

## Trigon New Europe Fund

Fact Sheet | December 2016

### Overview

Trigon New Europe 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 Czech Republic, Hungary, Romania, Slovenia and invests a smaller part of its assets into Austria, Serbia, Bulgaria and the Baltic countries. The Fund does not invest in Russia and Turkey.

The Fund includes around 30-35 thoroughly researched companies. The Fund's investment style is value investing, with active management and stock-picking used to identify attractively-valued equities. Trigon's investment team aims to visit all companies in which we invest, with a preference toward undervalued stocks with solid growth and good dividend yield.

### Fund Facts

<b>Fund AUM:</b>	€66.2 mil
<b>Positions:</b>	37
<b>UCITS IV:</b>	Yes
<b>Auditor:</b>	PwC
<b>Depository:</b>	Swedbank
<b>Dealing:</b>	Daily (EUR)
<b>Domicile:</b>	Estonia
<b>Launch:</b>	Apr 10, 2002

### Fund Manager's Comments

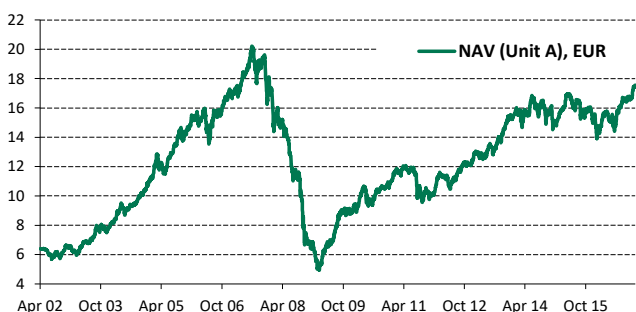
2016 was an eventful and volatile year for stock markets, driven by politics and ever-changing expectations on growth outlook and central banks' policies in developed markets. While the year started with a panicky profit taking across the world markets on the back of weakening macro data in the US and Europe, the equities got a strong boost after Trump's victory in November, taking major indices well into positive territory for the whole year. MSCI World Index advanced by 11% in 2016, while emerging markets managed to outperform the developed markets after multiple years of under-performance. MSCI EM Index was up by 14.5% in euro terms. Stoxx EU Enlarged TR Index, the index representing the performance of the New Europe markets, advanced by 11.5%, well ahead of 2.3% return of the Stoxx Europe 600 Index which is expressing the performance of developed Europe. Trigon New Europe Fund gained 12.7% in 2016, outperforming its benchmark by 120 bps. The volatility of the Fund in 2016 was 12.1%, once again considerably lower than the 16.0% volatility of the regional benchmark index and 19.8% volatility of the developed Europe index. In 5 year perspective the Fund has outperformed its regional benchmark by 41 percentage points.

New Europe markets trade at 36% discount to Western Europe markets on P/B terms, close to the highest levels in the past 15 years. Discount to US S&P 500 Index on P/B terms is 59%, the widest in history. EV/EBITDA wise the CEE-4 (Poland, Czech Republic, Hungary and Romania) markets trade between 4.2 - 6.6x compared to 9.4x EV/EBITDA for Western Europe broad-based index. Free cash-flow and dividend yields offered by the companies in the region continue to be one of the highest in both nominal and real terms in the world, the latter ranging from 2.7 - 6.7% in different countries. Dividend yields compare also well to local currency 10-year bond yields, offering on average 250 bps premium.

The Trigon New Europe Fund portfolio is exposed to companies which generate strong operational cash-flows and are expected to show increase in free cash-flow and dividend yields. The Fund holdings trade at following average multiples: trailing P/B of 1.2x, 2016E ROE of 11%, weighted average 2016E P/E ratio of 12.6x and 2016E EV/EBITDA of 6.1x. The weighted average dividend yield for the portfolio in 2016E and 2017E is 5.2% and 5.5%, respectively.

### Performance (net of fees)

EUR



31-Dec-16	Unit A	Unit C	Benchmark*
Year-to-Date	12.7%	12.1%	11.5%
1 month	5.2%	5.2%	6.9%
3 months	6.3%	6.2%	8.0%
6 months	17.1%	16.8%	15.9%
1 year	12.7%	12.1%	11.5%
2 years	16.3%	15.1%	6.0%
3 years	12.9%	11.1%	2.9%
5 years	73.4%	69.0%	32.1%
Since launch	174.8%	179.4%	n/a*
Launch of unit	10-Apr-02	08-Apr-09	n/a*

Fund Details	Unit A	Unit C
NAV in EUR	17.5595	27.9408
12 months High	17.5595	27.9408
12 months Low	13.9155	22.2485
Management fee, annual	Up to 1.5%	Up to 2%
Performance 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
Lipper code	65006724	68011005
Minimum subscription	n/a	none

Sharpe ratio (5 years)	1.10
Daily volatility (1 year)	12.1%

### Geographic allocation

Poland	30.9%
Romania	25.3%
Slovenia	14.6%
Hungary	7.2%
Czech Rep.	6.5%
Austria	6.2%
Estonia	5.7%
Latvia	0.9%
Cash	2.8%

### Sector allocation

Financials	32.6%
Consumer	20.4%
Energy	15.7%
Telecoms	7.6%
Industrials	6.6%
Health Care	4.5%
IT	4.1%
Utilities	2.9%
Materials	2.8%
Cash	2.8%

To receive the breakdown of the Fund's holdings or any other additional information, please send a request to [funds@trigoncapital.com](mailto:funds@trigoncapital.com).

**Disclaimer:** Past performance of the fund does not guarantee or indicate future performance of the fund. The value of the fund units may increase and decrease over time, therefore there is no guarantee that the investors get back the amount invested in the fund. The risk factors of the fund are described in further detail in the prospectus of the fund available on the website [www.trigoncapital.com](http://www.trigoncapital.com). Please refer to the important legal notice on the last page of this report.

\*The benchmark index, Stoxx EU Enlarged TMI Total Return (EUR), was created on December 31st, 2002. Source: Bloomberg.

\*\*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.

NAV movements can be followed in: Bloomberg, [www.trigoncapital.com](http://www.trigoncapital.com), [www.morningstar.fi](http://www.morningstar.fi)

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### Monthly Performance (Unit A)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Annual	CAGR*
2016	-5.7%	0.3%	6.6%	-1.5%	-1.1%	-2.1%	5.2%	3.5%	1.1%	1.5%	-0.4%	5.2%	12.7%	
2015	0.5%	4.2%	1.6%	4.8%	-0.6%	-4.1%	2.9%	-4.6%	-2.4%	3.4%	-1.0%	-1.1%	3.2%	
2014	0.4%	1.1%	-1.6%	0.4%	5.4%	0.4%	-4.7%	2.3%	0.5%	-2.2%	1.4%	-5.9%	-3.0%	
2013	2.7%	-1.4%	-0.7%	2.4%	4.0%	-3.2%	4.0%	2.1%	5.5%	3.5%	3.2%	0.1%	24.0%	
2012	7.2%	5.9%	-0.9%	-0.3%	-6.9%	5.3%	2.1%	2.8%	4.3%	-0.1%	-0.4%	3.4%	24.0%	2 years 7.8%
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%	3 years 4.1%
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%	5 years 11.6%
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%	
2008	-11.5%	1.1%	-1.8%	-4.7%	-3.3%	-13.1%	-3.4%	-2.4%	-14.1%	-27.7%	-2.1%	-7.0%	-62.5%	
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%	* Compound annual growth rate, i.e. average annualized performance of calendar years
2006	3.3%	1.3%	-1.5%	2.9%	-7.6%	2.0%	7.2%	-1.5%	0.2%	4.9%	1.7%	2.3%	15.5%	
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%	
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%	41.6%	
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%	22.2%	
2002	-	-	-	0.1%	-1.2%	-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)	5.4%	6.6%	7.6%	12.1%	11.4%
Volatility (monthly)				12.4%	11.5%
<b>Downside Risk Analysis</b>					
Negative months/total	70/177	40%			
Worst calendar month	-27.7%				
Worst calendar quarter	-34.2%				
<b>Upside Risk Analysis</b>					
Positive months / total	107/177	60%			
Best calendar month	15.9%				
Best calendar quarter	29.9%				

### Geographic Allocation

	Dec-16	Jun-16	Dec-15
Poland	30.9%	25.2%	23.7%
Romania	25.3%	24.0%	21.2%
Slovenia	14.6%	9.2%	7.2%
Hungary	7.2%	3.1%	14.1%
Czech Rep.	6.5%	8.3%	13.0%
Austria	6.2%	15.5%	6.8%
Estonia	5.7%	7.1%	7.2%
Latvia	0.9%	-	-
Serbia	-	0.2%	1.8%
Bulgaria	-	-	0.8%
Croatia	-	-	1.0%
Cash	2.8%	7.4%	3.5%

### Market Cap Allocation

Micro Cap (up to 150m EUR)	4.5%
Small Cap I (150 - 500m EUR)	24.7%
Small Cap II (500m - 1bn EUR)	15.1%
Mid Cap (1 - 3 bn EUR)	37.9%
Blue Chip (more than 3bn EUR)	15.0%

### Monthly Return Contribution Analysis (Unit A)

Poland	2.4%	Financials	2.5%
Romania	1.0%	Consumer	1.0%
Slovenia	0.7%	Energy	0.8%
Austria	0.5%	Industrials	0.5%
Hungary	0.4%	Health Care	0.2%
Czech Rep.	0.2%	Telecoms	0.2%
Estonia	0.1%	IT	0.1%
Latvia	0.0%	Materials	0.1%
		Utilities	-0.1%

Gross Performance 5.4% 5.4%

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### Sector Allocation

	Dec-16	Jun-16	Dec-15
Financials	32.6%	42.8%	36.1%
Consumer	20.4%	13.9%	7.1%
Energy	15.7%	9.7%	15.5%
Telecoms	7.6%	4.6%	4.8%
Industrials	6.6%	6.2%	8.5%
Health Care	4.5%	4.2%	4.3%
IT	4.1%	4.0%	3.2%
Utilities	2.9%	5.4%	14.6%
Materials	2.8%	1.9%	-
Real estate	-	-	2.4%
Cash	2.8%	7.4%	3.5%



Best Emerging  
Europe Equity Fund  
over 3 & 5 years  
(2015)



Best Emerging  
Europe Equity Fund  
over 3 & 5 years  
(2015)



Best Emerging  
Europe Equity Fund  
over 3 & 5 years  
(2015)



Best Emerging  
Europe Equity Fund  
over 3 years (2014)



Best Emerging  
Europe Equity Fund  
over 3 years  
(2013 & 2014)



Best Emerging  
Europe Equity Fund  
over 3 years (2014)

**Important Legal Information**

Management Company: AS Trigon Asset Management

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Please see the prospectus, rules and other important information about the funds on the website [www.trigoncapital.com](http://www.trigoncapital.com). The fund management company is supervised by Estonian Financial Supervision Authority.

Additional information for Swiss clients: The extract prospectus (edition for Switzerland), the Key Investors Information Documents, the fund rules, the annual and semi-annual report, in German, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, tel.: + 41 22 7051177, fax: + 41 22 7051179, web: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva.

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