



**Trigon New Europe Value Fund  
Trigon Balkan Fund  
Trigon New Europe Small Cap Fund  
Trigon Top Picks Fund**

**Prospectus**

04.11.2010

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## General Information

This prospectus is the offering prospectus of the units of Trigon New Europe Value Fund, Trigon Balkan Fund, Trigon New Europe Small Cap Fund and Trigon Top Picks Fund (hereafter: separately “**Fund**” and together “**Funds**”) in the meaning of the Investment Funds Act of the Republic of Estonia (hereafter: “**Prospectus**”). The rules of the funds (hereafter: “**Fund Rules**”) are an integral part of this Prospectus.

The Funds are open-ended public contractual investment funds registered in the Republic of Estonia. Trigon New Europe Value Fund, Trigon Balkan Fund and Trigon New Europe Small Cap Fund comply with the provisions laid out in the Council Directive 85/611/EEC of 20 December 1985.

### Main information about the Funds

|                                       |  |
|---------------------------------------|--|
| <b>Legal status</b>                   | Open-ended public contractual investment funds registered in the Republic of Estonia   |
| <b>Location of the Funds</b>          | Viru Square 2, Tallinn 10111, Republic of Estonia  |
| <b>Fund management company</b>        | AS Trigon Funds, registered address: Viru Square 2, 10111, Tallinn, Republic of Estonia, hereafter: “Management Company”   |
| <b>Depository</b>                     | Swedbank AS, registered address: Liivalaia 8, 15040, Tallinn, Republic of Estonia, hereafter: “Depository”   |
| <b>Auditor</b>                        | AS PricewaterhouseCoopers, registered address: Pärnu mnt. 15, 10141, Tallinn, Republic of Estonia  |
| <b>Supervised by</b>                  | The Financial Supervisory Authority, registered address: Sakala 4, 15030, Tallinn, Republic of Estonia   |
| <b>Launch of the Funds</b>            | Trigon New Europe Value Fund <sup>1</sup> April 11 <sup>th</sup> 2002<br>Trigon Balkan Fund <sup>2</sup> June 4 <sup>th</sup> 2004<br>Trigon New Europe Small Cap Fund May 16 <sup>th</sup> 2005<br>Trigon Top Picks Fund <sup>3</sup> February 15 <sup>th</sup> 2006  |
| <b>Registration of the Fund Rules</b> | The effective Fund Rules were registered/entered into force:<br>Trigon New Europe Value Fund 18 February 2009/6 April 2009<br>Trigon Balkan Fund 18 February 2009/6 April 2009<br>Trigon New Europe Small Cap Fund 18 February 2009/6 April 2009<br>Trigon Top Picks Fund 18 February 2009/6 April 2009  |
| <b>Fund units</b>                     | The Fund unit (hereafter: “ <b>Unit</b> ”) represents a unit-holder’s share of the Fund’s assets. A Unit is a registered security. Trigon New Europe Value Fund has three classes of Units. Trigon Balkan Fund, Trigon New Europe Small Cap Fund and Trigon Top Picks Fund four classes of Units. Class 1 and Class 3 Units can be redeemed on every banking day. Class 2 and Class 4 Units can be subscribed and redeemed on every banking day. |
| <b>Unit prices</b>                    | The Management Company calculates and publishes the net asset value of the Fund and of a Unit, the redemption price of Class 1 and Class 3 Unit and Class 2 and Class 4 Unit issue and redemption price at least once for each banking day on the following banking day no later than 2 PM and publishes the prices on its web page <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> .   |
| <b>Listing of units</b>               | The Units are not listed on any stock exchange or other regulated and publicly available securities market.  |
| <b>Public offering abroad</b>         | Public offering of the Units of Trigon New Europe Value Fund, Trigon Balkan Fund and Trigon New Europe Small Cap Fund is allowed in the Republic of Estonia, Republic of Finland and the Kingdom of Sweden. The Units of Trigon Top Picks Fund may be publicly offered in the Republic of Estonia and in the Republic of Finland.  |
| <b>Publication of information</b>     | Important information and documents relating to the Funds are available at the Management Company’s web site <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> and at the location of the Management Company.   |
| <b>Financial year</b>                 | The financial year of the Funds is January 1 <sup>st</sup> – December 31 <sup>st</sup> .   |

<sup>1</sup> Previously named as Trigon Central and Eastern European Fund

<sup>2</sup> Previously named as Trigon Second Wave Fund

<sup>3</sup> Previously named as Trigon New Europe Top Picks Fund

**Distribution of income**

The Funds' income is not paid out to unit-holders but is reinvested. The unit-holders' profit or loss is reflected in the change of the Unit's net asset value.

## The Basis and Objective of the Funds' Activities and Investment Policy

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### The basis of the Funds' activities

The Funds are pools of money raised through public issue of Units, and of other assets acquired from investing this money that belongs collectively to unit-holders and that is managed by the Management Company. The basis of the Funds' activities and the relations between unit-holders and the Management Company have been laid down in the legislation of the Republic of Estonia and the Fund Rules of the respective Fund.

### The objective of the Funds' activities

The objective of the Funds' activities is long-term capital growth. The investment objectives of the Funds are the following:

|                                  |  |
|----------------------------------|--|
| Trigon New Europe Value Fund     | The Fund offers to the unit-holders the opportunity to invest in the equity markets of the countries that joined the European Union in 2004 and later and of the countries that are expected to join the European Union.   |
| Trigon Balkan Fund               | The Fund offers to the unit-holders the opportunity to invest in the equity markets of the Balkan region (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, KOSOVO, Macedonia, Romania, Serbia, Montenegro, Turkey).   |
| Trigon New Europe Small Cap Fund | The Fund offers to the unit-holders the opportunity to invest in small and mid sized companies of the countries that joined the European Union in 2004 or later and of the countries that are expected to join the European Union.   |
| Trigon Top Picks Fund            | The Fund offers to the unit-holders the opportunity to invest into securities traded on the global regulated markets with an emerging markets bias. The Fund's assets shall be invested into a small number of issuers as chosen by the Management Company (~8-15 different issuers), thus, the diversification of the Fund's assets shall be low. |

The investors are asked to pay particular attention to risks related to investments that are further described below under section 'Risks'.

### The investment policy of the Funds

#### *Investment region and authorised instruments*

The main information relating to the investment region of the Funds is provided in the table below:

|                              |   |
|------------------------------|---|
| Trigon New Europe Value Fund | The Fund offers to the unit-holders the opportunity to invest in the equity markets of the countries that joined the European Union in 2004 and later and of the countries that are expected to join the European Union. The investment region mainly comprises the following countries: Hungary, Poland, the Czech Republic, the Baltic countries, Slovakia, Slovenia, Croatia, Kosovo, Bulgaria and Romania. The Fund's assets may be also invested in securities traded on the 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. |
| Trigon Balkan Fund           | The Fund offers to the unit-holders the opportunity to invest in the equity markets of the Balkan region (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, KOSOVO, Macedonia, Romania, Serbia, Montenegro, Turkey). The Fund's assets may be also invested in securities traded on the 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.   |

|                                  |  |
|----------------------------------|--|
| Trigon New Europe Small Cap Fund | The Fund offers to the unit-holders the opportunity to invest in the equity markets of the countries that joined the European Union in 2004 and later and of the countries that are expected to join the European Union. The investment region mainly encompasses the following countries: Hungary, Poland, the Czech Republic, the Baltic countries, Slovakia, Slovenia, Croatia, Romania, Bulgaria, Macedonia, Albania, Kosovo, Bosnia and Herzegovina, Serbia, Montenegro, Turkey. The aim of the Fund's investment policy is to invest in securities issued by small and mid cap companies. The Fund's assets may be also invested in securities traded on the 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. |
| Trigon Top Picks Fund            | The Fund offers to the unit-holders the opportunity to invest into securities traded on the global regulated markets with an emerging markets bias. The Fund's assets shall be invested into a small number of issuers as chosen by the Management Company (generally 8-15 different issuers).   |

In addition to shares, the Funds' assets may be invested in other similar tradable rights; bonds, convertible bonds and other tradable debt obligations issued; subscription rights and other tradable rights granting the right to acquire securities; money market instruments, and tradable depositary receipts; derivative instruments; shares and units of investment funds; in deposits of credit institutions. The Funds may invest in the currencies of the investment region. In addition to shares and other similar tradable rights, up to 40% of the assets of Funds may be invested into other securities mentioned above, deposits in credit institutions and the currencies of the investment region.

There are no restrictions regarding the type of issuers when investing the assets of the Funds. The Management Company does not follow a sector approach when investing the Funds' assets. The precise division between asset classes, types of issuer, regions and sectors in the assets of each Fund shall be determined in the course of the everyday activities of the Fund.

### ***Choosing Investment Targets for Trigon Top Picks Fund***

The assets of the Fund may be invested into securities of issuers who are either based in countries commonly considered to be emerging markets or which have substantial business interests in such countries. The assets of Trigon Top Picks Fund shall be invested in companies that the fund managers deem at the given moment as the most attractive investment targets. While the assets of other equity funds managed by the Management Company are very diversified then the assets of Trigon Top Picks Fund shall be invested at any given moment generally into 8-15 different issuers. When choosing suitable investment targets, the fund manager shall consider the following criteria (all criteria do not have to be fulfilled):

- The fund manager deems the security undervalued based on fundamental or technical analysis,
- The fund manager estimates that the issuer's revenues or profit shall grow in the future,
- The issuer has a high dividend yield,
- The issuer's gearing is low,
- The fund manager estimates that the price of the security does not reflect its fair value.

The Management Company draws the attention of potential investors and existing unit-holders to the fact that the personal subjective assessments, opinions and forecasts of the Management Company and the fund manager that may or may not realise have a substantial role upon investing the Fund's assets. According to the actual market situation the Management Company and the fund manager may base their investment decisions on other criteria that listed above. The degree of diversification of the assets of Trigon Top Picks Fund is low and consequently, the success of each investment object shall substantially affect the Fund's return. The Management Company shall give no guarantees or confirmations that the assessments, opinions and/or forecasts of the Management Company or the fund manager shall turn out to be true and/or profitable. 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.

### ***Transactions with derivative instruments***

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

Sometimes the issued securities provide a foreign investor indirect exposure to a particular company share (for example global depository receipts). This is more prevalent in markets where foreign ownership is restricted. The Funds can invest into such securities if the Management Company believes that there is a satisfactory analysis made on the counterparty issuing the derivative and the terms of the derivative.

Details about the permitted underlying assets is available in the Fund Rules and risks related with derivative instruments are further described below under section 'Risks'..

### ***Other permitted transactions***

The Management Company may on behalf of the Funds guarantee issues of securities, borrow, enter into repurchase and reverse repurchase agreements and make other transactions of borrowing and lending securities. However, it is not allowed to guarantee issues of securities or borrow on behalf of Trigon Top Picks Fund. The Funds may borrow and assume other liabilities referred to above in the amount of up to 10% of a Fund's assets. The maturity of the loans and other liabilities of a Fund may be no more than three months.

### ***Diversification of investments***

*Trigon New Europe Value Fund, Trigon Balkan Fund, Trigon New Europe Small Cap Fund*

A Fund may invest no more than 10% of its assets in securities issued by the same person. If the value of securities issued by one person is more than 5% of the market value of the assets of a Fund, the aggregate value of such securities shall total no more than 40% of the market value of the assets of the Fund. The aggregate value of securities issued by persons belonging to one consolidation group shall total no more than 20% of the assets of a Fund.

*Trigon Topc Picks Fund*

The Fund's assets shall be diversified between securities generally issued by 8 to 15 different entities. The Fund may invest no more than 20% of its assets in securities issued by the same person. If the value of securities issued by one person is more than 10% of the market value of the assets of a Fund, the aggregate value of such securities shall total no more than 40% of the market value of the assets of the Fund. The aggregate value of securities issued by persons belonging to one consolidation group shall total no more than 20% of the assets of a Fund.

We would like to draw the attention of potential investors to the fact that the degree of diversification of the assets of Trigon Top Picks Fund is lower than that of other Trigon's equity funds. Investors must take into account that the Fund's risk may be higher due to that. Investors who wish to subscribe for the Units of the Fund should have extensive knowledge of financial markets and prior investment experience.

**The principles of the Funds' investment policy and diversification of the investments have been described in more detail in the Fund Rules of each Fund.**

### **Description of a typical investor**

The Funds can be recommended to investors, who have significant previous experience in equity investments in the emerging markets, and who can tolerate high volatility and risk level in his/her

investments. Due to the Funds' investment policy, the price of a Unit may be very volatile; therefore, investors should have a long-term investment horizon. The minimum recommended investment horizon is 5 years. A holding in the Funds is suitable as a part of a diversified portfolio. The Management Company strongly recommends the investor to discuss with a financial and/or legal and or tax advisers before making the investment.

## Risk level of the Funds

The risk level of the Funds is the following:

|                                  |  |
|----------------------------------|--|
| Trigon New Europe Value Fund     | Trigon New European Value Fund invests its assets in listed equities in the so-called New European (Eastern European countries, Balkan countries, Turkey, see above) markets with the focus on companies with strong balance sheets in mostly defensive sectors of the market. Due to the defensive strategy of the Fund, the Fund offers exposure to relatively more liquid and less volatile segment of the otherwise high average risk level of the region. Due to portfolio companies operating in the above mentioned region the risk level of the Fund is higher versus when the Fund would invest in companies operating in the more developed markets. In addition, the Fund can invest part of the assets to low liquidity small/mid-cap companies, which involves additional risks.<br><b>Therefore the approximate risk level of the Fund's investments can be considered to be high.</b> |
| Trigon Balkan Fund               | Trigon Balkan Fund invests its assets in listed equities in the Balkan markets with the focus on companies in fast growing sectors of the region. Due to the relative low level of development of the financial markets and economies of this region the Fund offers exposure to a potentially fast growing region with high political and economic risk. In addition, the fund can invest part of the assets to low liquidity small/mid-cap companies, which further increases their risk level.<br><b>Therefore the approximate risk level of the Fund's investments can be considered to be high.</b>   |
| Trigon New Europe Small Cap Fund | Trigon New European Small Cap Fund invests its assets in listed equities in the so-called New European (Eastern European countries, Balkan countries, Turkey, see above) markets with the focus on small and mid-cap companies of the market. Due to portfolio companies operating in the above mentioned region the risk level of the Fund is higher versus when the Fund would invest in companies operating in the more developed markets. More importantly, the Fund invests into small/mid-cap companies of the region which are more volatile and have lower liquidity compared to market average.<br><b>Therefore the approximate risk level of the Fund's investments can be considered to be very high.</b>   |
| Trigon Top Picks Fund            | Trigon Top Picks Fund invests its assets in a limited number of companies. Furthermore, the portfolio companies operate in the emerging markets, which are generally considered riskier than more developed markets. In addition, some of the Fund's holdings are small/mid-cap companies which further increases their risk level.<br><b>Therefore the risk level of the Fund's investments can be considered to be very high.</b>  |

## Risks

Investing in the Funds is accompanied by various risks that may affect the return on the investment. The activities of the Funds may or may not be profitable; thus, there is no guarantee to unit-holders that they will get back the amount invested in the Funds or that it will grow. Past performance of the Funds does not guarantee similar results in the future.

While making any investment decisions, the investor should bear in mind that risks related to any investment decision lies with the investor. Therefore, the investor is recommended to engage financial and/or legal and/or tax advisers prior to making a decision about investing into the Funds.

The risks described below are not conclusive. Those are merely risks more associated with the Funds taking into account the Funds' investment policy and objectives. An investor should also consider other potential risks accompanied with investment activities.

The main risks related to the Funds' investment policy are the following:

## **1. Risks deriving from direct investment activities**

### **1.1. Market risk**

Market risk is a possibility that the market price of securities or other assets increases or decreases and thus affects the value of the Funds' assets on a daily basis.

The development of the Funds investments depends on the general developments in different emerging markets countries' equity markets. These developments create daily volatility in the NAV of the Funds and the NAV impact may be significant, especially in a period of extraordinary large market movements.

Market risk factor is a very important risk factor to the Funds. In order to mitigate market risk, the Funds' investments are relatively diversified and derivative instruments may be used.

### **1.2. Liquidity risk**

Liquidity risk is a possibility that due to a market's low liquidity the Funds are not able to buy or sell shares at desired price level and therefore cannot at times follow the investment policy of the Fund and/or cannot execute the redemption payments timely, especially in a situation where there would be several larger redemption orders at the same time. Provided that the Funds have difficulties in redeeming all redemption orders, the Funds may postpone fulfilling the redemption orders until the Funds have sufficient free cash to pay out all redemption orders. Redemption orders given to the Funds for execution during the time of low market liquidity may also have a negative impact to the value of the investments of investors not redeeming.

Liquidity risk can materialize in situations of extraordinary large market movements or in longer periods of low equity market liquidity. Liquidity risk may also increase in situations where the market and credit risks are increasing, for example during the time of economic recession.

The investors should pay attention to the following specific Fund related circumstances in relation to considering the liquidity risk:

|                                  |  |
|----------------------------------|--|
| Trigon New Europe Value Fund     | The Fund invests in mostly blue-chip companies of the market with relatively good liquidity. Despite the fact, extraordinary circumstances where low liquidity of the markets coincide with large redemptions from the Fund can not be eliminated.   |
| Trigon Balkan Fund               | The Fund invests into shares listed in Balkan markets and Balkan markets are among the least liquid markets in the New Europe. The Fund also invests into Turkey and the Turkish market has better liquidity than any of the New European countries.   |
| Trigon New Europe Small Cap Fund | The Fund invests in mid/small-cap companies of the market in a focused way. Mid and small-cap companies have relatively lower liquidity. The latter and relatively small number of holdings may have negative effect on the Fund's liquidity.  |
| Trigon Top Picks Fund            | The Fund invests in limited number of companies (~8-15). The diversification of the portfolio is relatively low and the Fund may be imposed to a risk that one or more companies the Fund has invested into has low or practically no liquidity, either temporary or constant liquidity may have a negative effect to the performance of the Fund. |

To control this risk the Management Company analyzes, among other things, also the liquidity of each share before making the investment. Diversification of investments is also used to reduce the liquidity risk.

### **1.3. Credit risk**

Credit risk is a possibility that an issuer of a security belonging to the Funds' assets or a counter party to a transaction made on behalf of the Funds does not fulfil its obligations in part or in full.

The Funds face credit risk e.g. when making investments in fixed income instruments and when keeping the money on a bank account. Credit risk can cause losses to the Funds.

The credit risk factor is an important risk factor to the Funds, but as the Funds focus mostly in equity investments, the likelihood of significant credit risk related losses is relatively low. To reduce this risk the Funds make their non-equity investments in relatively low-risk counterparties.

#### **1.4. Currency risk**

Currency risk is a possibility that due to movements in exchange rates the value of an investment nominated in a given currency changes in an undesirable direction. The Funds make their investments in equities quoted in different currencies in emerging markets countries' (Trigon Top Pics Fund), New European countries' (Trigon New Europe Value Fund and Trigon New Europe Small Cap Fund) and Balkan countries' (Trigon Balkan Fund). In addition, the Funds may have cash or other investments in different currencies. The daily movements in these currencies have a daily impact on the NAV of the Funds and from time to time these movements can be significant, especially in periods of extraordinary high currency market uncertainty and volatility.

This risk element is a very important risk factor to the Funds. The Funds may hedge partly or fully this currency risk element and derivatives may also be used. However, it is not the intention of the Funds to be fully hedged in different currencies.

#### **1.5. Inflation risk**

Inflation in the target countries may affect the Funds' investments negatively through e.g. decreasing the value of the fixed income investments, creating downward pressure on the local currencies and through having adverse impact on the portfolio companies. This may happen e.g. in a situation of too easy monetary policy and of significantly increased money supply. The Management Company monitors and if necessary, makes investment decisions taking into account possible inflation risks.

#### **1.6. Concentration risk**

This is a possibility that an event or circumstance has a substantial impact on the Funds' returns due to the Funds' investments being focused on one or a small number of markets or asset classes or issuers.

Trigon New Europe Value Fund, Trigon Balkan Fund and Trigon New Europe Small Cap Fund invest their assets in a focused way to limited number of companies (~25-30) which offers relatively lower diversification than average equity funds. In comparison, the Ucits funds usually invest to 50-60 companies. Trigon Top Picks Fund invests its assets in even more limited number of companies (~8-15) in global emerging markets and therefore the diversification of the Fund is very low. In addition, the Funds typically focus only on a few markets, or in an extreme situation, only on one market. This concentration increases the risk level of the Funds and should the risks materialize (e.g. through adverse developments in the portfolio holdings or in the financial sector in general), this can lead to a situation where the investor may lose a significant part or even all of the money invested.

The Fund rules and internal regulations set limits and restrictions to reduce the concentration risk.

#### **1.7. Issuer risk**

Issuer risk arises from the specifics and success of the business activities of an issuer that could affect prices of securities issued by it (e.g. worsening of issuer's financial results due to poor decisions by the management, bankruptcy etc).

All investments with the Funds' assets are exposed to issuer risk, especially Trigon Top Picks Fund since the Fund shall be invested at any given moment generally into ~8-15 different issuers only. Therefore, the issuer risk is considered an important risk to the Funds and very important to Trigon Top Picks Fund.

In order to minimise the issuer risk, the activities and financial statements of issuers are analysed and monitored. Trigon Top Picks Fund's investments are carefully chosen based on fundamental or technical analysis, estimates that the issuer's revenues or profit shall grow in the future, considering high dividend yield of the issuer or undervalued security prices etc (subjective valuations by Management Company).

#### **1.8. Volatility risk**

The daily volatility of the Funds is high due to e.g. the following reasons:

|   |   |
|---|---|
| Trigon New Europe Value Fund and Trigon New Europe Small Cap Fund | The Funds invest their assets in a focused way, the Funds operate in the high-risk New European equity markets and the Funds partially also invest in small/mid-cap companies in these markets. |
| Trigon Balkan Fund  | The Fund invests its assets in a focused way, the Fund operates in the high-risk Balkan   |

|                       |  |
|-----------------------|--|
|                       | equity markets and the Fund partially also invests in small/mid-cap companies in these markets.  |
| Trigon Top Picks Fund | the Fund invests its assets in a limited number of companies, the Fund operates in the high-risk global emerging equity markets and the Fund also invests into small/mid-cap companies in these markets. |

These factors increase the daily volatility and the risk level of the Funds significantly. The risk of loss due to market value reduction is described under market risk, but volatility risk exposes the investor to timing-related risks additionally. The volatility of the Funds can cause alternative costs to the investor. For example, a particular Fund Unit transaction might be executed with unfavorable timing meaning that a significantly better Fund Unit price could be achieved if the transaction would have been executed for example the next day.

### **1.9. Interest rate risk**

Interest rate risk is a possibility that interest rates, yield curves, volatility of interest rates etc. change in an undesired direction. Since the Funds invest mostly in equities, the interest risk is not very high to the Funds. The Funds' investments are diversified in order to reduce interest rate risk.

### **1.10. Risks related to derivatives**

In order to achieve its investment aims, the Funds may invest in, for example, the following derivatives:

Put options on shares – these derivatives represent the right to sell the security to the counterparty at agreed time and price;

Forward agreements on shares – an irrevocable agreement to sell or buy a particular security at the agreed terms;

Interest rate swaps and options – these help to reduce particular interest rate risks.

The Funds use the derivatives from time to time only with the purpose of reducing the risks in the Funds.

There are at least two risks that all of the derivatives mentioned above are exposed to:

Counterparty credit risk – since a derivative is an agreement with a particular counterparty then the Funds are exposed to the credit risk of this counterparty;

Risks arising from the potential complexities of the derivative – although special attention is paid to using derivatives, there is a risk that, for example, due to human error the Fund manager engages in a derivative contract that does not achieve the desired aim.

## **2. Legal risks**

The Funds are subject to many different legal risks, e.g. changes in tax laws, regulatory environments, political environments, etc.

The significance of these factors is increased by the fact that the Funds operate in the emerging countries, where the legal framework and the political systems are typically less developed and more volatile than in the developed countries. Changes in these factors can cause sudden negative impacts on the Funds NAV.

In order to reduce legal risks, the developments in the countries in which the Funds' assets have been invested or will be invested are analysed and monitored.

## **3. Depository risks**

In most of the market the Funds are exposed to the risk of a failure in the depository system. A large-scale malfunction in a depository could cause us harm through the following effects:

- Difficulties in proving ownership over the owned securities;
- Business interruption. The Funds are very likely to face difficulties and delays in selling or buying the intended securities;
- A technological malfunction could cause some of the trades to settle so that Funds will deliver their part of the trade but not receive the cash or securities that were intended.

In order to minimise depository risk, the depository is by law obliged to keep the Funds' assets separately from its own assets or assets of other clients. The depository is also allowed to choose the third parties safe-keeping the Funds' assets or securities with due care to secure the reliability of such third parties.

It is assumed that the described risks are mitigated by the fact that typically the depositories are covered by direct or indirect guarantees provided by the state in case of financial difficulties and, additionally, the depository banks operate under the supervision of local financial supervision authorities.

#### **4. Risks deriving from valuation of the assets of the Funds**

The fair valuation of the assets of the Funds is a risk element, as there may be situations where it may be difficult, or even impossible, to objectively determine the fair value of each security and as there may be mistakes made in the valuation process due to e.g. human errors. As the Funds invest in small- and mid-cap companies the trading spreads in the market can be extremely wide affecting the company's market valuations in significant proportions. In order to mitigate this risk the Funds focus on listed equities, have clearly defined rules for determining the fair values and also the Funds are audited on regular intervals. In addition, the NAV calculation process has double-checks in place in order to avoid human errors.

#### **5. Operational risks**

In its operations the Funds face different operational risks; e.g. counterparty risks, risks in settlement systems and risks relating to securities registeries. Should the counterparty fail to meet its obligations e.g. in delivering securities in time, this may cause losses to the Funds' investors. This is an important risk category for the Funds. However, as the Management Company has clearly defined processes and risk limits in dealing with different operational risks.

#### **6. Risks deriving from potential conflict of interests**

Potential conflicts of interest (e.g. transactions with related parties, overlapping of interests of related parties or conflict of interests between other Trigon funds) create an important risk factor for the Funds and may cause adverse impacts on the development of the Funds' NAV. For the purposes of managing this risk, the Management Company is monitoring potential conflicts of interests and has set up internal processes and rules for eliminating such situations.

#### **7. Specific risks related to the Funds**

An investor should also consider the following specific risks related to the Funds:

|                                  |   |
|----------------------------------|---|
| Trigon New Europe Value Fund     | The Fund faces a risk of underperforming the possible benchmarks due to the Fund's strategy to invest into companies with conservative balance sheets and attractive dividend yields. These are usually companies that have lower beta <sup>4</sup> compared to market and tendency to under perform in rising markets. On top of it, the Management Company may not be able to find suitable investment targets that would match the Fund's investment policy. This is a very important risk factor for the Fund. The Management Company shall devote substantial attention and resources to analysing and monitoring these issues; however, the risk that the value of the investment shall not be increased through the value investing strategy shall still remain. |
| Trigon Balkan Fund               | The Fund faces a risk factor due to the Fund's strategy to invest into Balkan region (including Turkey). Analytical information about Balkan markets is limited, they have different business culture compared to Europe, lower transparency and widely varying management competences. This is a very important risk factor for the Fund. The Management Company shall devote substantial attention and resources to analysing, meeting the managements and monitoring these issues; however, the risk that the value of the investment shall not be increased through the investing strategy shall still remain.  |
| Trigon New Europe Small Cap Fund | The Fund faces a risk factor due to the Fund's strategy to invest into small/mid cap companies that have limited or no coverage by analysts, lower transparency and on average less qualified management teams compared to blue-chip companies. This is a very important risk factor for the Fund. The Management Company shall devote substantial attention and resources to analysing, meeting the managements and monitoring these issues; however, the risk that the value of the investment shall not be increased through the investing strategy shall still remain.  |

<sup>4</sup> Beta indicates the volatility of a concrete asset, i.e. a share, compared to the average of the financial market. The price of shares with higher beta usually goes up faster when the market rises but also the price of such shares goes down faster when the market falls.

|                       |   |
|-----------------------|---|
| Trigon Top Picks Fund | <p>The Fund faces a risk factor due to the Fund's strategy to be focused on the global emerging markets, as emerging markets' country specific risk factors may be risk factors for the Fund. These risk factors include, among others, possible high government control over companies, economies' possible dependency on only a few sectors (e.g. commodities), possible weak legal frameworks and possible tensions within the countries and between other countries (e.g. riots, uprisings, coups and wars). This is a very important risk factor for the Fund. The Fund Management Company shall devote substantial attention and resources to analysing and monitoring these issues; however, the risk of negative impacts on the Fund NAV still remains.</p> |
|-----------------------|---|

## Unit, Unit's Net Asset Value

### Unit

A Unit represents a unit-holder's share of a Fund's assets. A Unit is a registered security.

#### Trigon New Europe Value Fund units

|               | <b>Class 1 – A Unit</b>   | <b>Class 2 – eQ Unit</b> | <b>Class 4 – C Unit</b>             |
|---------------|---|--------------------------|-------------------------------------|
| Name          | Trigon New Europe Value Fund A unit                                       | eQ Itä-Eurooppa unit     | Trigon New Europe Value Fund C unit |
| Nominal value | 100 Estonian kroon  | 10 euro                  | 10 euro                             |
| Registrar     | Estonian Central Securities Depository AS Eesti Väärtpaberikeskus ("EVK") | Swedbank AS              | EVK                                 |

#### Trigon Balkan Fund units

|               | <b>Class 1 – A Unit</b>   | <b>Class 2- eQ Unit</b> | <b>Class 3- B Unit</b>    | <b>Class 4 – C Unit</b>   |
|---------------|---------------------------|-------------------------|---------------------------|---------------------------|
| Name          | Trigon Balkan Fund A unit | eQ Balkan unit          | Trigon Balkan Fund B unit | Trigon Balkan Fund C unit |
| Nominal value | 100 Estonian kroon        | 10 euro                 | 100 Estonian kroon        | 10 euro                   |
| Registrar     | EVK                       | Swedbank AS             | EVK                       | EVK                       |

#### Trigon New Europe Small Cap Fund units

|               | <b>Class 1 – A Unit</b>                 | <b>Class 2 – eQ Unit</b>        | <b>Class 3 – B Unit</b>                 | <b>Class 4 – C Unit</b>                 |
|---------------|---|---------------------------------|---|---|
| Name          | Trigon New Europe Small Cap Fund A unit | eQ Itä-Euroopan Pienyhtiöt unit | Trigon New Europe Small Cap Fund B unit | Trigon New Europe Small Cap Fund C unit |
| Nominal value | 100 Estonian kroon                      | 10 euro                         | 100 Estonian kroon                      | 10 euro                                 |
| Registrar     | EVK                                     | Swedbank AS                     | EVK                                     | EVK                                     |

#### Trigon Top Picks Fund units

|               | <b>Class 1- A Unit</b>       | <b>Class 2 – eQ Unit</b>   | <b>Class 3 – B Unit</b>      | <b>Class 4 – C Unit</b>                 |
|---------------|------------------------------|----------------------------|------------------------------|---|
| Name          | Trigon Top Picks Fund A unit | eQ Emerging Top Picks unit | Trigon Top Picks Fund B unit | Trigon New Europe Top Picks Fund C unit |
| Nominal value | 100 Estonian kroon           | 10 euro                    | 100 Estonian kroon           | 10 euro                                 |
| Registrar     | EVK                          | Swedbank AS                | EVK                          | EVK                                     |

Class 1, Class 3 and Class 4 Units of the Funds will be hereafter referred to as “**Trigon Units**”. Class 2 Units of the Funds will be hereafter referred to as “**eQ Units**”.

## **Rights and obligations attached to Units**

The rights and obligations attached to a Unit with respect to a unit-holder shall enter into force upon issuing a Unit and shall terminate upon redeeming a Unit.

A Unit does not grant to unit-holder the right to make decisions regarding the transactions made with the assets of the Funds. Unit-holders do not hold general meetings. A unit-holder may not demand the dissolution of the community ownership of the unit-holders. A unit-holder has the following rights: to demand from the Management Company that the unit-holder's Units be redeemed according to the respective Fund's Fund Rules and the legislation; to transfer the Units held by the unit-holder to third parties; to receive, pursuant to the Fund Rules, a share of the specific Fund's assets remaining after liquidation of the Fund and of the Fund's income, based on the number of Units held by the unit-holder and the class of the Units; to access at the registered office of the Management Company the Fund Rules, the most recent annual or semi-annual report of the Fund, the prospectus, the simplified prospectus of Class 2 and Class 4 Units and other documents and information regarding the activities of the Funds as provided for in legislation; to demand a document certifying the unit-holder's ownership; to perform other acts prescribed by law or the Fund Rules. A unit-holder must exercise the rights attached to Units in good faith and in accordance with legislation and the Fund Rules. The objective of exercising the rights of a unit-holder may not be causing damage to other unit-holders, the Management Company, the Depositary or third persons.

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

## **Net Asset Value of the Funds and of a Unit**

The net asset value of the Funds and a Unit depends on the income or loss from the Funds' activities. The Funds' 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.

The Management Company shall establish the net asset value of the Funds and a Unit according to the internal rules and legislation.

The net asset value of a Fund shall be determined based on the market value of the assets of the Fund from which the liabilities of the Fund shall be deducted. The total net asset value of a class of Units shall be determined by deducting that class' share of the liabilities of the Fund from that class' share of the market value of the securities and other rights belonging to the Fund's assets. The net asset value of a Unit shall be determined by dividing that class' total net asset value by that class' number of Units issued and not redeemed as at the point of valuation. The assets and liabilities of the Fund shall be accounted for in Estonian kroon.

The Management Company calculates and publishes the net asset value of the Funds and of a Unit, the issue and redemption price of Class 2 and Class 4 Unit and redemption price of Class 1 and Class 3 Unit at least once for each banking day on the following banking day no later than 2 PM. A Unit's net asset value, issue and redemption price shall be rounded up to four decimal points. This information is available at the web page of the Management Company at [www.trigoncapital.com](http://www.trigoncapital.com).

## **Fees and expenses**

### **Trigon New Europe Value Fund**

|   | <b>Class 1 Units – A Units</b>                             | <b>Class 2 Units- eQ Units</b>                             | <b>Class 4 Units- C Units</b>                              |
|---|--|--|--|
| <b>Currency of NAV</b>  | Estonian kroon   | Euro   | Euro   |
| <b>Fees paid by a unit-holder</b>                                   |  |  |  |
| Issue fee   | N/A  | Fee to intermediary<br>1.0% of subscription amount         | 2.0% of Unit's NAV   |
| Redemption fee  | 1.5% of Unit's NAV   | Fee to intermediary<br>EUR 20 per transaction              | 1.5% of Unit's NAV   |
| <b>Fees and expenses paid by the Fund</b>                           |  |  |  |
| Management fee (% of the Fund's assets per annum)                   | 1.5% per year  | 1.25% per year   | 2.0% per year  |
| Performance fee   | none   | 15% of return that exceeds 3.5% per year*                  | none*  |
| Depository fee (% of the Fund's assets per annum, VAT not included) | 0.13%-0.16%  | 0.13%-0.16%  | 0.13%-0.16%  |
| Other expenses  | According to the price list of the provider of the service | According to the price list of the provider of the service | According to the price list of the provider of the service |

#### Trigon Balkan Fund

|   | <b>Class 1 Units- A Units</b>                              | <b>Class 2 Units- eQ Units</b>                             | <b>Class 3 Units- B Units</b>                              | <b>Class 4 Units –C Units</b>                              |
|---|--|--|--|--|
| <b>Currency of NAV</b>  | Estonian kroon   | Euro   | Estonian kroon   | Euro   |
| <b>Fees paid by a unit-holder</b>                                   |  |  |  |  |
| Issue fee   | N/A  | Fee to intermediary<br>1.0% of subscription amount         | N/A  | 2.0% of Unit's NAV   |
| Redemption fee  | 1.5% of Unit's NAV   | Fee to intermediary<br>EUR 20 per transaction              | None   | 1.5% of Unit's NAV   |
| <b>Fees and expenses paid by the Fund</b>                           |  |  |  |  |
| Management fee (% of the Fund's assets per annum)                   | 2.0% per year  | 2.0% per year  | 1.25% per year   | 2.0% per year  |
| Performance fee   | 20% of return that exceeds 3.5% per year*                  | 20% of return that exceeds 3.5% per year*                  | 15% of return that exceeds 8% per year*                    | 20% of return that exceeds 3.5% per year*                  |
| Depository fee (% of the Fund's assets per annum, VAT not included) | 0.22%-0.30%  | 0.22%-0.30%  | 0.22%-0.30%  | 0.22%-0.30%  |
| Other expenses  | According to the price list of the provider of the service | According to the price list of the provider of the service | According to the price list of the provider of the service | According to the price list of the provider of the service |

### Trigon New Europe Small Cap Fund

|   | <b>Class 1 Units – A Units</b>                                      | <b>Class 2 Units – eQ Units</b>                                     | <b>Class 3 Units – B Units</b>                                      | <b>Class 4 Units – C Units</b>                                      |
|---|---|---|---|---|
| <b>Currency of NAV</b>  | Estonian kroon  | Euro  | Estonian kroon  | Euro  |
| <b>Fees paid by a unit-holder</b>                                   |   |   |   |   |
| Issue fee   | N/A   | Fee to intermediary<br>1.0% of<br>subscription<br>amount            | N/A   | 2.0% of Unit's<br>NAV   |
| Redemption fee  | 1.5% of Unit's<br>NAV   | Fee to intermediary<br>EUR 20 per<br>transaction                    | None  | 1.5% of Unit's<br>NAV   |
| <b>Fees and expenses paid by the Fund</b>                           |   |   |   |   |
| Management fee (% of the Fund's assets per annum)                   | 2.0% per year   | 2.0% per year   | 1.25% per year  | 2.0% per year   |
| Performance fee   | 15% of return that<br>exceeds 3.5% per<br>year*                     | 15% of return that<br>exceeds 3.5% per<br>year*                     | 15% of return that<br>exceeds 8% per<br>year*                       | 15% of return that<br>exceeds 3.5% per<br>year*                     |
| Depository fee (% of the Fund's assets per annum, VAT not included) | 0.13%-0.16%   | 0.13%-0.16%   | 0.13%-0.16%   | 0.13%-0.16%   |
| Other expenses  | According to the<br>price list of the<br>provider of the<br>service | According to the<br>price list of the<br>provider of the<br>service | According to the<br>price list of the<br>provider of the<br>service | According to the<br>price list of the<br>provider of the<br>service |

### Trigon Top Picks Fund

|   | <b>Class 1 Units – A Units</b>                  | <b>Class 2 Units – eQ Units</b>                          | <b>Class 3 Units- B Units</b>                 | <b>Class 4 Units – C Units</b>                  |
|---|---|--|---|---|
| <b>Currency of NAV</b>  | Estonian kroon                                  | Euro   | Estonian kroon                                | Euro  |
| <b>Fees paid by a unit-holder</b>                               |   |  |   |   |
| Issue fee   | N/A   | Fee to intermediary<br>1.0% of<br>subscription<br>amount | N/A   | 2.0% of Unit's<br>NAV                           |
| Redemption fee  | 1.5% of Unit's<br>NAV                           | Fee to intermediary<br>EUR 20 per<br>transaction         | None  | 1.5% of Unit's<br>NAV                           |
| <b>Fees and expenses paid by the Fund</b>                       |   |  |   |   |
| Management fee (% of the Fund's assets per annum)               | 2.0% per year                                   | 2.0% per year  | 1.25% per year                                | 2.0% per year                                   |
| Performance fee   | 15% of return that<br>exceeds 3.5% per<br>year* | 15% of return that<br>exceeds 3.5% per<br>year*          | 15% of return that<br>exceeds 8% per<br>year* | 15% of return that<br>exceeds 3.5% per<br>year* |
| Depository fee (% of the Fund's assets per annum, VAT included) | 0.1652%-0.2124%                                 | 0.1652%-0.2124%  | 0.1652%-0.2124%                               | 0.1652%-0.2124%                                 |

|                |  |  |  |  |
|----------------|--|--|--|--|
| Other expenses | According to the price list of the provider of the service | According to the price list of the provider of the service | According to the price list of the provider of the service | According to the price list of the provider of the service |
|----------------|--|--|--|--|

\* The Management Company has the right to receive Performance fee if the respective Unit's net asset value exceeds its highest month-end net asset value of the respective Unit to which the required minimum return of 3.5% or 8% p.a. (depending on Unit class) has been added. Class 4 units can be subscribed as of 6 April 2009 and calculation of performance fee shall commence as of first subscription with nominal (nominal 10 EUR). Please refer to the Fund Rules for the full information regarding the Performance fee.

A person who has signed an agreement with the Management Company for intermediating Units has the right to reduce or omit issue and redemption fees for transactions intermediated by it. The Management Company has a right to grant the following persons a right to issue or redeem Units without issue and/or redemption fees:

- a) Persons that have entered into contractual relationship with the Management Company;
- b) Persons that have invested over 1,000,000 euros into the Fund;
- c) Persons employed or contracted by any company belonging to the same consolidation group as the Management Company, also family members of such persons, and to whom such right has been granted with decision adopted by the Management Board of the Management Company.

In addition, such right may be given and also lower management and performance fees may be applied to certain investors by the resolution of the Management Board of the Management Company.

The rates of management and depositary fee shown in the table are calculated as a percentage of the market value of the assets of the Fund. Management fee and depositary 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.

## Transactions with Units

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### General

The following types of transactions can be done with Units: purchasing Class 2 and Class 4 Units, selling Units and switching Units for similar Class Units of another Fund managed by the Management Company. Units may not be switched for Units of another class of the same Fund except switching Class 3 Units for Class 4 Units of the Fund (except with regards to Trigon New Europe Value Fund). In order to purchase Units, an investor must have a current account and a securities account, except for in cases Units are kept on a nominee account. In such cases transfers of securities and payments to a unit-holder shall be made to the client account and to the current account linked to the client account.

By submitting a purchase order or by transferring money to the subscription account, an investor confirms that he or she has sufficiently acquainted himself or herself with the Fund Rules, accepts the Fund Rules and shall act in accordance with the Fund Rules.

Issue and redemption fees and all other direct expenses related to issuing and redeeming Units shall be borne by a unit-holder.

### Issue and redemption price of a Unit

The issue price of a Unit is 1) for Class 4 Units the net asset value of respective Class 4 Unit that shall be calculated on the following banking day from receiving the purchase order to which the issue fee may be added; 2) for eQ Units the net asset value of the respective eQ Unit that shall be calculated on the following banking day from receiving the purchase order. A unit-holder shall additionally bear the fee to the intermediary.

The redemption price of a Unit is 1) for Trigon Units the net asset value of the respective Unit that shall be calculated on the following banking day from receiving the sale order from which the redemption fee may be deducted, depending on specific Unit class; 2) for eQ Units the net asset value of the respective eQ Unit that shall be calculated on the following banking day from receiving the sale order. A unit-holder shall additionally bear the fee to the intermediary.

### Purchasing Units

Main information about purchasing Units has been provided in the following table.

|                                 |  |
|---------------------------------|--|
| <b>Class 4 Units – C Units</b>  | <p>In order to acquire Trigon Units (Class 4), an investor must submit a purchase order to the Management Company through a custodian of EVK (e.g. Swedbank, SEB Pank) or an intermediary appointed by the Management Company. The format of the purchase order shall be stipulated by the intermediary. A respective Unit shall be issued in no more than 6 banking days from the day the Management Company receives the purchase order (T+6) unless a longer period has been agreed between the Management Company and the investor.</p> <p>As of 06.04.2009 no Class 1 and Class 3 Units will be issued. Class 3 Unit of Trigon New Europe Value Fund is liquidated.</p> |
| <b>Class 2 Units - eQ Units</b> | <p>eQ Units may be acquired only through eQ Pankki Oy (register number: 1066893-6, situated: Helsinki, the Republic of Finland) (hereafter: “eQ”). In order to acquire an eQ Unit, an investor must submit a purchase order to the Management Company through eQ. The format of the purchase order shall be stipulated by eQ. A Unit shall be issued in no more than 6 banking days from the day the Management Company receives the purchase order (T+6) unless a longer period has been agreed between the Management Company and eQ.</p>  |

## Selling Units

Main information about selling Units has been provided in the following table.

|  |  |
|--|--|
| <b>Class 1, 3 and 4 Units – A, B and C Units</b> | <p>In order to redeem Trigon Units, a unit-holder must submit a sale order to the Management Company through a custodian of EVK (e.g. Swedbank, SEB Pank) or an intermediary appointed by the Management Company. The format of the sale order shall be stipulated by the intermediary. A Unit shall be redeemed in no more than 6 banking days from the day the Management Company receives the sale order (T+6) unless a longer period has been agreed between the Management Company and the investor.</p> <p>Additional information regarding selling Units is available at the web page of the Management Company at <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> or by contacting the Management Company directly.</p> |
| <b>Class 2 Units - eQ Units</b>                  | <p>eQ Units shall be redeemed only through eQ. In order to redeem an eQ Unit, a unit-holder must submit a sale order to the Management Company through eQ. The format of the sale order shall be stipulated by eQ. A Unit shall be redeemed in no more than 6 banking days from the day the Management Company receives the sale order (T+6) unless a longer period has been agreed between the Management Company and eQ.</p>   |

## Deadlines for submitting transaction orders

Transaction orders are considered to have been submitted on the current banking day if the order reaches the Management Company latest by 17.00 Estonian time. Transaction orders received after this cut-off time are considered as submitted on the following banking day. If a transaction order is submitted in weekend or on a public holiday, it is considered to have been submitted on the following banking day, disregarding the actual time of when it was received.

## Suspending and postponing transactions

In case the size of a redemption order exceeds 5% of the market value of the Fund's assets the Management Company is entitled to postpone payments for such large redemption orders additionally by another 30 banking days. The time for making the payment does not include the time for processing the transfer in banks.

In case various unit-holders request the redemption of Units in an amount exceeding 5% of the market value of the Fund's assets during the same day, the Management Company has the right to postpone all the payments to be made based on that day's sale orders additionally by another 30 banking days. The time for making the payment does not include the time for processing the transfer in banks.

The Management Company may suspend redeeming Units under the conditions and according to the procedures provided for in the Investment Funds Act, incl. suspending the redemption of Units for up to three months if the money in the accounts of the Fund is insufficient for payment of the redemption price for the Units, if the regular management of the Fund may be harmed by the payment of the price, if the securities or other assets of the fund cannot be promptly sold or if the interests of other unit-holders would be materially harmed thereby.

## Switching units

A unit-holder has the right to switch the Units the unit-holder holds for similar class Units of another Fund managed by the Management Company. For example, Fund's A Unit may be switched for a C Unit of another Fund and a Fund's C Unit may be switched for a C Unit of another Fund. Units may not be switched for Units of another class of the same Fund except for switching Class 3 Units for Class 4 Units of the same Fund.

In order to switch Units, a unit-holder must submit an order for switching Units through the unit-holder's custodian to the Management Company according to the format stipulated by the custodian. Upon

switching Units, no payments shall be made to a unit-holder. Based on the number of Units to be switched and the net asset value, Units shall be redeemed. Based on the net asset value of Class 4 Units of the Fund or the units of the other fund, Class 4 Units of the Fund or Units of the other Fund shall be issued. Upon switching units, the net asset value of units that shall be calculated on the following banking day from receiving the switch order shall be used. No redemption or issue fees shall be charged when switching units. The value date of switching Units shall be in no more than 6 banking days from the day the Management Company received the switching order (T+6) unless a longer period has been agreed between the Management Company and the investor.

## **Taxation**

According to the legislation of Estonia, the Funds are not taxable persons and do 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 professional tax specialist.

## **Offering Units in foreign countries**

In addition to Estonia, the public offering of the Units of Trigon New Europe Value Fund, Trigon Baltic Fund and Trigon New Europe Small Cap Fund is allowed only in Finland and Sweden. The Units of Trigon Top Picks Fund may be publicly offered in Estonia and in Finland.

The Prospectus does not constitute an offer of Units in countries where making such an offer is unlawful. The Prospectus does not constitute an offer of Units to any persons to whom making such an offer is unlawful.

If the wording of the Prospectus in Estonian and in another language differ or if the wording can be interpreted differently, the Estonian wording of the Prospectus shall prevail.

## **Information about the Funds**

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### **Publishing information regarding the Funds**

Any person can access the following information and documents at the registered office of the Management Company and at its web page [www.trigoncapital.com](http://www.trigoncapital.com): Fund Rules, the most recent annual report of each Fund, the most recent semi-annual report of each Fund if it has been approved after the most recent annual report, the Prospectus, the simplified prospectus of Class 2 and Class 4 Units, the name and contact details of the Management Company, the name of the fund manager, the name and contact details of the Depositary, the rules for calculating the net asset value of the Funds and the internal rules for making derivative transactions on the account of the Funds, information about the size of the Management Company's holding in the Funds.

On request, unit-holders shall receive a copy of the Fund Rules, the Funds' most recent annual or semi-annual reports, the prospectus and the simplified prospectus of Class 2 and Class 4 Units free of charge. On request, the Fund Rules will be sent to an investor via mail, e-mail or fax.

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

The Management Company shall publish on each banking day the net asset value, the redemption price of Class 1 and Class 3 Unit and the issue and the redemption price of Class 2 and Class 4 Unit at its web page.

In case circumstances that substantially affect the activities or the financials of the funds managed by the Management Company (including the Funds) or the net asset value of the Unit should become evident, respective information shall be published without delay at the web page of the Management Company.

### **Amending the Fund Rules**

The supervisory board of the Management Company may adopt a decision to amend the Fund Rules, including Fund's investment policy and fees and expenses paid by the Fund. Subsequent to registering the amendments by the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding amending the Fund Rules in at least one daily national newspaper and in the web page of the Management Company. The amendments to the Fund Rules take effect in one month after publishing the corresponding notice unless the notice prescribes a later date.

### **Liquidation of the Funds**

Liquidation of the Funds shall be effected in the cases and according to the procedures provided for in the Investment Funds Act. Liquidation of a Fund shall be decided by the supervisory board of the Management Company. In the cases provided for in the Investment Funds Act, the Depositary can act as the liquidator.

Subsequent to obtaining approval for liquidation of a Fund from the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding the liquidation of the Fund in at least one daily national newspaper. Upon liquidation of the Fund the Management Company shall transfer the assets of the Fund as soon as possible and in accordance with the interests of the unit-holders, shall collect the debts of the Fund and satisfy the claims of the creditors of the Fund. The Management Company shall distribute the assets remaining after the liquidation between the unit-holders according to the class, the number and the net asset value of the Units held by a unit-holder. The Management Company shall publish a notice regarding the distribution of assets to be distributed in at least one daily national newspaper.

## Management Company, Depository and Auditor

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### Management Company

The Funds are managed by AS Trigon Funds, with a registered office at Viru Square 2, Tallinn 10111, Republic of Estonia. The Management Company is a public limited company established in the Republic of Estonia (date on incorporation January 14<sup>th</sup> 1998, registered in the register division of the Harju County Court of Tallinn with register number 10394655). The Management Company holds a license No. F-4/0001 with an unlimited term issued by the Estonian Financial Supervisory Authority on August 27<sup>th</sup> 2002 for managing investment funds. The Management Company is supervised by the Estonian Financial Supervisory Authority. The Management Company AS Trigon Funds is owned 100% by AS Trigon Securities. The share capital of the company totals two million two thousand and two hundred (2,002,200) Estonian kroon. AS Trigon Funds manages the following investment funds: Trigon New Europe Value Fund, Trigon Balkan Fund, Trigon New Europe Small Cap Fund, Trigon Top Picks Fund, Trigon Emerging Financials Fund and Trigon Emerging Agri-Sector Fund.

### *The Fund Managers*

The fund manager for Trigon New Europe Value Fund, Trigon Balkan Fund and Trigon New Europe Small Cap Fund is Mehis Raud. The fund manager for Trigon Top Picks Fund is Jelena Fedotova.

**Jelena Fedotova** - the fund manager of Trigon Top Picks Fund. Jelena Fedotova joined Trigon in March 2010. Previously Jelena Fedotova worked as an equity and pension funds' manager as well as an equity analyst in Swedbank Investment Funds (2004-2010). Jelena Fedotova holds a Master of Science degree in Economics from the Tallinn University of Technology from 2006.

### *The Supervisory Board of AS Trigon Funds*

**Joakim Johan Helenius** – member of the supervisory board. Mr Helenius is the founder and majority shareholder of Trigon Capital. After founding Trigon in 1994 he has been devoted to developing the firm and supervising its various divisions in their operations. In addition to his Trigon related responsibilities, Joakim Helenius has sat on the supervisory boards of many of the leading Baltic companies. Prior to founding Trigon, Mr Helenius spent 11 years in investment banking in global firms such as Goldman Sachs and Merrill Lynch. He has a BA and MA in economics from Cambridge University.

**Ülo Adamson** – member of the supervisory board. Mr. Adamson joined Trigon in 1999 and is currently the COO of Trigon Capital Group. He has participated in many restructuring, private equity and M&A projects related to Central and Eastern European companies. Ülo Adamson has studied in schools in Latvia and Sweden: BSc from the Stockholm School of Economics in Riga and MSc from the Stockholm School of Economics.

**Kertu Virkebau**- member of supervisory board and head of accounting division of AS Trigon Capital. Kertu Virkebau joined Trigon in 2001 and she has graduated from the Department of Economics in Tallinn University of Technology.

### *The Management Board of AS Trigon Funds*

**Mehis Raud** – member of the management board, fund manager. Mr Raud joined Trigon in 2003 and currently works as a fund manager in the company. Previously, he has been involved in Trigon as an equities and derivatives broker and a fundamental and technical analyst. Before joining Trigon he was employed in AS Eesti Ühispank. Mr Raud has graduated from the Department of Economics of the Tallinn University of Technology.

**Heiti Riiisberg** – member of the management board. Mr Heiti Riiisberg joined Trigon Capital Alternative Investments team in 2005, focusing on monitoring and advising the investee companies in the portfolio as well as doing the screening for the potential new investment projects. Previously Mr Riiisberg worked as a senior audit consultant in PricewaterhouseCoopers Estonia (2002-2005), being the responsible team

manager for leading Estonian companies. Mr Riisberg holds a degree in Economics and Finance from Stockholm School of Economics in Riga from 2002.

### ***Activities of the Management Company***

The Management Company has the right, in accordance to the Fund Rules, to dispose of and possess the assets of the Funds and has other rights disposing there from. The Management Company invests the assets of the Funds in its own name and on behalf of the unit-holders collectively, i.e. on behalf of the Funds. Upon investing the assets of the Funds the Management Company shall: obtain sufficient information on the assets which the Management Company intends to acquire or has acquired on behalf of the Funds; monitor the financial situation of the issuer whose securities the Management Company intends to acquire or has acquired on behalf of the Funds; obtain sufficient information with regard to the solvency of the persons with whom they transact on behalf of the Funds.

The Management Company shall manage the assets of the Funds separately from its own assets, from the assets of other funds and pools of assets managed by the Management Company. The assets of the Funds do not form a part of the bankruptcy estate of the Management Company and the claims of creditors of the Management Company shall not be satisfied out of such assets.

The Management Company has the right and obligation to submit a claim in its own name on behalf of unit-holders or the Funds against the Depository or other persons if failure to submit such claim will result or may result in significant damage to the Funds or its unit-holders. The Management Company is not required to submit such claim if the Funds or unit-holders have already submitted a claim. The Management Company shall be liable for damage caused to the Funds or unit-holders due to violation of its obligations.

### ***Delegating the Activities of the Management Company***

The Management Company has the right to delegate to third parties for the purpose of better conduct of the Management Company's business to carry out on the Management Company's behalf the following functions related to managing the Funds pursuant to the Investment Funds Act: investing the Funds' assets; organising the issue and redemption of Units; if necessary issuing evidence of title to the unit-holders of the Funds; providing necessary information to the Funds' unit-holders and other customer services; organising the distribution of Units; keeping account of the Funds' assets and organising accounting; determining the Funds' net asset value; keeping the register of Units; accounting the Funds'; income; monitoring the compliance of the activities of the Management Company and the Funds with the Investment Funds Act and other legislation, including organising a relevant internal audit system; other functions related to the functions referred to. The Management Company's liability related to managing the Funds shall not be affected by the fact that the Management Company delegated any functions to third parties.

The Management Company has delegated the function of keeping the register of Units. The register of Trigon Units is kept by the keeper of the Estonian central register of securities, AS Eesti Väärtpaberikeskus, with the registered office at Tartu mnt. 2, 14th floor, Tallinn 10145, Estonia, register code 10111982. The Estonian Central Register of Securities Act is applied to registering Units. AS Eesti Väärtpaberikeskus is supervised by the Financial Supervisory Authority of the Republic of Estonia.

The register of eQ Units is kept by Swedbank AS, with the registered office at Liivalaia 8, Tallinn 15040, Estonia, register code 10060701. The agreement on keeping the register of Units entered into between the Management Company and Swedbank AS shall be applied to registering the Units. Swedbank AS is supervised by the Financial Supervisory Authority of the Republic of Estonia. Swedbank AS is a licensed credit institution and it provides various services relevant to a credit institution.

Additionally, the Management Company has outsourced the accounting of the Funds' assets, co-ordinating the accounting function and calculating the Funds' net asset value to Swedbank AS, with the registered office at Liivalaia 8, Tallinn 15040, Estonia, register code 10060701. The agreement entered into between Swedbank AS and the Management Company, the procedure for calculating the Funds' NAV and the legislation shall be applied to outsourcing these functions.

## **Depository**

The Depository of the Funds is Swedbank AS, with a registered office at Liivalaia 8, 15040, Tallinn, the Republic of Estonia. The Depository was incorporated on January 6<sup>th</sup> 1992 and it is registered in the register division of the Harju County Court with register number 10060701. Swedbank AS is an authorised credit institution and it offers various financial investment services. The Depository is supervised by the Financial Supervisory Authority of the Republic of Estonia.

### ***Activities of the Depository***

The Depository shall safe-keep the assets of the Funds and carry out other duties entrusted to it by legislation. The Depository has the right, in accordance to the policies provided for in the depository agreement, to enter into agreements for delegating to third parties the safekeeping of the Funds' assets, performing settlements therewith and fulfilling other functions. The Depository shall choose the third parties safe-keeping the Funds' assets or securities with due care to secure the reliability of such third parties. The Depository shall assess before and following the delegation of its functions if the standards of administration and technological solutions and the financial situation of a third party are sufficient for performing the contractual obligations.

The Depository is liable upon violation of its obligations for direct damage caused thereby to the Funds, to unit-holders or the Management Company.

## **Auditor**

The auditor of the Management Company and of the Funds is AS PricewaterhouseCoopers, Pärnu mnt. 15, Tallinn 10141, the Republic of Estonia.

Members of the Management Board of the Management Company:

Mehis Raud

Heiti Riisberg