asset value of the investment fund**

The net asset value of the Fund is determined pursuant to the Investment Funds Act, established by the Ministry of Finance "Regulation for determining the net asset value of investment funds", internal rules and regulations of AS Trigon Funds (Fund Management Company) as well as the Fund's rules.

The Fund's assets and liabilities are accounted for in Estonian kroons. The Fund's net asset value is determined on the basis of the market value of the Fund's asset less the Fund's liabilities. The total net asset value of the Units of a particular type is derived by subtracting the liabilities of the Fund unit of a particular type from the market value of securities and other rights of the Fund unit of a particular type.

The net asset value of a Unit is derived by dividing the total net asset value of the Units of a particular type into the number of Units of the same type issued and not redeemed by the time of the calculation.

The net asset value of Type 1 Unit and Type 3 Unit is expressed in Estonian kroons and the net asset value of Type 2 Unit in euros.

The determination of the Fund's assets by types of assets is performed as follows:

1. Valuation of cash and deposits
  - 1.1. The value of cash and deposits shall be determined on the basis of their book value, which is their fair value.

- 1.2. Interest on deposits calculated on an accrual basis but not collected is accounted for as accrued income as of valuation day. Valuation day is day, as of fund's net asset value is calculated.
2. Valuation of assets denominated in foreign currencies and principles used for choosing exchange rates
  - 2.1. Foreign currencies and assets denominated in a foreign currency shall be restated in Estonian kroons on the basis of the latest ask price of the valuation date as established by the depositary of the fund, AS Hansapank. Should the Hansabank not determine the ask price for the respective foreign currency for the valuation date, Hansabank may use the exchange rate of the following morning of valuation date.
3. Valuation of listed equity securities with valid quotation
  - 3.1. The value of a listed security with a valid quotation shall be determined on the basis of the closing price of the valuation date. If there is no closing price of the valuation date, the value shall be determined on the basis of the average price (mid price) of the valuation date. If the average price is also not available, the last official selling price (bid price) will be used.
  - 3.2. If fund units owners justified interests require making an exemption, the fund manager may take closing, average or bid price from any of the last 20 business days preceding to the valuation date, if it is necessary to give fair value to listed security.
  - 3.3. The quotation of the security is deemed not valid, if there has been no transaction with that security on any stock exchange on which the security has been listed within the last 20 business days.
4. The principles of choosing the stock exchanges based on which the quotes of the value of securities shall be determined.
  - 4.1. If a security is listed on several stock exchanges, the value of the security shall be determined on the basis of the closing price of the country of location of the issuer of such security.
  - 4.2. If a security is not traded on the stock exchange of the country of location of the issuer, or it is not sufficiently active or the necessary price is not available, the value of the security shall be determined on the basis of the latest known closing price on other stock exchanges on which the security is listed.
  - 4.3. Main criteria in choosing stock exchange are the liquidity of the particular security on that stock exchange.
5. Valuation of fund units and shares
  - 5.1. Fund units and shares that are listed on the regulated market shall be determined according to point 3.
  - 5.2. Mutual fund shares that are unlisted on the regulated market shall be determined according to last known redemption price or if this price is not available then according to fund's NAV.
6. Valuation of derivative instruments
  - 6.1. Derivative instruments that are listed on the regulated market shall be determined according to point 3.
  - 6.2. Value of currency forward shall be determined by the valuation date spot rate and forward points, interpolated to maturity of currency forward.
  - 6.3. Derivative instruments that are listed on the regulated market shall be determined on the basis of Black & Scholes model and all necessary inputs for the calculation are determined by the Fund Management Company.
7. Valuation of repurchase transactions
  - 7.1. The value of a repurchase transaction is the value of the securities constituting the underlying assets of such transaction, minus the accrued difference between the buyback and sale price of such securities.

8. Valuation of structured securities and deposits.
  - 8.1. To calculate the value of a structured bond or deposit, the bond or the deposit is divided into components (e.g. deposit plus option). The value of each component is determined in accordance with the established rules. Different components are combined to calculate the total value of the structured security or deposit.
9. Valuation of other assets
  - 9.1. Added up under accrued income and prepaid expenses is income that has been recorded on accrual basis, but has not yet been received e.g. dividends receivable, interests receivable and other receivables, as well as prepaid expenses.
  - 9.2. To determine the market value of other receivables, these receivables have to be valued on the amounts that are likely to be received.

### **Recognition of income and expenses**

Income and expenses are reported on the accrual basis.

1. Recognition of management and performance fees

Management fee rates paid to the Fund Management Company are:

- a. Type 1 Units: a maximum of 3.0% per annum of the market value of the Fund's assets.
- b. Type 2 Units: a maximum of 3.0% per annum of the market value of the Fund's assets.
- c. Type 3 Units: a maximum of 1.25% per annum of the market value of the Fund's assets

The management fee is deducted daily from the market value of the Fund's assets and is paid in the month following the calculation.

In addition, the Fund Management Company is paid a performance fee Type 1, Type 2 as well as Type 3 Units based on their rate of return. The Management Company has the right to receive the performance fee when the Unit's net asset value exceeds the highest ever month-end level plus the minimum required rate of return of 3.5% in case of Type 1 and Type 2 Units and 8% of Type 3 Units on an annual basis. The rate of the performance fee is 20% in case of Type 1 and Type 2 Units and 15% in case of Type 3 Units of the growth of the net asset value over the highest ever month-end level plus the required minimum rate of return of 3.5% or 8% on an annualised basis. The Management Board of the Fund Management Company may decide to use a lower rate of management and performance fees. The performance fee is recalculated daily on the basis of the 365-day year and is paid out based on the month-end during the following month.

2. The annual rate of the depositary charge is 0.413% of the market value of the Fund's assets but not less than 2 360 Estonian kroons per month. When the Fund's market value exceeds 50 million Estonian kroons, the rate of the fee above this level is 0.354%. Depositary fee includes VAT. The depositary charges are deducted daily from the market value of the Fund's assets and are paid out in the month following the month of the calculation.
3. Recognition of transactions costs
  - 3.1. Commission fees and transaction costs which arose in acquiring and disposing of securities but not yet paid are calculated on an accrual basis, are paid in the month following the calculation, are reported in the income statement line "Transaction costs" and are not included within the cost of securities.
  - 3.2. Commissions which arose and were paid in the acquisition of securities, but are not clearly identifiable are included within the cost of securities.
  - 3.3. Transaction costs are calculated on an accrual basis.
4. Recognition of income and expenses relating to the main operations.
 

The net proceeds from the revaluation of investments is reported in the income and expense statement items "Unrealised gains/losses" grouped by types of investments (equities and units, bonds, etc.). The sales revenue/loss from investments is included in the income and expense statement item "Sales profit/loss" grouped by types of investments (equities and

units, bonds, etc.). Foreign exchange rate changes between the purchase and sales dates are deducted from the sales profit/loss and are reported in the income and expense statement items “Foreign exchange gains” or “Foreign exchange losses”.

## NOTE 2 Miscellaneous receivables

in EEK

	31.12.2007	31.12.2006
Unsettled securities transactions	12 841 122	0
Uncollected amounts for subscribed units	24 782	312 879
<i>Total</i>	<i>12 865 904</i>	<i>312 879</i>

## NOTE 3 Accrued income

in EEK

	31.12.2007	31.12.2006
Uncollected interest on deposits	1 464	11 646
Uncollected dividends	388 762	796 984
<i>Total</i>	<i>390 227</i>	<i>808 630</i>

## NOTE 4 Statement of commissions

in EEK

	01.01-31.12.2007	01.01-31.12.2006
Fees paid upon purchasing and selling other securities tradable in Estonia		
- AS Trigon Securities	154 322	513 198
Fees paid upon purchasing or selling securities tradable in the stock exchanges or over the counter in other countries		
- AS Trigon Securities	457 275	1 625 951
<b>Total commissions paid</b>	<b>611 597</b>	<b>2 139 148</b>

In 2007, transaction fees totalled 1 205 784 (2006: 2 463 424) kroons. Of this amount, 594 187 (2006: 324 276) kroons was made up of the fees charged by the depositary for making transactions, transaction fees for sub-depositaries and correspondence banks as well as fees charged for executing payment orders.

During 2007, a total of 1006 (2006: 534) transactions were performed at Trigon Second Wave Fund, the volume of transactions was 3 238 655 689 (2006: 1 331 025 742) kroons and the weighted average commission was 0,02% (2006: 0,16%).

## NOTE 5 Derivatives

In EEK as at 31 December 2007

Type of Instrument	Issuer of Instrument	Underlying asset name and quantity	Exercise date	Premium / price of Instrument	Exercise price		Market value		Equity of the issuer of derivative
					Per item	Total	Per item	Total	
Put option	AS Hansapank	OMV AG 37 500	18/01/2008	45,131.55 EUR	48.00 EUR	1,800,000.00 EUR	0.27	10,220.43 EEK	22,073,300,000 EEK
Put option	AS Hansapank	OMV AG 20 000	18/01/2008	26,200.00 EUR	48.00 EUR	960,000.00 EUR	0.27	5,341.37 EEK	22,073,300,000 EEK
Put option	AS Hansapank	OMV AG 20 000	18/01/2008	18,720.00 EUR	50.00 EUR	1,000,000.00 EUR	1.35	27,082.36 EEK	22,073,300,000 EEK
Put option	AS Hansapank	OMV AG 20 000	18/01/2008	14,500.00 EUR	52.00 EUR	1,040,000.00 EUR	4.72	94,480.04 EEK	22,073,300,000 EEK
Put option	AS Hansapank	OMV AG 10 000	18/01/2008	12,500.00 EUR	54.00 EUR	540,000.00 EUR	12.62	126,224.76 EEK	22,073,300,000 EEK
Put option	AS Hansapank	ERSTEBANK 20 000	18/01/2008	28,600.00 EUR	46.00 EUR	920,000.00 EUR	5.60	111,959.20 EEK	22,073,300,000 EEK
Put option	AS Hansapank	ERSTEBANK 65 000	18/01/2008	91,783.09 EUR	48.00 EUR	3,120,000.00 EUR	15.74	1,023,354.16 EEK	22,073,300,000 EEK
Put option	AS Hansapank	ERSTEBANK 20 000	18/01/2008	21,400.00 EUR	48.00 EUR	960,000.00 EUR	15.59	311,777.27 EEK	22,073,300,000 EEK
Put option	AS Hansapank	ERSTEBANK 10 000	18/01/2008	17,726.30 EUR	50.00 EUR	500,000.00 EUR	33.28	332,800.12 EEK	22,073,300,000 EEK
<b>Total</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>276,560.94 EEK</b>	<b>X</b>	<b>10,840,000.00 EEK</b>	<b>X</b>	<b>2,043,239.71 EEK</b>	<b>X</b>

In EEK as at 31 December 2006

Type of Instrument	Issuer of Instrument	Underlying asset name and quantity	Exercise date	Premium / price of Instrument	Exercise price		Market value		Equity of the issuer of derivative instrument
					Per item	Total	Per item	Total	
Put option	AS Hansapank	RAIFFEISEN 10 000	2/16/2007	17,510.00 EUR	85.00 EUR	850,000.00 EUR	17.18	171,828.27 EEK	17,102,000,000 EEK
<b>Total</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>17,510.00 EUR</b>	<b>X</b>	<b>850,000.00 EUR</b>	<b>X</b>	<b>171,828.27 EEK</b>	<b>X</b>

## NOTE 5 Repo transactions

Underlying security	Amount	Counterparty	Selling price		Market value of the underlying		Repurchase price		Repurchase date	Interest
			Per unit	Total	Per unit	Total	Per unit	Total		
OMV AG aktsia	5,000	Hansapank	-	-	867.07 EEK	4,335,350.00 EEK	-	-	23/01/2008	0.00%
<b>Total</b>		<b>X</b>	<b>X</b>	<b>0</b>	<b>X</b>	<b>4,335,350.00</b>	<b>X</b>	<b>0</b>	<b>X</b>	<b>X</b>

## NOTE 6 Comparative analysis of the net asset value

in EEK

Year	Fund's net asset value	Fund unit's net asset value		
		Type 1	Type 2 (eQ Toinen Aalto)	Type 3
31.12.2004	801 814 491	123.01	177.38	-
31.12.2005	1 124 097 042	154.83	223.83	-
31.12.2006	1 341 309 835	212.0386	306.8079	112.3849
31.12.2007	1 328 838 820	274.7400	397.0943	149.7451

## NOTE 7 Related parties

For the purpose of these financial statements, the following entities are considered as related parties: AS Trigon Funds (Fund Management Company), AS Trigon Securities (parent company of the Fund Management Company) and other funds managed by AS Trigon Funds: Trigon New Europe Small Cap Fund, Trigon Central and Eastern European Fund and Trigon New Europe Top Picks Fund.

Trigon Second Wave Fund paid transactions fees to AS Trigon Securities totalling 611 597 kroons (2006: 2 139 147 krooni) (Note 4). As at 31 December 2007, there were no payables to AS Trigon Securities for transactions fees. The Fund Management Company paid management and performance fees totalling 147 115 522 kroons (2006: 103 209 811 kroons) and issue and redemption fees totalling 3 820 154 kroons (2006: 2 893 701 kroons). As at 31 December 2007, the payable to the Fund Management Company totalled 2 260 136 (31.12.2006: 10 526 572) kroons. In the financial year, Trigon Second Wave Fund performed transactions with the other Funds managed by AS Trigon Funds in the total amount of 65 032 272 krooni (2006: 1 557 475 krooni).

## NOTE 8 Contingent liabilities

Trigon Second Wave Fund invests in listed securities on various Central and Eastern European countries. The tax legislations in these countries have different approaches to the taxation of the capital gain in respective country and the Tax Authorities may attempt to tax the capital gain or to force the beneficiary to declare it. If such attempt would occur, it may influence the NAV or the fund or the fund investor's income depending on the double tax treaties and the respective country's tax legislation. AS Trigon Funds management is not aware of any occasions of taxing the fund's investors by any Central and Eastern European country's Tax Authority.

**INDEPENDENT AUDITOR'S REPORT**