

Trigon New Europe Value Fund

AS Trigon Funds | January 2012

Overview

Trigon New Europe Value Fund invests in listed equity securities of European Union new member states and accession countries. The Fund focuses on lower volatility investments in Poland, the Baltic countries, and the Czech Republic, and invests a smaller part of its assets into Croatia, Romania, and Hungary. The Fund received a Morningstar 5 Star rating based upon performance over the past three years.

The Fund includes 20-25 thoroughly researched companies, and the portfolio paid an average dividend yield of 5.0% in 2010. The Fund's investment style is value investing, with active management and stock-picking used to identify attractively-valued equities. Trigon's investment team visits the companies in which we invest, with a preference toward undervalued stocks with solid growth and good dividend yield.

FUND FACTS

Fund size:	€14.5 mil
Positions:	23
UCITS III:	Yes
Auditor:	PwC
Dealing:	Daily (EUR)
Domicile:	Estonia
Launch:	Apr 10, 2002

Portfolio Manager's Comments

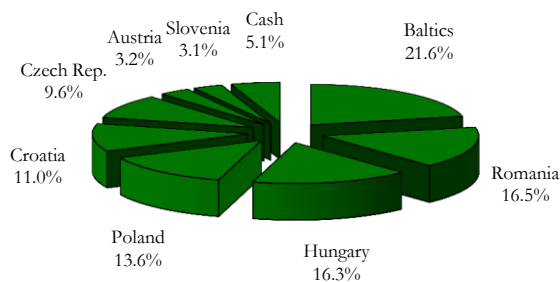
Trigon New Europe Value Fund rose 7.2% in January, giving away a small part of its outperformance with respect to the Stoxx EU Enlarged index, which surged 12.8% in the first month of the year. The higher return of the index stems mainly from its heavy weighting in the extremely volatile banking sector, which the Fund has no exposure to. On a YOY basis the Fund has outperformed the index by 15.3 percentage points while being considerably less volatile (14.7% vs. 24.7%).

The weighted average expected dividend yield for 2012 (dividends paid on 2011 profits) is 9.8%, remaining at all-time highest levels. This generous dividend yield includes one-off payments by Romanian holding companies, the SIF-s, where yields may well reach 30%. In addition to SIF-s, there are close to 10 other companies which could offer additional one-off payments. Should these materialize, they could add an additional 2 percentage points to the weighted average dividend yield of the Fund's portfolio.

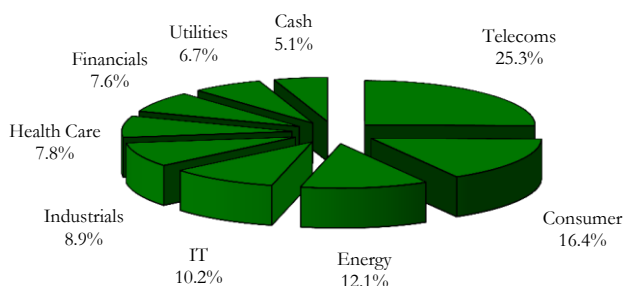
In January, we took a position in Richter convertible bonds (HUSTHO). At our entry level the euro-denominated HUSTHO offered a 13.2% yield to maturity, which was 300 basis points more than the similar-maturity Hungarian government bond. We consider such a high spread to be unfounded, as HUSTHO has a state guarantee and unlike the government bond HUSTHO also has a "free option" to convert to Richter shares after three years. By month-end this investment had returned 6%.

The weighted average estimates for 2012 are as follows: P/E 9.4, ROE 15% and P/B 1.3 (latest). The average equity ratio of our holdings is 66%, offering a solid foundation for the companies to survive these continually challenging times. We believe that the Fund offers an extremely good risk-return profile to the New Europe region.

Geographic allocation



Sector allocation



Performance - Unit A (net of fees)

EUR



31-Jan-12	Unit A	Unit C	Benchmark*
Year-to-Date	7.2%	7.2%	12.8%
1 month	7.2%	7.2%	12.8%
3 months	5.7%	5.5%	2.8%
6 months	-5.5%	-5.8%	-17.8%
1 year	-6.7%	-7.2%	-22.0%
2 years	16.4%	15.1%	-15.3%
3 years	84.0%	-	39.7%
5 years	-36.3%	-	-44.3%
Since launch	69.9%	77.2%	n/a*
Launch of unit	Apr-02	Apr-09	Apr-02

Fund Details

	Unit A	Unit C
NAV in EUR	10.86	17.72
12 months High	12.07	19.77
12 months Low	9.57	15.65
Management fee, annual	Up to 1.5%	Up to 2%
Incentive fee	none	none
Subscription fee**	n/a	Up to 2%
Redemption fee	Up to 1.5%	Up to 1.5%
Stock code/ISIN	EE3600018602	EE3600102372
Bloomberg code	TRICEAE ET	TRICEAC ET
Minimum subscription	n/a	none
Turnover, EUR (12 months)	76%	
Sharpe ratio	-0.47	
Daily volatility (1year)	14.8%	

10 Largest Holdings

Company	Weight	Country	Sector
Fondul Proprietatea	8.9%	Romania	Energy
HUSTHO Bond	7.8%	Hungary	Health Care
Hrvatske Telekomunikacije	7.0%	Croatia	Telecom.
Silvano Fashion Group	6.4%	Baltics	Consumer Discr.
TEO	5.3%	Baltics	Telecom.
Impel	4.6%	Poland	Industrials
Allami Nyomda	4.3%	Hungary	Industrials
Magyar Telekom	4.3%	Hungary	Telecom.
PZU Group	4.0%	Croatia	IT
SIF 2	3.9%	Romania	Financials

*The benchmark index, Stoxx EU Enlarged TMI (Price) EUR, was created on December 31st, 2002.

**C units can be subscribed to as of April 6th, 2009. 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, Telearate, 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.

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Monthly Performance (Unit A)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Annual	
2012	7.2%												7.2%	YTD
2011	4.0%	0.5%	1.4%	1.2%	-2.6%	1.3%	-3.0%	-6.9%	-7.7%	4.0%	-1.9%	0.4%	-9.5%	Full year
2010	4.9%	1.1%	9.5%	1.1%	-5.9%	-4.0%	7.9%	0.8%	3.6%	-0.5%	0.0%	5.9%	25.8%	Full year
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%	38.3%	Full year
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%	-62.5%	Full year
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%	0.4%	Full year
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%	15.5%	Full year
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%	32.2%	Full year
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%	42.0%	Full year
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%	21.9%	Full year
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
Volatility (daily)	7.4%	11.2%	19.1%	14.8%	14.9%
Volatility (monthly)				14.7%	15.5%

Downside Risk Analysis

Negative months/total	47/118	40%			
Worst calendar month	-27.7%				
Worst calendar quarter	-34.2%				

Upside Risk Analysis

Positive months / total	71/118	60%			
Best calendar month	15.9%				
Best calendar quarter	29.9%				

Market Cap Allocation

Micro Cap (up to 150m EUR)	32.8%
Small Cap I (150 - 500m EUR)	19.0%
Small Cap II (500m - 1bn EUR)	10.5%
Mid Cap (1 - 3 bn EUR)	20.2%
Blue Chip (more than 3bn EUR)	12.4%

Monthly Return Contribution Analysis

Romania	2.73%	Energy	1.76%
Poland	1.78%	Financials	1.63%
Hungary	1.26%	Telecoms	1.24%
Croatia	0.51%	Industrials	1.22%
Slovenia	0.41%	IT	1.02%
Baltics	0.25%	Health Care	0.37%
Austria	0.22%	Utilities	0.08%
Czech Rep.	0.08%	Consumer	-0.08%

Total return net of fees 7.24% 7.24%

Geographic Allocation

	Jan-12	Jul-11	Jan-11
Baltics	21.6%	18.5%	12.9%
Romania	16.5%	11.0%	11.3%
Hungary	16.3%	7.4%	11.4%
Poland	13.6%	28.1%	29.8%
Croatia	11.0%	9.9%	9.0%
Czech Rep.	9.6%	19.9%	18.4%
Austria	3.2%	4.2%	4.5%
Slovenia	3.1%	-	-
Cash	5.1%	1.0%	2.6%

Sector Allocation

	Jan-12	Jul-11	Jan-11
Telecoms	25.3%	32.0%	41.9%
Consumer	16.4%	13.1%	2.6%
Financials	7.6%	22.4%	3.9%
Energy	12.1%	5.8%	7.5%
IT	10.2%	12.3%	7.8%
Industrials	8.8%	4.4%	8.2%
Utilities	6.7%	8.2%	21.1%
Materials	-	0.7%	4.6%
Health Care	7.8%	-	-
Cash	5.1%	1.0%	2.6%

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