

Trigon New Europe Value Fund

Monthly Update - August 2010

Portfolio Manager's Comment / Mehis Raud

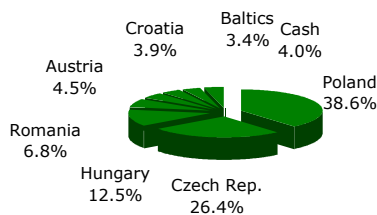
Trigon New Europe Value Fund advanced by 0.8% in August outperforming the Dow Jones EU Enlarged Index, which dropped by 0.9%. YTD the Fund has gained 15.3%, while the index is up by 1.9%. At the same time the volatility of the Fund is considerably lower compared to the Index, making the outperformance even more appreciated. The Fund follows a value focused investment style investing mostly in companies with very strong balance sheets and which, in most cases, offer attractive dividend yields.

The only banking holding in the fund, Bank Handlowy in Poland, posted one of the best set of results in the sector in the whole region. Income growth was driven by Net fees and commissions income which surged by 26% yoy. Bottom-line was supported by 51% lower provisioning compared to last year. Net profit jumped by 178% beating analyst estimates by a wide margin. We keep the bank as one of the top holdings of the fund due to its overcapitalized balance sheet and high dividend payout potential (9% yield in 2011).

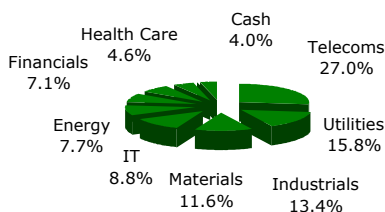
During the month we increased the share invested to Romanian Fondul Proprietatea from 4.5% to 6.8%. During the month the likelihood of Fondul's listing at the beginning of 2011 increased substantially. On top of it the dividend announcement which will be made public in September indicates an extremely attractive 15.5% dividend yield potential. In August two more brokers started the coverage of the company with target prices set around 100% higher from current levels. Since our initial investment the price has already increased by 77% and we still believe that this company offers one of the best risk-reward in the market.

The Fund's weighted average estimates for 2010 are: P/E 13.1, ROE 14% and P/B 1.5 (latest). Estimated weighted average dividend yield for fund companies is 6%. In addition to paying dividends, many companies are conducting share buy-backs as their market valuations are extremely attractive. The average equity ratio of our holdings is 54%, offering a solid foundation for the companies to survive through continuously challenging times.

Geographic allocation

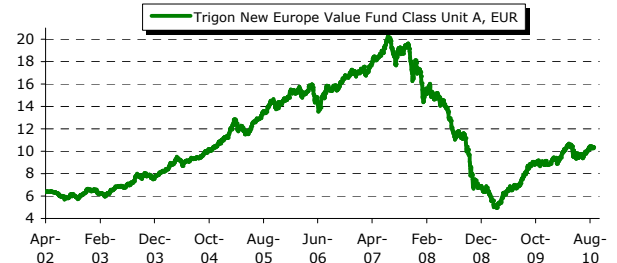


Sector allocation



Issued by Trigon Capital. Funds authorized and regulated by Estonian Financial Supervision Authority. The Fund units are held in electronic form with OMX Exchanges. NAV movements can be followed in: Bloomberg, Telerate, Telekurs, OMX, Wall Street Journal Europe, www.morningstar.fi, www.trigoncapital.com

Disclaimer: Past performance of the fund is not a guarantee of future results of the fund. The unit price of the fund and income there from can go down as well as up. Investors may not get back the full amount invested. The risk factors are described in further detail in the prospectus of the fund.



Investment objectives

Trigon New Europe Value Fund is a value fund that invests in listed equity securities of European Union new member states and accession countries. The Fund focuses on Poland, Hungary and the Czech Republic, and invests a smaller part of its assets into the Baltic countries, Croatia, Bulgaria and Romania. The Fund does not invest in Russia, Ukraine, Belarus or Turkey.

The Fund's investment style is value investing with active management and stock-picking to identify attractively valued equities. Trigon's investment team visits companies that we invest in. When making investments, Trigon prefers undervalued stocks with solid growth and good dividend yield.

The fund is open daily and UCITS compliant.

Performance 31.08.10	Unit A	Unit C
Year-to-Date	15.3%	14.9%
1 month	0.8%	0.7%
3 months	4.4%	4.3%
6 months	8.7%	8.5%
1 year	18.0%	17.5%
2 years	-9.8%	-9.8%
3 years	-46.2%	-46.2%
4 years	-34.3%	-34.3%
5 years	-25.3%	-25.3%
Since launch of unit	60.4%	68.6%
Launch of unit	Apr-02	Apr-09

*Performance net of fees

Fund information	31-Aug-10
Management company	AS Trigon Funds
Fund launch	April 11, 2002
Domicile	Estonia
Fund auditor	PricewaterhouseCoopers
Public marketing	Estonia, Finland, Sweden
Dealing	Daily (16.00 CET)
Fund size, EUR m	7.5
Number of positions	21

	Unit A (retail)	Unit C (retail)
NAV in EUR	10.25	16.86
12 months High	10.68	17.59
12 months Low	7.72	12.77
Management fee, annual	1.5%	2.0%
Incentive fee	none	none
Subscription fee*	n/a	2.0%
Redemption fee	1.5%	1.5%
Minimum subscription	n/a	none
Stock code/ISIN	EE3600018602	EE3600102372
Bloomberg code	TRICEAE ET	TRICEAC ET

* C units can be subscribed as of 6th of April 2009. As of 6th of April 2009 it is not possible to subscribe A units.

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Monthly performance (Unit A)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	4.9%	1.1%	9.5%	1.1%	-5.9%	-4.0%	7.9%	0.8%				
2009	-8.2%	-12.5%	7.3%	15.9%	1.6%	5.9%	11.8%	12.5%	3.2%	-1.5%	-0.1%	0.8%
2008	-11.1%	1.1%	-1.8%	-4.7%	-3.3%	-13.1%	-3.4%	-2.4%	-14.1%	-27.7%	-2.1%	-7.0%
2007	-0.1%	-0.5%	4.0%	2.6%	3.8%	5.4%	-2.8%	-1.0%	-1.9%	4.1%	-9.6%	-2.7%
2006	3.3%	1.3%	-1.5%	2.9%	-7.6%	2.0%	7.3%	-1.5%	0.2%	4.9%	1.7%	2.3%
2005	3.6%	11.1%	-5.5%	-5.2%	3.7%	6.9%	3.7%	3.6%	5.6%	-3.6%	3.4%	2.2%
2004	4.4%	4.3%	5.2%	1.1%	-0.5%	2.8%	0.9%	1.5%	4.3%	2.9%	3.1%	5.4%
2003	-3.7%	-1.5%	0.7%	9.0%	2.8%	-2.2%	6.8%	8.8%	-4.5%	4.3%	-3.3%	4.3%
2002	-	-	-	0.1%	-1.4%	-5.0%	-1.6%	4.2%	-4.7%	4.8%	7.0%	-1.5%

*Performance net of fees

Risk Management report (Unit A)

	1M	3M	6M	1Y	2Y	3Y	4Y	5Y
Volatility (daily)	10.2%	21.6%	18.4%	17.4%	24.5%	23.0%	20.6%	19.5%
Volatility (monthly)				18.9%	33.4%	29.5%	26.2%	24.4%
Turnover (12m)					96.4%			

Downside Risk Analysis

Negative months/total	41/101	41%
Worst calendar month	-27.7%	
Worst calendar quarter	-36.8%	

Upside Risk Analysis

Positive months / total	60/101	59%
Best calendar month	15.9%	
Best calendar quarter	27.5%	

Market Cap allocation

Micro Cap (up to 150 mio EUR)	14.6%
Small Cap I (150 - 500 mio EUR)	13.6%
Small Cap II (500 mio - 1bn EUR)	4.6%
Mid Cap (1 - 3 bn EUR)	34.9%
Blue Chip (more than 3 bn EUR)	28.3%
Others	0.0%

Monthly Return Contribution Analysis

Czech Rep.	-1.71%	IT	0.05%
Slovenia	0.00%	Telecoms	1.35%
Baltics	0.18%	Financials	0.12%
Hungary	-1.01%	Utilities	0.08%
Austria	-0.10%	Health Care	-0.48%
Romania	1.59%	Real Estate	0.00%
Poland	1.94%	Energy	0.56%
Croatia	-0.11%	Industrials	-0.70%
Other	0.00%	Consumer	0.00%
		Materials	-0.21%
		Other	0.00%

Total return net of fees 0.8% 0.8%

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Geographic allocation

	Aug-10	Feb-10	Aug-09
Poland	38.6%	38.6%	40.7%
Hungary	12.5%	14.6%	16.3%
Czech Rep.	26.4%	27.8%	14.7%
Austria	4.5%		
Baltics	3.4%	7.8%	13.9%
Croatia	3.9%	5.4%	7.1%
Romania	6.8%	2.1%	
Cash	4.0%	3.6%	7.3%

Sector allocation

	Aug-10	Feb-10	Aug-09
Energy	7.7%	2.1%	4.8%
Financials	7.1%	8.5%	0.0%
Telecoms	27.0%	30.4%	27.7%
Utilities	15.8%	8.5%	3.8%
Consumer	0.0%	2.4%	4.0%
Health Care	4.6%	6.4%	12.9%
Real Estate	0.0%	0.0%	0.0%
Industrials	13.4%	22.5%	27.4%
Other	0.0%	0.0%	0.0%
IT	8.8%	7.9%	4.0%
Materials	11.6%	7.6%	8.0%
Cash	4.0%	3.6%	7.3%

10 largest holdings

CEZ	8.8%	Czech Rep.
Cesky Telecom	8.5%	Czech Rep.
Bank Handlowy	7.1%	Poland
TPSA	6.6%	Poland
Pegas	4.8%	Czech Rep.
Asseco Poland	4.7%	Poland
Magyar Telekom	4.7%	Hungary
Egis	4.6%	Hungary
OMV	4.5%	Austria
New World Recourses	4.4%	Czech Rep.