

Trigon New Europe Fund

Fact Sheet | January 2019

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 30-40 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

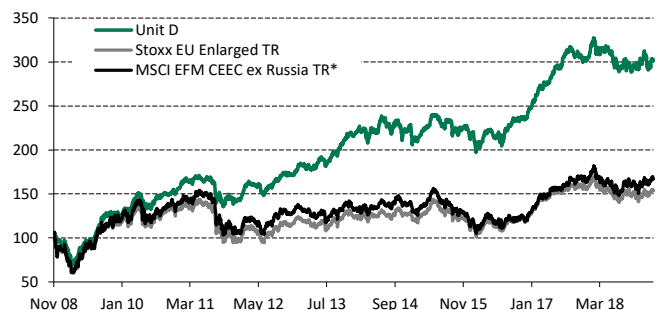
Fund AUM: €116.5 mil
Positions: 40
UCITS IV: Yes
Auditor: PwC
Depository: DZ PRIVATBANK
Dealing: Daily
Domicile: Luxembourg
Launch: Apr 10, 2002

Fund Manager's Comments

Deja vu from the beginning of 2018 – markets started the year with great optimism around the globe. MSCI EM TR Index and Stoxx 600 TR Index (representing Western European equities) rallied by 8.4% and 6.3%, respectively. Trigon New Europe Fund advanced by 3.2% during the month, losing to the regional benchmark by 125 bps. In 5 and 10 years, the Fund has outperformed the benchmark index by 9.7% and 144.2%.

Despite generally positive mood in the Eastern European markets, political uncertainty continued to weigh on the market sentiment in Romania and Poland. New taxes imposed by extraordinary ordinance in Romania kicked in as of 1st of January, but the rates charged and the asset base on which the tax is calculated, remains uncertain in a number of cases. For example banking tax, which was initially announced as being 0.9% of assets (all rates assume average ROBOR of 3.0%-3.5%) was meanwhile expected to be as low as 0.3%, but after additional comments from government officials, is now expected to be as high as 1.2% of assets on annual basis. That level of tax would make 90% of the banks in the country loss making and would take away almost 50% of the net profit of BRD and TLV, two of the most profitable banks in the country. As there seems to be some opposition forming within coalition, there is still a chance that the tax rates will be reviewed. In Poland and Hungary, it took roughly a year to pass the asset tax to clients. In Poland, it is a year of parliamentary elections, which means that similar populist rhetoric could be expected. In January, after two years of *status quo*, CHF-bill was taken to agenda, outing the banks with CHF mortgages under pressure. We have very limited exposure to these banks in the Fund as this risk was somewhat predictable, but not priced in at current valuation levels.

For us, political populism remains the biggest tail-risk in the region. We remain constructive on regional macro and company fundamentals outlook for 2019. Trigon New Europe Fund's portfolio trades on a weighted average of 10.1x 2019E earnings and 5.8x EV/EBITDA 2018E, multiples that cannot be considered demanding at current interest rate environment. Fund holdings offer a weighted average dividend yield of 6.3% on 2018E earnings backed by double-digit free cash-flow generation and over-capitalized balance-sheets. The Fund ratios and offered dividend yield compares favourably to both emerging and developed world markets and local bond yields.

Performance (%) since strategy launch (net of fees)


31-Jan-19	Unit D	Unit E	Benchmark*
Year-to-Date	3.2%	3.1%	4.4%
1 month	3.2%	3.1%	4.4%
3 months	3.3%	3.1%	8.7%
6 months	0.3%	0.1%	3.6%
1 year	-6.5%	-6.1%	-6.3%
2 years	14.9%	14.2%	20.9%
3 years	45.3%	42.8%	46.3%
5 years	36.6%	33.4%	26.9%
Since launch	234.0%	236.6%	16.5%
Launch of unit	10.04.02	08.04.09	n/a*

Fund Details	Unit A (EUR)	Unit B	Unit D	Unit E
NAV	96.7700	95.8300	21.3400	33.6600
12 months High	100.0000	100.2000	22.8269	35.8646
12 months Low	93.1700	90.7600	20.3700	32.1700
Management fee	0.80%	0.75%	Up to 1.5%	Up to 2%
Performance fee	none	15% of return exceeding the Benchmark*	none	none
Subscription fee**	none	none	none	none
Redemption fee	none	none	none	none
ISIN	LU1687402393	LU1687402633	LU1687403102	LU1687403367
Bloomberg code	TRICLAE LX	TRICLBE LX	TRICLDE LX	TRICLEE LX
Lipper code	68481933	68481936	68481091	68481092
Min. subscription	€15 mil	€5 mil	€1 mil	No min.
Sharpe ratio (5 years)		0.63		
Daily volatility (1 year)		10.6%		

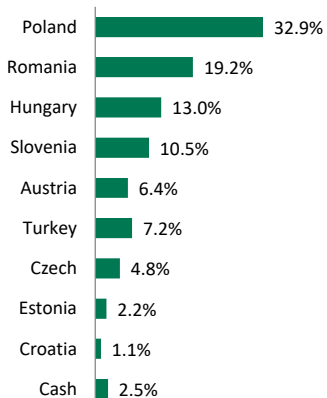
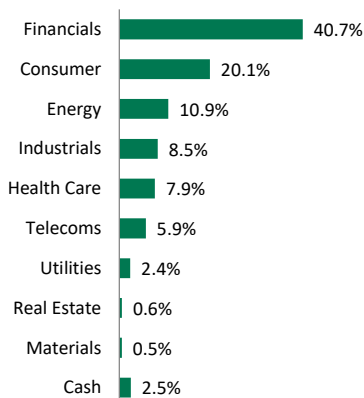
To receive the breakdown of the Fund's holdings or any other additional information, please send a request to funds@trigoncapital.com.

31-Jan-19	Unit A (EUR)	Unit B
Year-to-Date	3.2%	3.2%
1 month	3.2%	3.2%
3 months	-	4.0%
6 months	-	0.7%
1 year	-	-
2 years	-	-
3 years	-	-
5 years	-	-
Since launch	-3.2%	-4.2%
Launch of unit	05.12.18	18.04.18

*The benchmark index, MSCI EFM CeeC ex Russia TR (EUR), was created on February 2nd, 2008.

**E units (old C unit) can be subscribed to as of April 6th, 2009. D units (old A unit) are again available as of September 1st, 2017.

NAV movements can be followed in: Bloomberg, www.trigoncapital.com, www.morningstar.fi, www.ipconcept.com

Geographic allocation

Sector allocation


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.

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Monthly Performance (Unit D)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Annual	CAGR*	
2019	3.2%														
2018	4.1%	-2.7%	-1.1%	-0.5%	-5.3%	0.0%	2.9%	-1.3%	-0.6%	-1.0%	5.6%	-5.2%	-5.7%		
2017	5.7%	2.5%	1.6%	2.9%	4.2%	-0.2%	5.4%	2.2%	-2.7%	0.3%	-1.6%	2.5%	24.9%		
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	8.5%
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	9.9%
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	5.9%
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

* Compound annual growth rate, i.e. average annualized performance of calendar years

Risk Management Report (Unit D)

	1M	3M	6M	1Y	2Y
Volatility (daily)	10.2%	11.9%	11.1%	10.6%	9.0%
Volatility (monthly)				11.1%	10.4%
Downside Risk Analysis					
Negative months/total	82/202	41%			
Worst calendar month	-27.7%				
Worst calendar quarter	-34.2%				
Upside Risk Analysis					
Positive months / total	120/202	59%			
Best calendar month	15.9%				
Best calendar quarter	29.9%				

Geographic Allocation

	Jan-19	Jul-18	Jan-18
Poland	32.9%	30.5%	27.6%
Romania	19.2%	25.1%	20.0%
Hungary	13.0%	10.0%	8.0%
Slovenia	10.5%	11.7%	12.2%
Turkey	7.2%	7.7%	8.8%
Austria	6.4%	3.7%	5.6%
Czech	4.8%	1.6%	7.5%
Estonia	2.2%	4.4%	3.6%
Croatia	1.1%	1.7%	1.6%
Latvia	-	-	0.5%
Cash	2.5%	3.7%	4.5%

Market Cap Allocation

Micro Cap (up to 150m EUR)	2.0%
Small Cap I (150 - 500m EUR)	15.7%
Small Cap II (500m - 1bn EUR)	7.1%
Mid Cap (1 - 3 bn EUR)	27.9%
Blue Chip (more than 3bn EUR)	44.5%

Sector Allocation

	Jan-19	Jul-18	Jan-18
Financials	40.7%	46.2%	43.8%
Consumer	20.1%	12.4%	6.4%
Energy	10.9%	13.8%	12.0%
Industrials	8.5%	3.1%	6.9%
Health Care	7.9%	9.9%	4.6%
Telecoms	5.9%	3.6%	6.1%
Utilities	2.4%	2.5%	0.9%
Real estate	0.6%	-	2.7%
Materials	0.5%	3.6%	8.5%
Other	0.2%	0.0%	-
IT	-	1.1%	3.6%
Cash	2.5%	3.7%	4.5%



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.

Signatory of:



Important Legal Information

Fund Manager: 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. Further information as well as contacts for local representatives/agents in the countries where the Fund has Public marketing license can be obtained from the Company.

Additional information for Swiss clients: The extract prospectus (edition for Switzerland), the Key Investors Information Documents, the annual and semi-annual report, in German, and further information can be obtained free of charge from the representative in Switzerland: IPConcept (Schweiz) AG, Münsterhof 12, Postfach, CH-8022 Zurich, Switzerland, tel.: + 41 44 224 32 00, fax: + 41 44 224 32 28, web: www.ipconcept.com. The Swiss paying agent is: DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, Postfach, CH-8022 Zürich.

The fund manager is supervised by Estonian Financial Supervision Authority.

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