

Trigon New Europe Fund

Fact Sheet | February 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:	€76.0 mil
Positions:	38
UCITS IV:	Yes
Auditor:	PwC
Depository:	Swedbank
Dealing:	Daily (EUR)
Domicile:	Estonia
Launch:	Apr 10, 2002

Fund Manager's Comments

"Trump" rally continued in the world equity markets in February, backed by improved sentiment on growth prospects in the USA. At the same time markets are turning a blind eye to the potential risks related to European elections, Greek debt issue or "delivery" risk of Trump's ambiguous policies. New Europe has been among the best performing regions YTD, offering a staggering 11.5% (Stoxx EU Enlarged TR index) return in euro-terms, backed by the rally in Polish assets. Trigon New Europe Fund has also offered a strong 8.3% performance in the first two months, backed by good returns from its Romanian, Polish and Slovenian picks. We are on the opinion that our portfolio remains more defensive compared to the benchmark due to stronger cash-flow and dividend backing.

In 2017 mid-February, Trigon New Europe Fund made its first investments to Turkish market. Turkey has always been a part of the investable universe by the Fund prospectus but due to its relative unattractiveness and the fact that some of the Fund's investors strongly opposed the market, it was left out. Having now the backing by our clients and seeing better relative value, we have decided to include Turkey to the strategy as an off-benchmark position with up to 10% allocation of the Fund. Despite not having Turkey in New Europe strategy before, we have covered Turkish market since 2009, initially for the Balkan fund and later for various mandates. We are fully aware of multiple issues that Turkey is facing today, including slowly collapsing economy and unpredictable political environment, nevertheless Turkish equity market is vast and offers select value. In addition, after the sharp lira depreciation in 2016, we are more constructive about the currency's outlook in 2017.

New Europe region has outperformed Western European broad-based index since the beginning of 2016, having underperformed three years before that, from 2013-15. The valuation discount which had reached 15-year highs has narrowed somewhat but is still slightly higher than long-term average. We would argue that the region with stronger GDP growth outlook, much lower leverage and highly capitalized banking sector should trade at lower discount than historical average, suggesting further 10-15% relative outperformance by New Europe markets compared to equities in developed Europe.

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, 2017E ROE of 12%, weighted average 2017E P/E ratio of 12.1x and 2016E EV/EBITDA of 6.5x. The weighted average dividend yield for the portfolio in 2016E and 2017E is 5.0% and 5.1%, respectively.

Geographic allocation

Romania	27.6%
Poland	25.9%
Slovenia	15.9%
Hungary	7.6%
Turkey	5.4%
Estonia	5.4%
Czech Rep.	5.2%
Austria	4.2%
Latvia	0.8%
Cash	2.2%

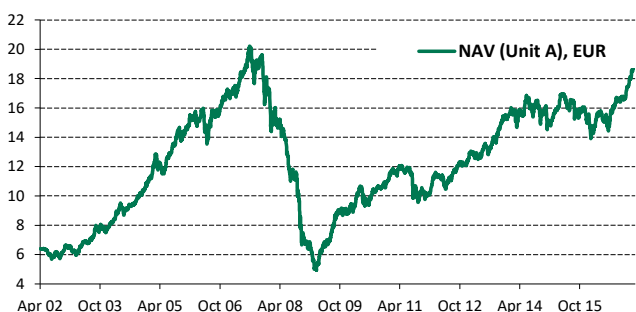
Sector allocation

Financials	33.2%
Consumer	20.6%
Energy	13.3%
Industrials	7.3%
Telecoms	6.5%
Health Care	5.5%
IT	3.9%
Utilities	3.2%
Materials	2.9%
Real Estate	1.4%
Cash	2.2%

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



28-Feb-17	Unit A	Unit C	Benchmark*
Year-to-Date	8.3%	8.2%	11.5%
1 month	2.5%	2.4%	4.9%
3 months	14.0%	13.8%	19.1%
6 months	16.4%	16.2%	20.1%
1 year	29.1%	28.4%	29.5%
2 years	20.2%	19.0%	10.9%
3 years	20.4%	18.6%	11.0%
5 years	65.4%	61.2%	26.5%
Since launch	197.7%	202.4%	n/a*
Launch of unit	10-Apr-02	08-Apr-09	n/a*

Fund Details	Unit A	Unit C
NAV in EUR	19.0218	30.2425
12 months High	19.3206	30.7202
12 months Low	14.4300	23.0203
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)	1.04	
Daily volatility (1 year)	10.5%	

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%	2.5%													
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)	7.6%	6.8%	7.1%	10.5%	11.3%
Volatility (monthly)				10.6%	11.9%

Downside Risk Analysis

Negative months/total	70/179	39%
Worst calendar month	-27.7%	
Worst calendar quarter	-34.2%	

Upside Risk Analysis

Positive months / total	109/179	61%
Best calendar month	15.9%	
Best calendar quarter	29.9%	

Geographic Allocation

	Feb-17	Aug-16	Feb-16
Romania	27.6%	23.7%	23.7%
Poland	25.9%	27.7%	23.7%
Slovenia	15.9%	11.4%	7.1%
Hungary	7.6%	5.9%	9.2%
Turkey	5.4%	-	-
Estonia	5.4%	6.3%	7.9%
Czech Rep.	5.2%	6.6%	12.6%
Austria	4.2%	13.5%	10.5%
Latvia	0.8%	-	-
Serbia	-	-	1.4%
Bulgaria	-	-	0.3%
Cash	2.2%	5.0%	3.4%

Market Cap Allocation

Micro Cap (up to 150m EUR)	4.9%
Small Cap I (150 - 500m EUR)	21.9%
Small Cap II (500m - 1bn EUR)	12.7%
Mid Cap (1 - 3 bn EUR)	37.3%
Blue Chip (more than 3bn EUR)	20.9%

Monthly Return Contribution Analysis (Unit A)

Romania	1.2%	Financials	1.1%
Slovenia	1.0%	Energy	0.7%
Poland	0.5%	Industrials	0.5%
Czech Rep.	0.2%	Utilities	0.3%
Estonia	0.0%	IT	0.1%
Turkey	0.0%	Consumer	0.1%
Latvia	0.0%	Health Care	0.1%
Austria	-0.1%	Materials	0.0%
Hungary	-0.2%	Real Estate	0.0%
		Telecoms	-0.1%

Gross Performance 2.6% 2.6%

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Sector Allocation

	Feb-17	Aug-16	Feb-16
Financials	33.2%	41.3%	40.7%
Consumer	20.6%	16.6%	7.9%
Energy	13.3%	9.2%	13.1%
Industrials	7.3%	6.4%	9.0%
Telecoms	6.5%	7.9%	4.3%
Health Care	5.5%	4.1%	4.3%
IT	3.9%	3.5%	3.7%
Utilities	3.2%	3.5%	12.3%
Materials	2.9%	2.4%	-
Real estate	1.4%	-	1.4%
Cash	2.2%	5.0%	3.4%



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



Best Emerging
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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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