

Trigon Emerging Financials Fund

AS Trigon Funds | January 2012

Overview

Trigon Emerging Financials Fund is a long-only equity fund that focuses on a limited number of carefully selected banks and other companies in the financial services sector within global emerging markets. Since launch, it has outperformed the MSCI EM Financials index and the MSCI Europe Financials index. It is the only Financial Sector Fund available, as far as we are aware, that invests solely in companies within emerging markets.

Stock selection is determined on a case-by-case basis, in an attempt to outperform, not follow, any comparative index. Trigon specializes in under-researched small and mid-cap banks that are relatively unknown to mainstream analysts and fund managers. The Fund focuses on countries where banking penetration is currently low, but where long-term GDP growth is stimulating the demand for financial services. The Fund has a 5-star rating from Morningstar.

FUND FACTS

Fund size:	€3.9 mil
Positions:	21
UCITS III:	Yes
Auditor:	PwC
Dealing:	Daily (EUR)
Domicile:	Estonia
Launch:	Dec 16, 2007

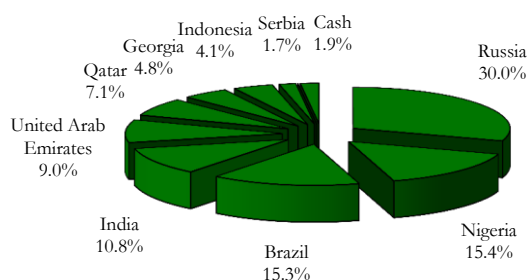
Portfolio Manager's Comments

After a challenging 2011, the new year started with an extremely strong rally throughout world equity markets, especially in the EM. Trigon Emerging Financials Fund surged 11.6% in January, outperforming the MSCI EM Index, which advanced 10.4%, and slightly underperforming MSCI EM Financials Index, which gained 12.2%.

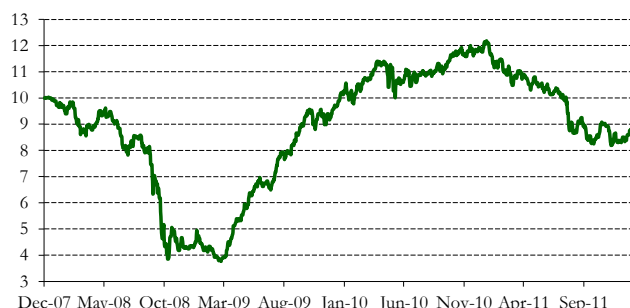
As we expected at the end of December, Russian banks closed large a part of the December performance gap to Chinese banks in January. We continue to overweight Russian banks mainly on the basis of low valuation and solid growth outlook, while we prefer to stay out of China due to significant systematic risks in the banking system. The strong performance of Russian banks compensated for our lagging Nigerian holdings. We attribute the relative weakness of Nigerian banks to a series of militant attacks in the country, which had a negative effect on market sentiment. Nigeria also went ahead with its promised reform agenda – it cut the motor fuel subsidy in half and made major progress in the electricity infrastructure privatization program. While reforms can be painful at first, we are convinced that these are major positives over a 1-3 years perspective and that Nigerian banks will be one of the main beneficiaries of larger investment activity in the economy.

In January, we entered Indonesia's banking sector by adding Bank Negara Indonesia (BNI) to the portfolio. Indonesia is a fundamentally very attractive country thanks to its fast GDP growth outlook and low credit penetration (the loans to GDP ratio stands at 28%) and is expected to enter a new investment ramp-up cycle soon. BNI is one of the largest banks in Indonesia, with a high capital adequacy ratio (17%) and a strong, low-cost deposits-attracting franchise. We see funding as the key constraint to Indonesian banking sector growth, and BNI is well-positioned on that front. Bank Negara Indonesia trades at 1.9x trailing book and 10.4x forward earnings, which makes it the one of the cheapest high-quality banks in Indonesia.

The Fund's portfolio banks are strongly capitalized at a weighted average capital adequacy ratio of 19%. The portfolio is trading at a weighted average 1.1x trailing book, 5.6x 2012E earnings with 21% net profit growth, offering EM investors a good entry point into the emerging markets banking sector. Moreover, we believe that the weighted average expected dividend yield of 4.3% offers some cushion against the downside. Unlike banks in many developed countries, our investee banks operate in environments with low banking penetration and strong growth opportunities and have no direct link to the ongoing sovereign debt crisis.

Geographic allocation

Performance - Unit A (net of fees)

EUR



31-Jan-12	Unit A	Unit D	Benchmark*
Year-to-Date	11.6%	11.4%	10.4%
1 month	11.6%	11.4%	10.4%
3 months	3.4%	3.1%	9.4%
6 months	-5.2%	-	-0.7%
1 year	-15.8%	-	-2.2%
2 years	-7.1%	-	21.4%
3 years	122.2%	-	101.7%
5 years	-	-	-
Since launch	-6.1%	3.8%	0.9%
Launch of unit	Dec-07	Aug-11	Dec-07

Fund Details	Unit A	Unit D
NAV in EUR	9.39	10.38
12 months High	12.18	10.38
12 months Low	8.19	9.08
Management fee, annual	Up to 2%	Up to 2%
Incentive fee	20% of return that exceeds 5% p.a.	20% of return exceeding the Benchmark*
Subscription fee**	n/a	Up to 1%
Redemption fee	Up to 2%	Up to 2%
Stock code/ISIN	EE3600094009	EE3600109344
Bloomberg code	TREMFI ET	TREMFI ET
Minimum subscription	n/a	none
Turnover, EUR (12 months)	76%	
Sharpe ratio	-0.82	
Daily volatility (1 year)	16.4%	

10 Largest Holdings

Company	Weight	Country	Sector
Sberbank-Sponsored ADR	9.4%	Russia	Financials
Nomos Bank GDR	8.1%	Russia	Financials
Bank of Petersburg	7.9%	Russia	Financials
Commercial Bank of Qatar	7.1%	Qatar	Financials
Bank of Georgia GDR	4.8%	Georgia	Financials
Indian Bank	4.7%	India	Financials
VTB Bank GDR	4.6%	Russia	Financials
Banco Do Brazil	4.5%	Brazil	Financials
Union National Bank	4.5%	UAE	Financials
First Gulf Bank	4.5%	UAE	Financials

*Benchmark Index: MSCI Emerging Markets Daily Net TR EUR

**D units can be subscribed to as of August 8th, 2011. Calculation of the performance fee has commenced after the launch of D unit at a nominal price of 10 EUR per share. As of April 6th, 2009 it is not possible to subscribe to A units.

The Fund units are held in electronic form with OMX Exchanges. NAV movements can be followed in: Bloomberg, Teletate, Telekurs, OMX, Wall Street Journal Europe, www.morningstar.fi, www.trigoncapital.com

Issued by Trigon Capital. Funds are supervised by the Estonian Financial Supervision Authority.

Disclaimer: Past fund performance is not a guarantee of fund results in the future. The unit price of the fund and income therefrom can increase as well as decrease. Investors may not get back the full amount invested. Risk factors are described in further detail in the prospectus of the fund. Please refer to the disclaimer information at the end of this document for further detail.

Trigon Emerging Financials Fund
AS Trigon Funds | January 2012
Monthly Performance (Unit A)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Annual	
2012	11.6%												11.6%	YTD
2011	-5.1%	-1.0%	-1.1%	-3.7%	0.2%	-3.6%	-2.5%	-9.0%	-5.0%	6.2%	-7.1%	-0.3%	-28.4%	Full year
2010	2.3%	2.4%	6.8%	2.3%	-5.7%	1.1%	1.5%	0.2%	2.8%	3.6%	2.1%	-1.4%	18.9%	Full year
2009	-4.1%	-7.4%	12.7%	25.4%	16.7%	4.6%	13.7%	2.7%	14.1%	0.9%	-1.0%	10.0%	124.3%	Full year
2008	-3.4%	-0.4%	-10.9%	7.5%	3.1%	-10.2%	0.7%	-6.4%	-18.0%	-28.3%	-1.1%	-5.6%	-55.9%	Full year
2007	-	-	-	-	-	-	-	-	-	-	-	-0.1%		

**Performance net of fees*
Risk Management Report (Unit A)

	1M	3M	6M	1Y	2Y
Volatility (daily)	14.8%	15.9%	19.4%	16.4%	16.4%
Volatility (monthly)				19.5%	16.3%

Downside Risk Analysis

Negative months / total	27/52	52%			
Worst calendar month	-28.3%				
Worst calendar quarter	-33.0%				

Upside Risk Analysis

Positive months / total	25/52	48%			
Best calendar month	25.4%				
Best calendar quarter	53.0%				

Market Cap Allocation

Micro Cap (up to 150m EUR)	1.7%
Small Cap I (150 - 500m EUR)	20.0%
Small Cap II (500m - 1bn EUR)	18.6%
Mid Cap (1 - 3bn EUR)	23.5%
Blue Chip (more than 3bn EUR)	34.2%

Monthly Return Contribution Analysis

Russia	6.97%
India	2.41%
Brazil	1.84%
United Arab Emirates	0.67%
Georgia	0.31%
Serbia	0.17%
Qatar	-0.20%
Indonesia	-0.20%
Nigeria	-0.32%

Total return net of fees **11.64%**

Disclaimer: Past fund performance is not a guarantee of fund results in the future. The unit price of the fund and income therefrom can increase as well as decrease. Investors may not get back the full amount invested. Risk factors are described in further detail in the prospectus of the fund. Please refer to the disclaimer information at the end of this document for further detail.

Geographic Allocation

	Jan-12	Jul-11	Jan-11
Russia	30.0%	26.7%	23.1%
Nigeria	15.4%	11.6%	8.9%
Brazil	15.3%	14.8%	18.4%
India	10.8%	13.0%	7.2%
United Arab Emirates	9.0%	12.0%	9.8%
Qatar	7.1%	9.6%	8.5%
Georgia	4.8%	-	-
Indonesia	4.1%	-	-
Serbia	1.7%	3.5%	3.4%
Iraq	-	3.4%	1.0%
Turkey	-	-	3.3%
Egypt	-	2.5%	3.1%
China	-	-	7.7%
Cash	1.9%	2.8%	5.8%

Performance (net of fees)

31-Jan-12	Unit A	Unit C	Unit D
Year-to-Date	11.6%	11.6%	11.4%
1 month	11.6%	11.6%	11.4%
3 months	3.4%	3.4%	3.1%
6 months	-5.2%	-5.2%	-
1 year	-15.8%	-15.8%	-
2 years	-7.1%	-7.1%	-
3 years	122.2%	-	-
5 years	-	-	-
Since launch	-6.1%	56.3%	3.8%
Launch of unit	Dec-07	Apr-09	Aug-11

C units can be subscribed to as of April 6th, 2009. Calculation of the performance fee has commenced after the launch of C unit at a nominal price of 100 EUR per share. As of April 6th, 2009 it is not possible to subscribe to A units. D units can be subscribed to as of August 8th, 2011. Calculation of the performance fee has commenced after the launch of D unit at a nominal price of 10 EUR per share.