

## **Trigon New Europe Small Cap Fund**

### **Simplified Prospectus**

#### ***Class 1 Unit***

Trigon New Europe Small Cap Fund is an open-ended public contractual investment fund registered in the Republic of Estonia. The Fund complies with the Council Directive 85/611/EEC of 20 December 1985.

The simplified prospectus contains key information about the Fund. If you would like to have more information about the Fund's investment restrictions, rules for diversification etc., please consult the Fund's fund rules and the full prospectus. For details about the Fund's holdings please see the Fund's most recent monthly overview, annual or semi-annual report. The rights and duties of the investor, and the legal relationship with the Fund and the management company are laid down in the fund rules and the full prospectus. These documents are accessible free of charge at Trigon's web page [www.trigoncapital.com](http://www.trigoncapital.com) or at its registered office.

#### **The Fund's investment objective**

The objective of the Fund's activities is long-term capital growth.

#### **Investment policy**

The aim of the Fund's investment policy is to invest in securities issued by small and mid cap companies. The management company invests the Fund's assets in shares that are traded on regulated markets of the countries that joined the European Union in 2004 and of the countries that are expected to join the European Union in the near future. The investment region mainly encompasses the following countries: Hungary, Poland, the Czech Republic, the Baltic countries, Slovakia, Slovenia, Croatia, Romania, Bulgaria, Macedonia, Albania, Bosnia and Herzegovina, Serbia and Montenegro, Turkey. The Fund's assets may be also invested in securities traded on regulated markets of other countries, given that the issuers of such securities have substantial business interests in the previously mentioned countries or if their activities depend substantially on the previously mentioned countries. In addition to shares and other similar tradable rights, up to 40% of the Fund's assets may be invested in other securities, deposits of credit institutions and the currencies of the investment region.

There are no restrictions regarding the type of issuers when investing the assets of the Fund. The Management Company does not follow a sector approach when investing the Fund's assets. The precise division between asset classes, types of issuer, regions and sectors in the assets of the Fund shall be determined in the course of the everyday activities of the Fund. A more detailed description of the principles of the Fund's investment policy is available in the Fund's rules.

The Fund may invest in derivative instruments only for the purpose of hedging risks from fluctuations of securities prices in the Fund's assets and of interest rates. The Fund may invest in derivative instruments the underlying asset of which is currencies in which the Fund may invest also for the purpose of achieving the Fund's investment objectives. The Fund's total exposure relating to derivative instruments may not exceed the total net asset value of the Fund. According to the judgement of the Management Company, investing into derivative instruments does not significantly increase the Fund's risk level because derivative instruments are mostly used for hedging risks.

#### **The Fund's risk profile**

Investing in the Fund is accompanied by various risks such as market risk, country risk, issuer risk, credit risk, settlement risk, custody risk, liquidity risk, foreign exchange rate risk, interest rate risk, and the risk due to concentration of certain markets or asset classes that may affect the return on the investment. A more detailed overview of these risks is provided in the full prospectus. The activities of the Fund may or may not be profitable; thus, there is no guarantee to unit-holders that they will get back the amount invested in the Fund or that it will grow. Past performance of the Fund does not guarantee similar results in the future. Due to the Fund's investment policy, the price of a Unit may be very volatile meaning that investors should have a long-term investment horizon. The Fund is suitable for an investor who has previous experience with financial products. A holding in the Fund is suitable as a part of a diversified portfolio.

#### **The Fund's income and taxation**

The Fund's income shall not be distributed to unit-holders but shall be reinvested. Unit-holders profit or loss shall be reflected in the changes of a Unit's net asset value.

According to the legislation of Estonia, the Fund is not a taxable person and does not therefore pay taxes in Estonia. If a unit-holder is a taxable person, gains from Units may be taxable. The Management Company does not withhold any taxes on gains earned from Units. Declaring such gains in the tax declaration of accounting period is an obligation of a unit-holder. The tax system applicable to an investor may depend on the investor's residence for tax purposes, legal set-up and other circumstances. Investors are advised to consult a competent tax advisor.

**Trigon New Europe Small Cap Fund Class 1 Unit**

The nominal value of a Trigon New Europe Small Cap Fund unit is EEK 100. The registrar of the units is AS Eesti Väärtpaberikeskus (EVK). The Management Company calculates and publishes the net asset value of the Fund and of a Unit, and the issue and redemption price of a Unit at least once for each banking day on the following banking day no later than 2 PM. This information is available at the web page of the Management Company [www.trigoncapital.com](http://www.trigoncapital.com), in business daily *Äripäev* and at the web page of HEX [www.hex.fi](http://www.hex.fi).

| <b>Fees paid by a unit-holder</b>                 |  |
|---|--|
| Issue fee (% of Unit's NAV)                       | 2.0%   |
| Redemption fee (% of Unit's NAV)                  | 1.5%   |
| <b>Fees and expenses paid by the Fund</b>         |  |
| Management fee (% of the Fund's assets per annum) | 2.0%   |
| Performance fee                                   | 15% of return that exceeds 3.5% p.a.                       |
| Depository fee (% of the Fund's assets per annum) | 0.14%-0.18%  |
| Other expenses                                    | According to the price list of the provider of the service |

Issue and redemption fees and all other direct expenses related to issuing and redeeming Units shall be borne by a unit-holder. Management fee and depository fee are accounted for daily and paid out during the following month. Performance fee is taken into account daily and paid out as at the end of each month during the following month. Other expenses comprise expenses related to holding the Fund's assets and making transactions therewith, including fees to intermediaries, interest expenses, payment fees and transaction fees. Total fees and expenses paid by the Fund may not exceed 30% of the weighted average market value of the Fund's assets per annum.

**Purchasing, selling and switching units**

Class 1 units can be purchased and sold through AS Trigon Securities, EVK and the custodians of EVK (e.g. Hansapank, SEB Eesti Ühispank, LHV). Units may be purchased once or with a regular purchase order. In foreign countries it is possible to make transactions with unit through commercial banks that have agreements with Estonian bank for holding shares/fund units registered in Estonia. More detailed information is available directly from Trigon or at its web page [www.trigoncapital.com](http://www.trigoncapital.com). Units may be switched for same class units of other Trigon's funds. Units may not be switched for the Fund's different class units. Upon switching units, no issue or redemption fees are charged.

**Other information**

|                                  |  |
|----------------------------------|--|
| <b>Management company</b>        | AS Trigon Funds, registered address: Pärnu mnt. 15, 10141, Tallinn, Estonia                |
| <b>Depository</b>                | AS Hansapank, registered address: Liivalaia 8, 15040, Tallinn, Estonia                     |
| <b>Distributor of units</b>      | AS Trigon Securities, registered address: Pärnu mnt. 15, 10141, Tallinn, Estonia           |
| <b>Auditor</b>                   | AS PricewaterhouseCoopers, registered address: Pärnu mnt. 15, 10141, Tallinn, Estonia      |
| <b>Supervised by</b>             | The Financial Supervisory Authority, registered address: Sakala 4, 15030, Tallinn, Estonia |
| <b>Launch of the Fund</b>        | May 15th 2005  |
| <b>ISIN of Class 1 unit</b>      | EE3600075883   |
| <b>Fund's securities account</b> | 99100578113  |
| <b>Subscription account</b>      | 30100758840  |

The management company has the right to delegate the functions related to managing the Fund to third parties, pursuant to the fund rules and the legislation. The units of the Fund may be publicly offered in Estonia, in Finland and in Sweden. In Sweden the Fund is offered under the name of Öhman-Trigon.

**AS Trigon Funds**

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