

**TRIGON ACTIVE ALPHA FUND
TRIGON ACTIVE ALPHA FOND**

2009 ANNUAL REPORT
(Translation of the Estonian original)

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Short Description and Contact Details of Trigon Active Alpha Fund

Name

An investment fund Trigon Active Alpha Fund (*Trigon Active Alpha Fond in the Estonian language*).

Location

Viru Square 2
10111 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 indirectly in the equity markets of the Central and Eastern European countries. The Fund's assets are invested into small number of companies chosen by the Fund Management Company, therefore fund's diversification is low. The Fund's aim is to have relatively significant minority positions in each company and through active ownership strategy maximize investment value. The objective of the Fund's activities is long-term capital growth.

Fund Management Company

AS Trigon Alternative Funds

Fund manager/s

Sami Henrik Sormunen

Depository

Swedbank AS

Auditor

AS PricewaterhouseCoopers
Pärnu road 15
10141 Tallinn
Estonia

Phone: + 372 6 141 800

Fax: + 372 6 141 900

Period covered in the annual report

1 January 2009 – 31 December 2009

Management report

AS Trigon Alternative Funds manages Trigon Active Alpha Fund (hereinafter the Fund) since its launch in February 2007. Fund is a contractual investment fund, which invests into companies mainly operating in Central and Eastern European region (including Russia and Turkey) and then actively promotes changes that maximize shareholders' value in the core holdings. The Fund's objective is the long-term growth of assets. The Fund is aimed at investors with a long investment perspective since equity markets are volatile and the value of the fund unit can change significantly during a short period of time.

On April 30, 2009 a new class of units was issued: The name of Class 2 Unit is Trigon Active Alpha B. The nominal value of Class 2 Unit is 100 euros. The fee structure is similar to the one used for Class 1 Units. The calculation of performance fee for Class 2 Units shall commence as of first subscription with nominal. As of 30.04.2009 no Class 1 Units will be issued.

The Fund's net asset value as of 31.12.2009 was 223.0 million kroons (31.12.2008: 109.7 million kroons). As of 31.12.2009 the net asset value of the Fund's Class 1 Unit was 130.7331 kroons (8.3560 euro) (31.12.2008: 64.8988 kroons) increasing by 101.44% for the year. The net asset value of the Fund's Class 2 Unit was 2 315.1551 kroons (147.9758 euro) at the year-end.

As of the end of December 2009, the equities and derivatives made up 79.0% (31.12.2008: 78.2%) of the market value of the Fund's investments, the remaining portion was made up of money market instruments. As of 31 December 2009, the largest equity investments were Impel 17.7%, Siloviye Mashiny-CLS 16.86% and Veropharm-CLS 13.91%. The Fund's investments were diversified between the issuers of three countries – Poland, Turkey, and Russia.

As expected at the end of 2008, the equity markets in 2009 showed prevailing volatility. Sharp and widespread fall of financial markets in the beginning of 2009 was followed by one of the biggest rallies in stock market history, which lasted until the end of the year. MSCI World Index rose 23.6% (EUR terms). Trigon funds showed returns from 32.6% to 124.3% for the year. In 2010 we expect continuous improvements in real economy of developed markets and in the regions covered by Trigon funds, as well as a slowdown in unemployment rate growth in the first half of the year. We believe that during the last year stock markets already priced in a large part of companies' growth prospects, therefore making further increases more difficult.

However, markets and sectors covered by our funds still have companies, which during the previous years benefited from the restructuring in the financial system and whose prices do not reflect improved market conditions. Therefore, we are moderately optimistic about the markets in 2010 as well as ready for any corrections.

Sami Sormunen
AS Trigon Alternative Funds
Member of the Management Board and Fund Manager

ANNUAL FINANCIAL REPORT

The Confirmation Regarding the Annual Financial Report by the Management Board of the Fund Management Company

The Management Board of the Fund Management Company confirms the correctness and completeness of the financial statements of Trigon Active Alpha Fund for the year 2009 as presented on pages 5 - 17.

The Management Board of the Fund Management Company confirms that:

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

/signed/
Sami Henrik Sormunen
AS Trigon Alternative Funds
Member of the Management Board and Fund Manager

/signed/
Heiti Rüsberg
AS Trigon Alternative Funds
Member of the Management Board

/signed/
Aivar Kemp
AS Trigon Alternative Funds
Member of the Management Board

In Tallinn, on February 5th, 2010

Balance Sheet

In EEK

ASSETS	Note	31.12.2009	31.12.2008
Securities			
Shares and units		176 592 261	81 658 289
Derivatives	Note 3	0	4 362 017
Total securities		176 592 261	86 020 307
Deposits			
Cash and bank accounts		46 791 400	23 215 868
Total deposits		46 791 400	23 215 868
Other assets			
Accrued interests	Note 2	40 807	1 346
Trade settlement receivable		0	709 984
Total other assets		40 807	711 330
TOTAL ASSETS		223 424 467	109 947 505
LIABILITIES			
Liabilities			
Accrued expenses (fund management company)	Note 5	384 950	189 967
Accrued expenses (depository)		38 235	23 883
Other liabilities		100	2 100
Total liabilities		423 284	215 951
Net asset value of the fund		223 001 182	109 731 554
TOTAL LIABILITIES AND NET ASSET VALUE		223 424 467	109 947 505

Statement of investments

In EEK as of 31 December 2009

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
Shares											
FARMACOL SHARE	PL		1	PLN	195,920	183.19	35,890,465	144.74	28,357,912		12.69%
IMPEL SA	PL		5	PLN	482,674	71.60	34,559,173	81.93	39,546,331		17.70%
REYSAS LOGISTICS SHARE	TR		1	TRY	0	39.00		2	2		0.00%
RUCH SA	PL		1	PLN	378,017	100.17	37,867,627	29.67	11,216,585		5.02%
SELÇUK ECZA DEPOSU TICA. VE SA	TR		1	TRY	1,587,821	11.92	18,931,090	18.09	28,718,029		12.85%
SILOVYE MASHINY OAO	RU		1	USD	17,224,600	0.89	15,381,139	2.19	37,673,342		16.86%
VEROPHARM-CLS	RU		1	USD	100,000	138.70	13,870,124	310.80	31,080,060		13.91%
Total shares							156,499,621		176,592,261		79.04%
Total securities											
							156,499,621		176,592,261		79.04%
Deposits											
ARVELDUSKONTO	EE			PLN					814,956		0.36%
ÜLEOODEPOSIT-SWEDBANK(EUR)	EE	01/01/2010	0	EUR	0	0.00	45,976,443	0	45,976,720	0.22%	20.58%
Total deposits							45,976,443		46,791,677		20.94%
<i>* Accrued interest on deposits has been added in amount of 277.08 kroons, which is recognised in the balance sheet on line "Accrued income".</i>											
Investeeringud kokku							202,476,064		223,383,938		99.98%
Other assets											
Accrued income (uncollected extra paid tax on dividends)									40,529		0.02%
Total other assets									40,529		0.02%
Total assets of the Fund									223,424,467		100.00%

Distribution of investments, 31.12.2009

<i>In EEK</i>	Amount	Share
Securities entered into the stock exchange lists	176 592 261	79.0%
Cash, deposits, miscellaneous receivables and accrued income	46 832 206	21.0%
Total	223 424 467	100.0%

In EEK as of 31 December 2008

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
Shares											
FARMACOL SHARE	PL		1	PLN	195,920	183.19	35,890,465.00	107.44	21,049,997.00		19.15%
IMPEL SA	PL		5	PLN	1,323,273	101.43	134,224,878.00	28.47	37,678,842.00		34.27%
RABA	HU		1,000	HUF	123,463	112.19	13,851,015.00	37.34	4,609,596.00		4.19%
REYSAS LOGISTICS SHARE	TR		1	TRY	1,369,685	34.61	47,411,337.00	6.56	8,991,360.00		8.18%
RUCH SA	PL		1	PLN	378,017	100.17	37,867,626.00	24.68	9,328,494.00		8.48%
Total shares							269,245,321		81,658,289		74.27%
Derivatives											
FX OPTIONS EUR/PLN@4.2 20MAR9	EE	20/03/2009	1	EUR			4,881,396		4,362,017		3.97%
Total derivatives							4,881,396		4,362,017		3.97%
Total securities							274,126,717		86,020,306		78.24%
Deposits											
ULEOODEPOSIT-HANSAPANK(EUR)	EE	01/01/2009		EUR			23,215,868		23,217,214	2.09%	21.12%
Total deposits							23,215,868		23,217,214		21.12%
Total investments							297,342,585		109,237,520		99.35%
Other Assets											
Miscellaneous receivables (uncollected amounts for unsettled trades)									709,984		0.65%
Total other assets									709,984		0.65%
Total assets of the Fund									109,947,504		100.00%

Distribution of investments, 31.12.2008

<i>In EEK</i>	Amount	Share
Securities entered into the stock exchange lists	81 658 289	74.2%
Other securities	4 362 017	4.0%
Cash, deposits, miscellaneous receivables and accrued income	23 927 198	21.8%
<i>Total</i>	<i>109 947 505</i>	<i>100.0%</i>

Income Statement

In EEK

	Note	01.01- 31.12.2009	01.01-31.12.2008
I. Net gain on investments			
1.1. On equities and units			
1.1.1. Sales profit/loss		-94 736 393	-283 355 281
1.1.2. Unrealised profit/loss		207 679 673	-212 007 197
1.1.3. Dividends		2 610 209	669 593
1.2. On deposits			
1.2.1 Interest income on deposits		117 182	939 785
1.3. Derivatives			
1.3.1. Sales profit/loss		-208 085	31 542 267
1.3.1 Unrealised profit/loss		519 379	1 634 867
Total net gain on investments		115 981 964	-460 575 967
II. Other income			
2.1. Foreign exchange profit/loss		-855 989	-10 423 024
Total other income		-855 989	-10 423 024
TOTAL INCOME		115 125 976	-470 998 991
EXPENSES			
III. Operating expenses			
3.1. Management fees	Note 5	3 274 591	10 693 290
3.2. Performance fees	Note 5	26 393	0
3.3. Depositary charges		348 026	1 099 549
3.4. Transaction fees	Note 4	38 421	117 969
3.5. Other expenses		14 619	0
Total operating expenses		3 702 051	11 910 808
TOTAL EXPENSES		3 702 051	11 910 808
NET RESULT OF THE FUND		111 423 925	-482 909 799

Statement of Movements in the Fund's Assets

In EEK

	Note	01.01-31.12.2009	01.01-31.12.2008
Fund's net asset value at the beginning of the period		109 731 554	837 347 293
Cash received from issuing units		1 846 168	392 356
Cash paid for redeeming units		0	245 075 447
Total issue and redemption fees paid to fund manager		465	22 848
Fund's net profit for the period		111 423 925	-482 909 799
Fund's net asset value at the end of the period		223 001 182	109 731 554
Number of units outstanding		1 691 655.443	1 690 810.418
Class 1		1 690 810.418	1 690 810.418
Class 2		845.025	-
Fund unit's net asset value at the end of the period			
Class 1	Note 6	130.7331	64.8988
Class 2	Note 6	2 315.1551	-

Notes to the Financial Statements

NOTE 1 Accounting Principles

The financial statements of Trigon Active Alpha Fund have been prepared in Estonian kroons in accordance with the Accounting Act, the Investment Funds Act and the generally accepted accounting principles.

Cash and bank

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

Accounting for transactions with securities

Transactions with securities are accounted for on a trade date basis. Interest income from fixed income securities is recorded on accrual basis. Realised gains and losses from sales of securities are taken into account using 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 Class 2 Units is restricted neither by time nor by volume.

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 Fund has two classes of Units (hereinafter: "Class 1" and "Class 2").

Class 1 Units are redeemed and Class 2 Units are issued and redeemed on the last banking day of January, April, July and October ("Trade Date")

As of 30.04.2009 no Class 1 Units will be issued. Class 2 Unit was launched on April 30, 2009.

The issue price of a Class 2 Unit is the net asset value of Class 2 Unit that shall be calculated on the banking day following the Trade Date to which an issue fee may be added.

A Unit shall be issued in no more than 1 calendar month from the Trade Date.

A Unit is deemed to be issued from the point of making a corresponding entry in the register of Units.

Redemption of Units

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

Units are redeemed on the last banking day of January, April, July and October ("Trade Date").

The redemption price of a Unit is the net asset value of a Unit that shall be calculated on the banking day following the Trade Date from which the redemption fee may be deducted.

A Unit shall be redeemed in no more than 1 calendar month from the Trade Date.

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 payment may be halted pursuant to the procedure prescribed in the rules and regulations of the Fund.

A Unit is deemed to be redeemed from the point of making a corresponding entry in the register 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.

The issue fee of Class 2 Unit is up to 1.0% of the net asset value of the Unit.

The redemption fee for both Class 1 Unit and Class 2 Unit is up to 2.0% of the net asset value of the Unit of the respective class.

Exchange of Units

Switching Units for the units of other funds managed by the Management Company is not permitted.

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 Alternative Funds (Fund Management Company) as well as the Fund's rules.

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 net asset value of a particular class of Unit shall be determined by dividing the total net asset value of the Fund by the number of Units issued and not redeemed as at the time of valuation.

The assets and liabilities of the Fund shall be accounted for in Estonian kroons.

The net asset value of a Unit shall be expressed in euro.

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 the day, as of which 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 depository of the fund, AS Swedbank. Should the Swedbank not determine the ask price for the respective foreign currency for the valuation date, Swedbank may use the exchange rate of the following morning.

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 exception, 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. Valuation of unlisted equity securities
 - 4.1. The value of unlisted securities is assessed based on the price data given by an independent certified evaluator. The last trade price of the assessment day should be used. If this price is not available, the mid price of the security should be used (average of ask and bid price). If this price is also not available, the average price provided by an independent certified evaluator should be used.
 - 4.2. If it is impossible to apply methods specified in Item 4.1, the valuation shall be performed on the basis of fair value assessed by the Fund Management Company.
 - 4.3. The fair value of a security will be assessed by the Fund's investment committee. The fair value of security is the price, which can be used to sell the security to the counterparties that are independent and competent. This price is assessed reasonably, in good faith and taking into account the best interests of unit holders.
 - 4.4. The Fund Manager or a Middle-Office Specialist will make a proposal for investment committee to value or revalue a certain unlisted security.
 - 4.5. The investment committee shall base its decision on some or all of the following circumstances, but is not limited to the list:
 - latest prices of the transactions conducted with the share;
 - volumes of the latest transactions conducted with the share;
 - latest issue price of the share;
 - issuer's financial results;
 - other material news regarding the issuer.The investment committee shall motivate its decision in writing if required by Financial Supervision Authority.

5. The principles of choosing the stock exchanges based on which the quotes of the value of securities shall be determined.
 - 5.1. 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.
 - 5.2. If a security is not traded on a 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.
 - 5.3. The main criteria in choosing stock exchange is the liquidity of the particular security on that stock exchange.

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 not 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 other assets

- 7.1. 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.
- 7.2. 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 financial liabilities

All financial liabilities (liabilities payable for fund management company or depositary or other borrowings) are initially recognised at the proceeds received, net of transaction costs incurred. After initial recognition, financial liabilities are measured at amortised cost.

The amortised cost of the short-term liabilities normally equals their nominal value; therefore short-term liabilities are stated in the balance sheet in their redemption value.

Financial liabilities are classified as short-term when their due date is within 12 months after the balance sheet date or the Company does not have an unconditional right to defer payment for later than 12 months after the balance sheet date.

Recognition of income and expenses

Income and expenses are reported on the accrual basis.

1. Recognition of management and performance fees

The rate of the management fee for both Class 1 Unit and Class 2 Unit is 2% per annum of the market value of the assets of the Fund. 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 Management Company shall be paid a performance fee based on the performance of Class 1 or Class 2 Unit. The Management Company is entitled to the performance fee if the net asset value of Class 1 or Class 2 Unit exceeds the historical highest net asset value on Trade Date to which a hurdle rate has been added. The hurdle rate is 12-month Euribor. The rate of the performance fee is 20% of the increase in the net asset value of a Unit over the previous highest net asset value on Trade Date to which the hurdle rate has been added. The management board of the Management Company may decide to lower the rate of the management fee and the performance fee for some time periods.

2. The Depositary shall be paid a fee for its services. The annual rate of the depositary fee is 0.18% of the market value of the assets of the Fund, but not less than 3000 kroons in month. If the value of the assets of the Fund exceeds 150 million Estonian kroons, the fee on the assets exceeding this limit shall be 0.15%. If the value of the assets of the Fund exceeds 500 million Estonian kroons, the fee on the assets exceeding this limit shall be 0.13%. VAT shall be added to the abovementioned rates of depositary fee.

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

3. Recognition of transactions costs

- 3.1. Commission fees and transaction costs which arose in acquiring and disposing securities but have yet not been paid (will be paid in the month following the

calculation) are calculated on an accrual basis and 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 are reported in the income 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 statement item "Sales profit/loss" grouped by types of investments (equities and units, bonds, etc.). Until 2008 foreign exchange rate changes between the purchase and sales dates were deducted from the sales profit/loss and were reported in the income statement items "Foreign exchange gains" or "Foreign exchange losses".

NOTE 2 Accrued Income

In EEK

	31.12.2009	31.12.2008
Uncollected interest on deposits	277	0
Uncollected dividends	40 529	0
Total	40 807	0

NOTE 3 Derivatives

As of 31 December 2009 there were no derivatives in Trigon Active Alpha Fund.

In EEK as at 31 December 2008.

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	PLN PUT 25 200 000	20/03/2009	312.000,00 EUR	4.20	6.000.000,00 EUR	0.73	4.362.017.34 EEK	29.468.700.000 EEK
Total	X	X	X	312.000,00 EUR	X	6.000.000,00 EUR	X	4.362.017.34 EEK	X

NOTE 4 Transaction fees

In 2009, transaction fees totaled 38 421 kroons (01.01-31.12.2008: 117 969). Transaction fees were 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 2009, a total of 88 (01.01-31.12.2008: 251) transactions were performed at Trigon Active Alpha Fund, the volume of transactions was 151 417 565 (01.01-31.12.2008: 457 542 967) kroons.

NOTE 5 Related parties

For the purpose of these financial statements, the following entities are considered as related parties: AS Trigon Alternative Funds (Fund Management Company) and other funds managed by AS Trigon Alternative Funds: Luka Adriatic Property Real Estate Fund I and Trigon Ukrainian Property Real Estate Fund I.

Trigon Active Alpha Fund paid to the Fund Management Company management fees in total amount 3 274 591 (01.01-31.12.2008: 10 693 290) kroons, success fees in total 26 393 (01.01-31.12.2008: 0) kroons and issue and redemption fees in total 465 (01.01-31.12.2008: 22 848)

kroons. As of 31 December 2009, the payable to the Fund Management Company totalled 384 950 (31.12.2008: 189 967) kroons.

NOTE 6 Developments in net asset value

In EEK

Date	Fund's net asset value	Fund unit net asset value	
		Class 1 Unit	Class 2n Unit
31.12.2007	837 347 293	159.6567	-
31.12.2008	109 731 554	64.8988	-
31.12.2009	223 001 182	130.7331	2 315.1551

NOTE 7 Impact of the economic crisis

The Fund Management Company has evaluated the impacts of the global liquidity crisis and the related economic crisis on the Fund's business activity. The management estimates that the most significant short-and long-term threats include:

- due to low liquidity of financial markets, the Fund's assets may decrease;
- due to high volatility and lower liquidity of financial markets it may be difficult to assess the Fund's assets fair value.

The management is unable to reliably predict the effect of the economic crisis on the Fund's activities and financial position. The management believes that all the necessary measures have been taken to support the sustainability and growth of the Company/the Group in current circumstances.

Under indefinite circumstances the fund managers pay special attention to companies' balance sheet and liquidity. During the last three years, the management avoided investing into companies with high liabilities and can confirm that the share of companies with short-term refinancing needs is relatively small compared to the total amount of assets under fund management.

Due to high risk aversion among investors, the fund manager pays great attention to fund's liquidity.

NOTE 8 Future perspectives

Comparing to the general market situation in the small and mid-cap companies in Central and Eastern European region, the liquidity of the Fund's holdings is on average relatively good. In 2010 there are no big changes expected in the investment strategy.

The fund prefers to invest into stocks which are liquid enough, so in case there is a need to realize some of the investments it is possible without significant problems. The Fund Management Company pays special attention to the following factors: the valuation of the company, different sources of hidden value, the quality of its operations and balance sheet, the effects of the current economic environment on the company's operations and balance sheet, the amount of debt on the balance sheet and the possible refinancing issues, the liquidity of the share and the transparency of company reporting and other factors.

Regarding dividend paying companies, which usually earn their profits in domestic currency, there is need to pay special attention to country macro environment and possible currency fluctuation. During 2009 the Fund hedged only a part of the currency risk for a short period of

time. During 2010 the use of currency hedging will be decided according to market situations and prices.

Independent Auditor's Report
