

Trigon New Europe Fund

Fact Sheet | January 2017

Overview

Trigon New Europe Fund invests in listed equity securities of European Union new member states and accession countries. The Fund focuses on investments in Poland, the Czech Republic, Hungary, Romania, Slovenia, Austria (companies with CEE exposure), Serbia, Bulgaria, the Baltic countries and can invest in Turkey. The Fund does not invest in Russia.

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

Fund AUM:	€71.6 mil
Positions:	38
UCITS IV:	Yes
Auditor:	PwC
Depository:	Swedbank
Dealing:	Daily (EUR)
Domicile:	Estonia
Launch:	Apr 10, 2002

Fund Manager's Comments

Year 2017 started with the same positive note as the last months of 2016. The Trigon New Europe Fund advanced by 5.7% in a month, slightly losing to its benchmark index Stoxx EU Enlarged Index that gained 6.3%. Similarly to 2016 performance, Eastern Europe region continued to outperform Western Europe broad-based index Stoxx Europe 600 which declined 0.4% in January. Despite recent outperformance, Eastern European markets still trade close to historically high discounts in terms of P/B, P/E and EV/EBITDA multiples compared to the Western Europe.

Economic Sentiment has remained strong going into 2017. Economic Sentiment Indices (ESI), a good proxy for GDP growth figures, rose in three out of the four largest New Europe countries. Polish ESI rose to its six year high with all components showing growth, with the strongest contributor being retail trade. ESI also rose in Romania and Hungary, backed by improvements in consumer confidence. ESI fell in Czech Republic for the second month in a row albeit staying at high levels in historical standards. Recent ESI levels and trends in both New Europe and Western Europe suggest that GDP growth forecasts by European Commission (EC) could be too conservative. EC forecasts GDP growth rates between 2.6% to 3.9% in the CEE-4 countries for 2017.

Going into 2017 we see the best value offered by Romanian companies. Romanian market trades at 4.2x EV/EBITDA multiple and expected weighted average dividend yield on 2016 earnings is 7.9%. Most of the companies have net cash on balance-sheet; therefore higher interest rate environment is rather positive for them. Steeper yield curve is also positive for Romanian banks which have 20% of their assets in deposits and treasuries. Main risks in Romanian assets are related to the state ownership and regulatory changes, although latest dividend requirements for state companies (90% pay-out ratio suggested) confirm that minority and state interests are aligned.

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 1.3x, 2016E ROE of 11%, weighted average 2016E P/E ratio of 12.9x and 2016E EV/EBITDA of 6.4x. The weighted average dividend yield for the portfolio in 2016E and 2017E is 5.1% and 5.3%, respectively.

Geographic allocation

Poland	30.2%
Romania	27.8%
Slovenia	14.7%
Hungary	6.6%
Czech Rep.	6.2%
Estonia	5.7%
Austria	4.0%
Latvia	0.8%
Cash	3.9%

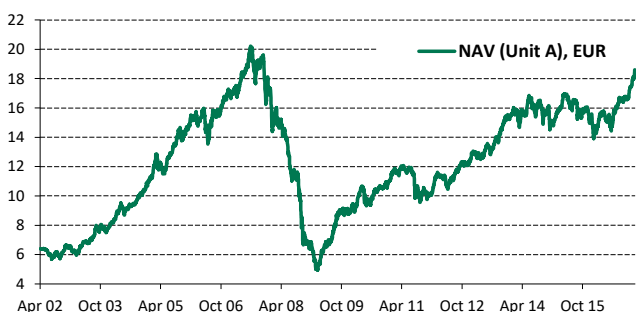
Sector allocation

Financials	32.2%
Consumer	19.7%
Energy	15.9%
Telecoms	7.5%
Industrials	7.2%
IT	4.1%
Health Care	4.1%
Utilities	3.1%
Materials	2.3%
Cash	3.9%

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. Please refer to the important legal notice on the last page of this report.

Performance (net of fees)

EUR



31-Jan-17	Unit A	Unit C	Benchmark*
Year-to-Date	19.2%	18.5%	6.3%
1 month	5.7%	5.7%	6.3%
3 months	10.8%	10.6%	9.9%
6 months	17.7%	17.4%	17.4%
1 year	26.4%	25.8%	25.7%
2 years	22.3%	21.1%	9.7%
3 years	18.8%	17.0%	12.0%
5 years	71.0%	66.7%	24.4%
Since launch	190.5%	195.3%	n/a*
Launch of unit	10-Apr-02	08-Apr-09	n/a*

Fund Details	Unit A	Unit C
NAV in EUR	18.5655	29.5286
12 months High	18.5914	29.5713
12 months Low	14.2457	22.7695
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)	1.07	
Daily volatility (1 year)	11.0%	

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

*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, 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*	
2017	5.7%														
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%		
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)	7.5%	7.0%	6.9%	11.0%	11.3%
Volatility (monthly)				10.7%	12.0%
Downside Risk Analysis					
Negative months/total	70/178	39%			
Worst calendar month	-27.7%				
Worst calendar quarter	-34.2%				
Upside Risk Analysis					
Positive months / total	108/178	61%			
Best calendar month	15.9%				
Best calendar quarter	29.9%				

Market Cap Allocation

Micro Cap (up to 150m EUR)	4.7%
Small Cap I (150 - 500m EUR)	25.4%
Small Cap II (500m - 1bn EUR)	11.5%
Mid Cap (1 - 3 bn EUR)	36.3%
Blue Chip (more than 3bn EUR)	18.3%

Monthly Return Contribution Analysis (Unit A)

Poland	2.6%	Financials	1.6%
Romania	2.1%	Energy	1.6%
Slovenia	0.6%	Consumer	0.6%
Austria	0.2%	Utilities	0.5%
Czech Rep.	0.2%	Industrials	0.5%
Estonia	0.2%	Telecoms	0.4%
Hungary	0.0%	Materials	0.4%
Latvia	0.0%	IT	0.3%
		Health Care	-0.1%

Gross Performance 5.9% 5.9%

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Geographic Allocation

	Jan-17	Jul-16	Jan-16
Poland	30.2%	26.2%	27.5%
Romania	27.8%	23.2%	22.4%
Slovenia	14.7%	10.5%	7.4%
Hungary	6.6%	4.5%	9.6%
Czech Rep.	6.2%	7.6%	14.2%
Estonia	5.7%	7.0%	7.5%
Austria	4.0%	16.5%	7.8%
Latvia	0.8%	-	-
Serbia	-	0.0%	1.5%
Bulgaria	-	-	0.5%
Cash	3.9%	4.4%	1.7%

Sector Allocation

	Jan-17	Jul-16	Jan-16
Financials	32.2%	42.8%	39.0%
Consumer	19.7%	15.1%	7.3%
Energy	15.9%	9.3%	13.6%
Telecoms	7.5%	6.7%	4.0%
Industrials	7.2%	6.4%	8.7%
IT	4.1%	3.8%	3.5%
Health Care	4.1%	4.2%	4.3%
Utilities	3.1%	5.1%	16.0%
Materials	2.3%	2.2%	-
Real estate	-	-	1.9%
Cash	3.9%	4.4%	1.7%



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. 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. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva.

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