

**TRIGON EMERGING AGRI SECTOR FUND**  
**TRIGON ARENEVATE TURGUDE AGRISEKTORI FOND**

**2009 ANNUAL REPORT**  
(Translation of the Estonian original)

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## **Short Description and Contact Details of Trigon Emerging Agri-Sector Fund**

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### **Name**

A contractual investment fund Trigon Emerging Agri-Sector Fund (*Trigon Arenevate Turgude Agrisektori Fond in the Estonian language*).

### **Location**

Viru Square 2  
10111 Tallinn  
Estonia

Phone: + 372 6 679 200

Faks: + 372 6 679 221

### **Main activities**

The Fund offers to the unit-holders the opportunity to indirectly invest into securities mostly traded on the global regulated markets with an emerging markets bias. The fund's objective is the long-term capital growth.

The Management Company follows a sector approach when investing the Fund's assets. The Fund's assets are mainly invested into the shares of companies directly or indirectly active in the agricultural sector.

### **Fund Management Company**

AS Trigon Funds

### **Fund managers/ s**

Heiti Rüsberg

### **Depository**

Swedbank AS

### **Auditor**

AS PricewaterhouseCoopers  
Pärnu road 15  
10141 Tallinn  
Estonia

Phone: + 372 6 141 800

Faks: + 372 6 141 900

### **Period covered in the annual report**

1 January 2009 – 31 December 2009

## Management report

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AS Trigon Funds manages Trigon Emerging Agri-Sector Fund (hereinafter the Fund) since its launch in May 2008.

The Fund offers to the unit-holders an opportunity to indirectly invest into securities mostly traded on the global regulated markets with an emerging markets bias. The fund's objective is the long-term capital growth. The Management Company follows a sector approach when investing the Fund's assets. The Fund's assets are invested into the most attractive agri-related companies in select global emerging markets.

In 2009 new class of units was issued: The name of Class 3 Unit is Trigon Emerging Agri Sector Fund C. The nominal value of a Trigon Emerging Agri Sector Fund Class 3 Unit is 100 euros. The fee structure is similar to the one used for Class 1 and Class 2 Units. The calculation of performance fee for Class 3 Units shall commence as of first subscription with nominal. As of 06.04.2009 no Class 1 Units will be issued.

The fund's net asset value as of 31.12.2009 was 82.6 million kroons. As of 31.12.2009 the net asset value of the Fund's Class 1 Unit was 128.8236 kroons (8.2339 euro) (31.12.2008: 61.4596 kroons). The net asset value of the Fund's Class 2 (eQ Emerging Agri) Unit was 128.8862 kroons (8.2379 euro) (31.12.2008: 61.4898 krooni) at the year-end, increasing 109.6% for the year. The net asset value of the Fund's Class 3 Unit was 2533.013 kroons (161.9004 euro) at the year-end.

As of the end of December 2009, the equities made up 87.7% (31.12.2008: 86.8%) of the market value of the Fund's investments, the remaining portion was made up of cash on bank accounts and on overnight deposits, dividends receivable and uncollected amounts for unsettled trades. As of 31 December 2009, the largest equity investments were Asian Citrus 9.35%, Chaoda Modern Agriculture 8.55%, Asian Bamboo 8.53% and Oceanus Group 8.23%. The fund's investments were diversified between the issuers of seven countries – China, Turkey, Poland, Greece, Russia, Brazil, and USA.

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). 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 reasonably optimistic about the markets in 2010 as well as ready for any corrections.

Heiti Rüsberg  
AS Trigon 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**

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The Management Board of the Fund Management Company confirms the correctness and completeness of the financial statements of Trigon Emerging Agri-Sector 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 Emerging Agri-Sector Fund is a going concern.

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

/signed/  
Heiti Riiisberg  
AS Trigon Funds  
Member of the Management Board

In Tallinn, on February 2nd, 2010

## Balance Sheet

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In EEK

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
<b>Securities</b>			
Shares and units		73 072 120	21 324 967
<b>Total securities</b>		<b>73 072 120</b>	<b>21 324 967</b>
<b>Deposits</b>			
Cash and bank accounts		9 313 304	2 382 140
<b>Total deposits</b>		<b>9 313 304</b>	<b>2 382 140</b>
<b>Other assets</b>			
Accrued income	Note 2	936	155 439
Various receivable	Note 3	920 256	703 275
<b>Total other assets</b>		<b>921 193</b>	<b>858 714</b>
<b>TOTAL ASSETS</b>		<b>83 306 618</b>	<b>24 565 821</b>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
Accrued expenses (fund management company)	Note 5	584 723	69 728
Accrued expenses (depository)		17 738	6 018
Other accrued expenses		930	1 500
Payable for redeemed fund units		94 930	0
<b>Total liabilities</b>		<b>698 321</b>	<b>77 246</b>
<b>Net asset value of the fund</b>		<b>82 608 296</b>	<b>24 488 575</b>
<b>TOTAL LIABILITIES AND NET ASSET VALUE</b>		<b>83 306 618</b>	<b>24 565 821</b>

## 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
<b>Shares</b>											
ASIAN BAMBOO AG	DE		1	EUR	19,740	170.37	3,363,082	359.85	7,103,370		8.53%
ASIAN CITRUS HOLDINGS LTD	HK		0	GBP	883,000	5.60	4,943,950	8.82	7,791,865		9.35%
BAGFAS BANDIRMA GUBRE FABRIK	TR		1	TRY	5,920	562.66	3,330,967	681.89	4,036,777		4.85%
BANVIT BANDIRMA VTAMINLI	TR		1	TRY	114,500	22.67	2,595,807	26.25	3,006,141		3.61%
BUNGE LIMITED SH	US		0	USD	4,634	625.31	2,897,669	697.43	3,231,898		3.88%
CHAODA MODERN AGRICULTURE	HK		1	HKD	608,000	8.02	4,873,139	11.72	7,126,404		8.55%
CHEKIZOVO GROUP GDR	RU		0	USD	30,000	97.16	2,914,696	114.73	3,441,813		4.13%
CHINA ANIMAL HEALTHCARE LTD	CN		1	SGD	1,697,000	1.05	1,783,277	1.71	2,901,540		3.48%
CHINA GREEN HOLDINGS LTD HKG	HK		0	HKD	195,000	7.77	1,515,588	10.40	2,027,377		2.43%
CHINA MILK PRODUCTS GROUP	CN		1	SGD	1,374,000	4.17	5,726,872	2.64	3,630,695		4.36%
DOROGOBUZH PREF SHARES	RU		0	USD	814,700	2.99	2,438,313	4.47	3,637,783		4.37%
EURODRIP SA	GR		1	EUR	142,103	15.22	2,162,973	11.42	1,622,989		1.95%
FERTILIZANTES HERINGER LTDA	BR		0	BRL	46,200	36.40	1,681,472	67.05	3,097,520		3.72%
HQ SUSTAINABLE MARITIME I SH	US		0	USD	37,253	91.01	3,390,294	76.92	2,865,568		3.44%
HYDROTOR SA	PL		2	PLN	4,728	162.93	770,344	124.55	588,894		0.71%
KERNEL HOLDING SA SHARE	LU		0	PLN	20,163	112.00	2,258,185	159.22	3,210,283		3.85%
OCEANUS GROUP SHARE	SG		0	SGD	2,005,000	1.64	3,279,768	3.42	6,856,321		8.23%
POL-MOT WAFAMA SA	PL		1	PLN	173,066	17.39	3,009,852	6.13	1,061,328		1.27%
RAZGULAY GROUP - CLS	RU		3	USD	176,411	23.68	4,177,062	17.18	3,030,958		3.64%
XINJIANG TIANYE WATER SAVING	CN		1	HKD	1,369,000	1.35	1,851,800	1.27	1,735,759		2.08%
ZAKLADY CHEMICZNE POLICE SA	PL		10	PLN	55,462	36.68	2,034,478	19.24	1,066,839		1.28%
<b>Total shares</b>							<b>60,999,586</b>		<b>73,072,120</b>		<b>87.71%</b>
<b>Total securities</b>							<b>60,999,586</b>		<b>73,072,120</b>		<b>87.71%</b>
<b>Deposits</b>											
DEMAND DEPOSIT	EE			EEK					9,313,304		11.18%
<b>Total deposits</b>									<b>9,313,304</b>		<b>11.18%</b>
<b>Investeeringud kokku</b>							<b>60,999,586</b>		<b>82,385,425</b>		<b>98.89%</b>
<b>Other Assets</b>											
Accrued income (uncollected extra paid tax on dividends)									936		0.00%
Miscellaneous receivables (uncollected amounts for unsettled trades)									828,069		0.99%
Miscellaneous receivables (unsettled subscriptions)									92,187		0.11%
<b>Total other assets</b>									<b>921,193</b>		<b>1.11%</b>
<b>Total assets of the Fund</b>									<b>83,306,618</b>		<b>100.00%</b>

## Distribution of investments, 31.12.2009

In EEK	Amount	Share
Securities entered into the stock exchange lists	73 072 120	87.7%
Cash, deposits, miscellaneous receivables and accrued income	10 234 497	12.3%
<b>Total</b>	<b>83 306 618</b>	<b>100.0%</b>

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
<b>Shares</b>											
ASIAN BAMBOO AG	DE			1 EUR	25,706	135.10	3,472,812	96.22	2,473,427		10.07%
ASIAN CITRUS HOLDINGS LTD	HK			1 GBP	109,000	55.92	6,094,841	24.78	2,700,836		10.99%
BAGFAS BANDIRMA GUBRE FABRIK	TR			1 TRY	1,415	1,033.30	1,462,115	444.93	629,576		2.56%
BANVIT BANDIRMA VITAMINI LI	TR			1 TRY	104,999	24.61	2,584,038	9.99	1,049,223		4.27%
CHAODA MODERN AGRICULTURE	HK			1 HKD	271,200	11.99	3,251,594	7.15	1,939,152		7.89%
CHEKIZOVO GROUP GDR	RU			0 USD	37,700	148.26	5,589,480	17.34	653,873		2.66%
CHINA MILK PRODUCTS GROUP	CN			1 SGD	913,000	5.31	4,845,926	2.97	2,709,013		11.03%
EURODRIP SA	GR			1 EUR	70,014	17.56	1,229,759	12.20	854,415		3.48%
FERTILIZANTES HERINGER LTDA	BR			0 BRL	59,400	88.26	5,242,816	17.20	1,021,697		4.16%
HYDROTOR SA	PL			2 PLN	3,385	180.18	609,915	109.80	371,658		1.51%
MECANICA CEAHLAU PIATRA NEAMT	RO			0 RON	988,400	1.79	1,773,546	0.46	451,501		1.84%
POL-MOT WARFAMA SA	PL			1 PLN	162,193	17.99	2,918,553	3.64	591,140		2.41%
RAZGULIAY GROUP - CLS	RU			3 USD	75,300	73.92	5,566,117	10.07	758,329		3.09%
TRIGON AGRI	DK			1 EUR	239,500	17.78	4,257,866	7.67	1,836,078		7.47%
TURK TRAKTOR VE ZIRAAT MAKIN	TR			1 TRY	40,289	84.62	3,409,119	30.05	1,210,726		4.93%
XINJIANG TIANYE WATER SAVING	CN			1 HKD	1,716,000	1.92	3,297,093	0.90	1,536,830		6.26%
ZAKLADY CHEMICZNE POLICE SA	PL			10 PLN	29,251	87.07	2,546,817	18.38	537,493		2.19%
<b>Total shares</b>							<b>58,152,407</b>		<b>21,324,967</b>		<b>86.81%</b>
<b>Total securities</b>							<b>58,152,407</b>		<b>21,324,967</b>		<b>86.81%</b>
<b>Deposits*</b>											
DEMAND DEPOSIT	EE			EEK					422,466		1.72%
OVERNIGHT DEPOSIT-HANSAPANK(EUR)	EE	01/01/2009		EUR			1,959,674		1,959,777	1.89%	7.98%
<b>Total deposits</b>							<b>1,959,674</b>		<b>2,382,243</b>		<b>9.70%</b>
<i>*Accrued interest on deposits has been added in amount of 102.79 kroons, which is recognised in the balance sheet on line "Accrued income".</i>											
<b>Investeringud kokku</b>							<b>60,112,081</b>		<b>23,707,210</b>		<b>96.50%</b>
<b>Other Assets</b>											
Accrued income (unreceived dividends)									155,336		0.63%
Miscellaneous receivables (uncollected amounts for unsettled trades)									703,275		2.86%
<b>Total other assets</b>									<b>858,611</b>		<b>3.50%</b>
<b>Total assets of the Fund</b>									<b>24,565,821</b>		<b>100.00%</b>

Distribution of investments, 31.12.2008

In EEK	Amount	Share
Securities entered into the stock exchange lists	21 324 967	86.8%
Cash, deposits, miscellaneous receivables and accrued income	3 240 854	13.2%
<b>Total</b>	<b>24 565 821</b>	<b>100.0%</b>

## Income Statement

In EEK

	Note	01.01- 31.12.2009	05.05.08-31.12.08
I. Net gain on investments			
1.1. On equities and units			
1.1.1. Sales loss		-14 270 577	-18 302 994
1.1.2. Unrealised profit/loss		48 899 975	-36 827 440
1.1.3. Dividends		306 517	627 782
1.2. On deposits			
1.2.1 Interest income on deposits		17 381	295 151
<b>Total net gain on investments</b>		<b>34 953 295</b>	<b>-54 207 500</b>
II. Other income			
2.1. Foreign exchange gains/loss		-13 149	803 583
<b>Total other income</b>		<b>-13 149</b>	<b>803 583</b>
<b>TOTAL INCOME</b>		<b>34 940 146</b>	<b>-53 403 918</b>
<b>EXPENSES</b>			
III. Operating expenses			
3.1. Management fees	Note 5	970 145	830 778
3.2. Performance fees	Note 5	619 196	0
3.3. Depository charges		127 353	107 865
3.4. Transaction fees	Note 4	106 766	157 693
<b>Total operating expenses</b>		<b>1 823 460</b>	<b>1 096 336</b>
<b>TOTAL EXPENSES</b>		<b>1 823 460</b>	<b>1 096 336</b>
<b>NET RESULT OF THE FUND</b>		<b>33 116 686</b>	<b>-54 500 253</b>

## Statement of Movements in the Fund's Assets

In EEK

	Note	01.01-31.12.2009	05.05.2008- 31.12.2008
<b>Fund's net asset value at the beginning of the period</b>		<b>24 488 575</b>	<b>0</b>
Cash received from issuing units		27 890 745	168 804 568
Cash paid for redeeming units		2 880 237	89 758 315
Total issue and redemption fees paid to fund manager		7 473	57 425
<b>Fund's net profit for the period</b>		<b>33 116 686</b>	<b>-54 500 253</b>
<b>Fund's net asset value at the end of the period</b>		<b>82 608 296</b>	<b>24 488 575</b>
Number of units outstanding		475 143.872	398 417.278
Class 1		403 829.237	332 098.282
Class 2 (eQ Emerging Agri Fund )		62 415.735	66 318.996
Class 3		8 898.900	
<b>Fund unit's net asset value at the end of the period</b>			
Class 1	Note 6	128.8236	61.4596
Class 2 (eQ Emerging Agri Fund)	Note 6	128.8862	61.4898
Class 3	Note 6	2 533.0130	-

## **Notes to the Financial Statements**

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### **NOTE 1 Accounting Principles**

The financial statements of Trigon Emerging Agri Sector 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 Units is restricted neither by time nor by volume.

The Fund has three classes of Units (hereinafter: "Class 1", "Class 2" and "Class 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 class calculated on the banking day following the purchase order and may also include an issue fee or intermediary's transaction cost.

As of 06.04.2009 no Class 1 Units will be issued. Class 3 Units were launched on April 13th 2009.

The Unit's issue fee is:

- a) In case of Class 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 class;
- b) In case of Class 3 Units, a maximum of 1.0% of the net asset value of the Unit of the respective class.

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 class calculated on 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 Class 1 Units, a maximum of 2% of the net asset value of the Unit of the respective class;
- b) In case of Class 2 Units, there is no redemption fee. The fund holder shall bear the intermediary's transaction cost which at a maximum is 1.5% of the net asset value of the Unit of the respective class but not less than 20 euro per transaction;
- c) In case of Class 3 Units, a maximum of 2% of the net asset value of the Unit of the respective class;

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.

### **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 his 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 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 class is derived by subtracting the liabilities of the Fund unit of a particular class from the market value of securities and other rights of the Fund unit of a particular class.

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

The Fund's assets and liabilities are accounted for in Estonian kroons. The net asset value of Class 1, Class 2 and Class 3 Unit 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 a 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. Fund Manager or 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 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.
  - 5.3. The main criteria in choosing stock exchange is the liquidity of the particular security on that stock exchange.
  
6. Valuation of listed debt securities
  - 6.1. The value of listed debt security shall be determined as the average price of ask and bid quotations of brokers, which are accepted by the exchange information supplier.
  - 6.2. If there are no quotations or if Fund Management Company estimates that they are not expressing the fair value of debt instrument, the fair value of the debt instrument shall be determined on the basis of yield curve method.
  - 6.3. If the determined price is used in accordance with 6.2., then at least once a month this price has to be compared with the listed securities market's average price and has to be adjusted in case the difference exceeds 0.2%
  
7. Valuation of fund units and shares
  - 7.1. Fund units and shares that are listed on the regulated market shall be determined according to point 3.
  - 7.2. 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.
  
8. Valuation of derivative instruments
  - 8.1. Derivative instruments that are listed on the regulated market shall be determined according to point 3.
  - 8.2. Value of currency forward shall be determined by the valuation date spot rate and forward points, interpolated to maturity of currency forward.
  - 8.3. 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.
  
9. Valuation of structured securities and deposits.
  - 9.1. 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.
  
10. Valuation of other assets
  - 10.1. 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.
  - 10.2. 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 the 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 at 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 Class 1 Unit, Class 2 Unit and Class 3 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 and Class 2 Unit. The Management Company is entitled to the performance fee if the net asset value of Class 1, Class 2 or Class 3 Unit exceeds the life high of end-of-month net asset values to which an annual linear hurdle rate has been added. The annual linear hurdle rate is 5%. The rate of the performance fee is 20% of the increase in the net asset value of Class 1, Class 2 or Class 3 Unit over the life high of end-of-month net asset values to which the annual linear hurdle rate of 5% has been added (high-water mark principle). 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 maximum annual rate of the depositary fee is 0.3% of the market value of the assets of the Fund. Depositary fee does not include VAT. 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	0	103
Uncollected dividends	936	155 336
<i>Total</i>	<i>936</i>	<i>155 439</i>

## NOTE 3 Miscellaneous receivables

In EEK	31.12.2009	31.12.2008
Uncollected amounts for subscribed units	92 187	0
Unsettled securities transactions	828 069	703 275
<i>Total</i>	<i>920 256</i>	<i>703 275</i>

## NOTE 4 Transaction fees

In 2009, transaction fees totaled 106 766 (05.05.08-31.12.08 157 693) kroons. Transaction fees were made up of the fees charged by the depository 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 126 (05.05.08-31.12.08 164) transactions were performed at Trigon Emerging Agri Sector Fund, the volume of transactions was 71 885 069 (05.05.08-31.12.08 107 495 998) kroons.

## NOTE 5 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 Balkan Fund, Trigon New Europe Value Fund, Trigon New Europe Small Cap Fund, Trigon Top Picks Fund, Trigon Emerging Financials Fund.

Trigon Emerging Agri Sector Fund paid to the Fund Management Company management fees in total amount 970 145 (05.05.08-31.12.08 830 778) kroons, success fees in total 619 196 kroons and issue and redemption fees in total 7 473 (05.05.08-31.12.08 57 425) kroons. As of 31 December 2009, the payable to the Fund Management Company totalled 584 723 (31.12.2008: 69 728) kroons. There were no transactions with other related parties.

## NOTE 6 Developments in net asset value

In EEK

Date	Fund's net asset value	Fund unit net asset value		
		Class 1 Unit	Class 2 Unit (eQ Emerging Agri Fund)	Class 3 Unit
31.12.2008	24 488 575	61.4596	61.4898	-
31.12.2009	82 608 296	128.8236	128.8862	2 533.0130

## NOTE 7 Impact of economic crisis and less-liquid stocks

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 sheets 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 investors' high risk aversion the fund manager pays continuously great attention to funds' liquidity. 5-10% of the funds' assets are held in deposits and a certain part of the funds' assets is invested into highly liquid equities.

The table shows the year-end stock transaction price of less liquid stock of Dorogobuzh Pref, as well as market ask and bid price, which were used in the calculation of net asset value. Dorogobuzh Pref's share has relatively high spread and transactions are made through block trades, therefore the respective share has a low liquidity.

Since Dorogobuzh Pref's shares can be traded almost solely through block transactions, the price will usually remain close to the closing price and between the ask and bid price, therefore the Fund Management Company believes, that the price information given in the table is a good indicator to reflect company's share market price.

Instrument	Currency	Price in portfolio (local currency)	Last trade price in year 2009	Date of last trade done	Bid Price	Ask Price	Date of Ask/Bid	Number of transactions 15.10.2009-15.01.2010	Number of securities sold/purchased 15.10.2009-15.01.2010	Highest price 15.12.2009-15.01.2010	Lowest price 15.12.2009-15.01.2010
Dorogobuzh Pref	USD	0.41	0.41	31.12.2009	0.41	0.41	31.12.2009	3375	9,820,797	0.43	0.41

## NOTE 8 Future Perspectives

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's investment strategy remains the same - focused on small and medium sized agricultural companies, which mostly operate in emerging markets.

## **Independent Auditor's Report**