

# **TRIGON DIVIDEND FUND**

## **PROSPECTUS**

**12.03.2021**

## Important Notices

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This is a prospectus for public offering of the units of Trigon Dividend Fund and (hereafter the “Fund”) within the meaning of the Investment Funds Act of the Republic of Estonia (hereafter: “Prospectus”). The rules of the Fund (hereafter: “Fund Rules”), which are available at the location of the management company, and on the web page [www.trigoncapital.com](http://www.trigoncapital.com), constitute an integral part of this Prospectus.

Information contained in the Prospectus shall not under any circumstances be construed as a solicitation or recommendation to purchase or sell the units, as investment advice, or an offer of any other investment service or ancillary service. Each investor domiciled in any jurisdiction other than Estonia should understand the requirements for offering of the Fund and undertaking transactions with units, as well as taxation rules applicable in the jurisdiction of its residence. It is necessary to bear in mind that investor protection policies adopted by one jurisdiction may not necessarily apply to investments into a fund established in another jurisdiction.

Before making any investments into the Fund, investors should carefully examine the Prospectus and the Rules, should pay particular attention to investment risks, and assess their risk tolerance and, if necessary, consult with professional tax or investment advisors to evaluate, *inter alia*, i) the content of the Prospectus, the Rules, and the appropriate Annexes to the Prospectus; ii) the effects of the applicable legislation of the investors’ jurisdiction of residence to their investments; iii) any legal, tax, financial and other consequences stemming from investment into the Fund.

Any offering of the Fund’s units shall always take place in line with the provisions set out in the Prospectus, the Rules and the legislation applicable to the Fund. Misleading advertising or any other statements contrary to the Prospectus, the Rules or the legislation shall not be construed as having been approved by the Management Company.

The Prospectus is not intended for offering or selling the units, or otherwise intermediating the units in any country where such activities are illegal, or could give rise to additional obligations for the Management Company or the Fund. The Prospectus is not intended for offering or selling the units, or otherwise intermediating the same to any person to whom such offering is prohibited or restricted.

The units of the Fund have not been registered under the United States (hereinafter US) Securities Act of 1933 (hereinafter “Securities Act”), the US Investment Company Act of 1940, or any US state securities law. Therefore the units of the Fund shall not be offered, sold or otherwise intermediated in the United States, to US persons or for their benefit, unless such activities are conducted in a manner that do not obligate the Fund to register under the above referred legislation, and the Fund assumes no additional obligations as a result of the same.

If there are any discrepancies or ambiguities between the translation of the Prospectus in another language and the Estonian text of the Prospectus, the Estonian version of the Prospectus shall prevail.

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## General Information

This is a prospectus for the public offering of the units of Trigon Dividend Fund (hereafter the “Fund”) within the meaning of the Investment Funds Act of the Republic of Estonia (hereafter: “Prospectus”). The rules of the Fund (hereafter: “Fund Rules”) are an integral part of this Prospectus.

### Main information about the Funds

<b>Legal status</b>	The Fund is an open-ended public contractual investment fund registered in the Republic of Estonia, which comply with the provisions of the Directive of the European Parliament and Council 2009/65/EC, and the legislation of the Republic of Estonia applicable to UCITS funds.
<b>Location of the Funds</b>	Pärnu mnt 18, Tallinn 10141, Republic of Estonia.
<b>Fund management company</b>	AS Trigon Asset Management, registry code 11339670, registered address: Pärnu mnt 18, 10141, Tallinn, Republic of Estonia, hereafter: “ <b>Management Company</b> ”.
<b>Depository</b>	Swedbank AS, registry code 10060701, registered address: Liivalaia 8, 15040, Tallinn, Republic of Estonia, hereafter: “ <b>Depository</b> ”.
<b>Auditor</b>	AS PricewaterhouseCoopers, registry code 10142876, registered address: Pärnu mnt. 15, 10141, Tallinn, Republic of Estonia.
<b>Supervised by</b>	The Financial Supervisory Authority (in Estonian: Finantsinspektsioon), registered address: Sakala 4, 15030, Tallinn, Republic of Estonia.
<b>Launch of the Funds</b>	Trigon Dividend Fund <sup>1</sup> May 16 <sup>th</sup> 2005
<b>Fund units</b>	The Fund unit (hereafter: “Unit”) represents a unit-holder’s share of the Fund’s assets. A Unit is a registered security. The Fund has three classes of Units.
<b>Unit price</b>	The Management Company calculates and publishes the net asset value of the Fund and of a Unit, and the issue and redemption price of a Unit at least once for each banking day on the following banking day no later than 3 PM Estonian time and publishes the prices on its web page <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> .
<b>Listing of units</b>	The Units are not listed on any stock exchange or other regulated and publicly available securities market.
<b>Public offering abroad</b>	The list of the countries where public offering of the Funds’ Units is allowed is published on the web page of the Management Company <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> . Different investment funds and different Unit classes are registered for offerings in different countries.
<b>Publication of information</b>	Important information and documents relating to the Fund, <i>inter alia</i> , the Rules, the Prospectus, the key investor information documents and financial accounts, are available on the Management Company’s web page <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> and at the location of the Management Company.
<b>Financial year</b>	The financial year of the Fund is January 1 <sup>st</sup> – December 31 <sup>st</sup> .
<b>Income of Funds</b>	The income of the Fund’s C Unit and eQ Unit is reinvested.  The income of the Fund’s D Unit may be paid out to the unitholders with the Management Company’s decision.

<sup>1</sup> Previously named as Trigon New Europe Growth Fund and Trigon Baltic Fund

<b>Registrar</b>	Swedbank AS, registry code 10060701, registered address: Liivalaia 8, 15040, Tallinn, Republic of Estonia, (hereafter: “ <b>Registrar</b> ”). The Registrar registers the Units, and any data pertaining to the same in the register of units.
<b>Transfer Agent</b>	Swedbank AS, registry code 10060701, registered address: Liivalaia 8, 15040, Tallinn, Republic of Estonia, (hereafter: “ <b>Transfer Agent</b> ”). The Transfer Agent shall organise issue, redemption, and exchange of Units, and activities connected with them.

## **The Basis and Objective of the Fund's Activities and Investment Policy**

### **The basis of the Fund's activities**

The Fund is a pool of money raised through public issue of Units, and of other assets acquired by investing such funds, that belongs collectively to unit-holders and is managed by the Management Company. The basis of the Fund's activities and the relations between unit-holders and the Management Company have been laid down in the legislation of the Republic of Estonia, Prospectus and the Fund Rules of the Fund.

### **The investment objective of the Fund**

The general objective of the Fund's activities is long-term capital growth. Before making an investment decision, please refer to the description of a typical investor profile in section "Description of the Typical Investor" of the Prospectus, and the potential risks associated with investing in the Fund, that are further described below under section 'Risks' of the Prospectus.

### **The investment policy of the Fund**

#### *General principles*

The Management Company invests the Fund's assets in the equity markets and in other securities all over the world. The Fund's investments are geographically diversified between different global financial markets. The aim of the Fund is to invest mainly in the securities with high dividend yields or securities with increasing dividend yields.

The Fund invests mainly in equity shares, but may also invest in other asset classes, which may from time to time mean that the Fund has no equity positions. The Fund's investment policy is not specialized by specific sector, region or issuer. The Management Company applies active investment management techniques in management of the Fund, deciding the allocation of investments into different regions, sectors, asset classes and investment objects in the course of day-to-day management. Depending on the market situation, the distribution of the fund's assets between different asset classes and instruments can vary significantly.

#### *Permitted instruments and investment restrictions*

When making the investments, the Management Company shall take into account the investment objective and policy of the Fund, imperative investment restrictions and risk diversification requirements provided in the Prospectuses and in the applicable laws.

The Fund's assets may be invested in shares, other similar tradable rights; bonds, convertible bonds and other tradable debt obligations; subscription rights and other tradable rights granting the right to acquire securities; money market instruments, and tradable depositary receipts (collectively referred to as the "**securities**"); derivative instruments; shares and units of investment funds; deposits of credit institutions. The Fund may invest in the currencies of the investment region of the Fund.

In addition to shares and other similar tradable rights, the assets of the Fund may be invested into other permitted securities, deposits in credit institutions and currencies of the investment region. In addition to the above, up to 10% of the Fund's assets may be invested into units or shares of other investment funds, subject to restrictions provided in the applicable laws. The assets of the Fund may be invested into units or shares of other funds managed by the Management Company or into units or shares of funds managed by another fund management company belonging to the same group as the Management Company, subject to and in

accordance with the applicable laws. Funds' assets may also be invested into shares and units of closed-end investment funds, subject to and in accordance with the Investment Funds Act.

Up to 100% of the assets of the Fund may be invested into securities that are transferable and meet at least one of the following conditions: (i) the securities are traded on a regulated market of an EEA Member State or other regulated marketplace in such country which operates regularly and is recognised and open to the public, (ii) the securities are traded on a stock exchange or other regulated market of a third country which operates regularly and is recognised by such country, and open to the public for securities transactions, provided that the choice of such stock exchange or market has been approved by the Financial Supervision authority, or is located in the investment region of the Fund, as provided in the Fund Rules; (iii) securities are not traded on the markets referred to in points (i) or (ii), but pursuant to their conditions of issue, the securities shall be admitted to the regulated market referred above within 12 months after the issue of the securities. The Fund may invest up to 10% of its assets into securities other than those referred to above in this paragraph. The assets of the Fund may be invested in money market instruments that do not meet the aforementioned conditions, provided that issuer or the issue meet the investor protection requirements arising from the applicable laws.

The assets of the Fund may be invested only in the deposits of credit institutions with a maturity of not more than 12 months. Up to 20% of the Fund assets may be deposited with any single credit institution. The provisions of this section do not apply to the Fund's current accounts with the depositary or overnight deposits.

The assets of the Fund may be invested in covered bonds issued by one credit institution to the extent of up to 25% of the value of the assets of the Fund in accordance with the Investment Funds Act.

The Fund shall not invest in immovable property, precious metals and securities that give rights to precious metals. The assets of the Fund may be invested in securities related to immovable property.

#### *Transactions with derivative instruments*

The Fund may enter into derivative transactions, subject to and in accordance with the Investment Funds Act and any acts issued thereunder, as well as the internal procedures of the Management Company. The assets of the Fund may be invested only in derivative instruments, where the underlying consists of, or the price is directly or indirectly dependent on any of the following factors:

- a) the deposits of credit institutions into which the Fund may invest;
- b) the securities to which the Fund may invest;
- c) the units or shares of another investment fund to which the Fund may invest;
- d) various securities indices;
- e) the currency in which the Fund may invest.

The derivative transactions stipulated in points (a) to (d) may be conducted only for the purposes of hedging risks against fluctuation of the value of the assets and interest rates. With derivative transactions specified in clause (e), the Management Company is also allowed for the achievement of the investment objectives of the Fund. Transactions with derivative instruments may not cause deviation from the Fund's investment objectives or policy.

The Fund's total exposure relating to derivative instruments may not exceed the total net asset value of the Fund. The exposure to derivative instruments acquired over-the-counter may

amount to 10% of the value of the Fund's assets if the counterparty is a credit institution where the Fund is permitted to make deposits pursuant to the applicable law. The derivative exposure with respect to another person may be up to 5% of the Fund's assets. According to the assessment of the Management Company, investing into derivative instruments does not significantly increase the Fund's risk level as such transactions are mostly used for hedging risks.

Sometimes securities are issued to enable foreign investor indirect exposure to a particular company's equity instruments (for example global depository receipts). This is more prevalent in markets where foreign ownership is restricted. The Fund can invest into such securities if the Management Company believes that there is a satisfactory analysis made on the counterparty issuing the derivative and the terms of the derivative.

Risks related to the investment activities, including relating to derivative transactions, are further described below under section 'Risks'.

### ***Risk diversification requirements***

Unless otherwise provided in the Prospectuses or laws, (i) not more than 10% of the market value of the assets of the Fund may be invested in securities issued by one person; (ii) the total value of securities issued by one person, including covered bonds and money market instruments and derivative instruments, and deposits placed with that person may not account for more than 35% of the value of the Fund's assets; (iii) the value of securities and money market instruments issued by one person, and the value of the deposits placed with that person and the derivative transactions in that person may not amount to more than 20% of the value of the Fund's assets.

If the value of securities and derivatives issued by one person exceeds 5 % of the market value of the Fund's assets, the total value of all such positions may not be more than 40% of the market value of the Fund's assets. This limitation does not apply to over-the-counter derivative transactions where the counterparty is a credit institution or financial institution that is subject to a prudential supervision.

The restriction specified in the section above shall not apply and the value of securities issued by one person may constitute up to 35% of the value of the Fund's assets if their issuer or guarantor is: (i) an EEA Member State or local authority of an EEA Member State, (ii) a third country, or (iii) an international organisation to which at least one EEA Member State belongs.

Up to 20 % of the value of the assets of the Fund may be invested in the securities and money market instruments issued by persons belonging to the same consolidation group.

### ***Other restrictions***

The Management Company shall not acquire or hold on the account of the Funds, either directly or indirectly, a qualifying holding through any shares carrying voting rights or other equivalent rights. For the account of the Fund, the maximum holding acquired or held in one person is:

- a) 10% of non-voting shares;
- b) 10% of the debt securities issued by it;
- c) 10% of the money market instruments issued by it;
- d) 25% of the units or shares of another fund.

The restrictions above do not apply to the acquisition or holding of securities or money market instruments issued or guaranteed by a state or an international organisation in accordance with the law.



### ***Other permitted transactions***

The Management Company may on behalf of the Fund guarantee issues of securities, borrow, enter into repurchase and reverse repurchase agreements and make other transactions of borrowing and lending securities. The Fund may borrow and assume other liabilities referred to above in the amount of up to 10% of a Fund's assets. The maturity of the loans and other liabilities of a Fund may be no more than three months.

In its daily investment activities the following additional principles are followed by the Fund:

- Loans are overdrafts taken on a temporary basis, not commercial loans. The Fund does not actively borrow money to fund its investment activity;
- Overdrafts are permitted to facilitate the settlement of transactions in the case of settlement mismatches;
- Overdrafts are to be closed as soon as possible considering the best interest of the Fund.

### ***Investment and risk management techniques***

The management company's investment strategy is based on two pillars: 1) an analysis of individual companies with a strong emphasis on business model knowledge and a thorough analysis of fundamentals; and 2) macroeconomic and sectoral analysis with the aim of finding investment opportunities based on macroeconomic cycles and trends, while assessing the risks to the sustainability and profitability of corporate business models. The Management Company evaluates a risk-to-profit ratio for each investment with a view to providing the investor with a portfolio whose risk/reward ratio is better than the equity market average.

The Management Company has established internal rules for risk management and reporting, including for identifying, managing, measuring and hedging risks. The Management Company implements risk management measures, which, *inter alia*, allow at any time to monitor and measure the risks of investment positions and their overall impact on the risk profile of the Fund's portfolio and to assess adequately and independently the value of derivative financial instruments acquired over-the-counter. The Management Company conducts regular compliance checks to monitor investment restrictions and risk diversification requirements. In the event of developments that result in conflict with the investment restrictions of the Fund's portfolio, the Management Company will immediately take measures to cure such breach.

According to the Prospectus and the Fund Rules, various techniques and instruments may be used for efficient portfolio and risk management, including derivatives.

The techniques and instruments used for efficient portfolio management must satisfy the following conditions:

- a) their use is economically viable and cost-effective;
- b) they are in line with the risk profile of the Fund and the Management Company's risk management rules and aim to reduce the risks and expenses associated with investing the Fund's assets, and generate additional income or profit;
- c) the risks associated with their use are adequately hedged by the risk management system applied;
- d) their use shall under no circumstances cause divergences from the investment objectives laid down in the Rules or Prospectuses of the Fund.

The Management Company is currently not planning to apply securities lending, repurchase or reverse repurchase agreements or other securities financing transactions for the purpose of efficient portfolio management.

### ***Sustainability factors***

Environmental, social and governance factors and in particular sustainability risks are considered in the investment decision-making process for the Fund. In this case, however, the Management Company decides which components are ultimately decisive from the perspective of overall risk and return and in consideration of general exclusion criteria.

The Management Company is not currently taking account of adverse impact of investment decisions on sustainability factors for the Fund. The available relevant data that must be used to determine and weight the adverse sustainability impacts are currently inadequate on the market.

The Fund's fundamental objective is not sustainable investment and the underlying investments in the Fund have no binding obligation to take account of EU criteria for environmentally sustainable economic activities as set out in Regulation (EU) 2019/2088 and in Regulation (EU) 2020/852. However, the Management Company incorporates environmental, social and governance criteria into its investment decision-making (for more information please refer to the Responsible Investment Policy available on the Management Company's website [www.trigoncapital.com](http://www.trigoncapital.com)).

### **Performance on previous periods**

The rate of return achieved by the Fund in the past periods is presented in Appendix no 1 of the Prospectuses.

The rate of return achieved by the Fund in past periods does not guarantee that similar rate of return will be achieved in future periods. The Management Company does not guarantee to unit-holders the profitability of the investment into the Fund.

### **Description of a typical investor**

The Fund is suitable to investors, who have significant previous experience in equity investments, and who can tolerate high volatility and risk level in his/her investments. When investing into the Fund the investor should be prepared to tolerate risks stemming from potential significant fluctuations on equity markets. A holding in the Fund is suitable as a part of a diversified investment portfolio. Due to the Fund's investment policy, the price of a Unit may be very volatile; therefore, it is recommended that investors have a long-term investment horizon (minimum 3 years). The Management Company strongly recommends the investor to discuss with a financial, legal and/or tax advisers before making the investment.

### **Risk level of the Fund**

The Management Company uses a synthetic risk assessment model according to which the Fund may on the basis of the volatility belong to a risk class from 1 to 7. The higher the volatility, the higher the risk class. The volatility of the Fund is calculated using a standard method: on the basis of the weekly rates of return of the past 5 years, rescaled to a yearly basis. According to this method the Fund belongs to risk class 4 which means that the risk level of the Fund is medium. The specific information on calculation of the synthetic risk and volatility is available in the guideline of the European Securities and Markets Authority "CESR's guidelines on the methodology for the calculation of the synthetic risk and reward indicator in the Key Investor Information Document".

Due to the investment policy of the Fund, the risk profile and risk level of the Fund may change over time.

## **Risk profile and risk management**

Investing in the Fund is accompanied by various risks that may affect the return on the investment. The activities of the Fund may or may not be profitable; thus, there is no guarantee to unit-holders that they will get back the amount invested in the Fund or that it will grow. Past performance of the Fund does not guarantee similar results in the future.

While making any investment decisions, the investor should bear in mind that risks related to any investment decision lies with the investor. Therefore, before investing into the Fund the investor is encouraged to consult with financial and/or legal and/or tax advisers.

The risks described below are not comprehensive. Below is the overview of risks that are deemed as more relevant in relation to an investment into the Fund, considering its investment policy and objectives. An investor should also consider other potential risks accompanied with investment activities.

The risk profile related to the Fund's investment policy is the following:

### **1. Risks deriving from direct investment activities**

#### **1.1. Market risk**

Market risk is a possibility that the market price of securities or other assets increases or decreases and thus affects the value of the Fund's assets on a daily basis. The development of the Fund's investments depends on the general developments in different equity and other securities' markets. These developments create daily volatility in the NAV of the Fund and the NAV impact may be significant, especially in a period of extraordinary large market movements.

Market risk factor is a very important risk factor to the Fund. In order to mitigate market risk, the Fund's investments are relatively diversified and derivative instruments may be used.

#### **1.2. Liquidity risk**

Liquidity risk is a possibility that due to a market's low liquidity the Fund is not able to buy or sell shares at desired price level and therefore cannot at times follow their investment policy and/or cannot execute the redemption payments timely, especially in a situation where there would be several larger redemption orders at the same time. Provided that the Fund has difficulties in redeeming all redemption orders, the Fund may postpone or suspend the execution of the redemption orders until the Fund has sufficient free cash to pay out all redemption orders. Redemption orders given to the Fund for execution during the time of low market liquidity may also have a negative impact to the value of the investments of investors not redeeming.

Liquidity risk can materialize in situations of extraordinary large market movements or in longer periods of low equity market liquidity. Liquidity risk may also increase in situations where the market and credit risks are increasing, for example during the time of economic recession.

The investors should pay attention to the specific Fund related circumstances in relation to considering the liquidity risk. The Fund's assets are mainly invested in listed securities around the world, some of which may be of low liquidity. The Fund may also hold, to a limited extent, unlisted securities which have a significantly lower liquidity compared to listed securities. The foregoing may impair the liquidity of the Fund's investments.

To manage liquidity risk, the Management Company analyses, among other things, also the liquidity of each security before making an investment. Diversification of investments is also used to reduce the liquidity risk.

### **1.3. Credit risk**

Credit risk is a possibility that an issuer of a security, or a counter party to a transaction is unable to perform its obligations, whether in full or partially.

The Fund faces credit risk e.g. when making investments in fixed income instruments and when depositing money on a bank account. Credit risk can cause losses to the Fund. The credit risk factor is an important risk factor, but as the Fund focuses primarily in equity investments, the likelihood of significant credit risk related losses is relatively low.

### **1.4. Currency risk**

Currency risk is a possibility that due to movements in exchange rates the value of an investment nominated in its reference currency changes in an undesirable direction. The Fund makes its investments in equities quoted in different currencies in different countries. In addition, the Fund may have cash or other investments in different currencies. The daily movements in these currencies have a daily impact on the NAV of the Fund and from time to time these movements can be significant, especially in periods of extraordinary high currency market uncertainty and volatility.

This risk element is a very important risk factor to the Fund. The Fund may hedge partly or fully this currency risk element and derivatives may also be used. However, it is not the intention of the Fund to be fully hedged in different currencies.

### **1.5. Inflation risk**

Inflation in the target countries may affect the Fund's investments negatively through e.g. decreasing the value of the fixed income investments, creating downward pressure on the local currencies and through having adverse impact on the portfolio companies. This may happen e.g. in a situation of too easy monetary policy and of significantly increased reserves.

The Management Company monitors and if necessary, makes investment decisions taking into account possible inflation risks.

### **1.6. Concentration risk**

This is a possibility that an event or circumstance has a substantial impact on the Fund's returns due to the Fund's investments being focused on one or a small number of markets or asset classes or issuers.

Because the Fund is primarily focused on the equities asset class, the Fund's returns may be extensively affected by one particular event or circumstance affecting the equity markets.

The Fund rules and internal regulations set limits and restrictions to reduce the concentration risk.

### **1.7. Issuer risk**

Issuer risk arises from the specifics and success of the business activities of an issuer that could affect prices of securities issued by it (e.g. worsening of issuer's financial results due to poor decisions by the management, bankruptcy etc.).

All investments with the Fund's assets are exposed to issuer risk. Therefore, the issuer risk is considered an important risk to the Fund.

In order to minimise the issuer risk, the activities and financial statements of issuers are analysed and monitored.

### **1.8. Volatility risk**

The daily volatility of the Fund is high due to e.g. the fact that the assets of the Fund are mainly invested in equities and the assets of the Fund are partly or fully invested in securities of small- and mid-cap companies.

These factors increase the daily volatility and the risk level of the Fund significantly. The risk of loss due to market value reduction is described under market risk, but volatility risk exposes the investor additionally to timing-related risks. The volatility of the Fund can cause alternative costs to the investor. For example, a particular Fund Unit transaction might be executed with unfavourable timing meaning that a significantly better Fund Unit price could have been achieved if the transaction would have been executed for example the next day.

### **1.9. Interest rate risk**

Interest rate risk is a possibility that interest rates, yield curves, volatility of interest rates etc. changes in an undesired direction. Since the Fund invests mostly in equities, the interest risk is not very high to the Fund. The Fund's investments are diversified in order to reduce interest rate risk.

### **1.10. Risks related to derivatives**

In order to achieve its investment aims, the Fund may invest in, for example, the following derivatives:

Put options on shares – these derivatives represent the right to sell the security to the counterparty at agreed time and price;

Forward agreements on shares – an irrevocable agreement to sell or buy a particular security at the agreed terms;

Interest rate swaps and options – these help to reduce particular interest rate risks.

The Fund uses the derivatives from time to time mainly to hedge the risks.

There are at least two risks that all of the derivatives mentioned above are exposed to:

Counterparty credit risk – since a derivative is an agreement with a particular counterparty, the Fund is exposed to the credit risk of this counterparty;

Risks arising from the potential complexities of the derivative – although special attention is paid to using derivatives, there is a risk that, for example, due to human error the Fund manager engages in a derivative contract that does not achieve the desired aim.

## **2. Legal risks**

The Fund is subject to many different legal risks, e.g. changes in tax laws, regulatory environments, political environments, etc.

In order to reduce legal risks, the developments in the countries in which the Fund's assets have been invested or will be invested are analysed and monitored.

## **3. Depositary risks**

In most of the market the Fund is exposed to the risk of a failure in the depositary system. A large-scale malfunction in a depositary could cause us harm through the following effects:

- Difficulties in proving ownership over the securities owned;
- Business interruption. The Fund is very likely to face difficulties and delays in selling or buying the intended securities;
- A technological malfunction could cause some of the trades to settle so that the Fund will deliver its part of the trade but not receive the cash or securities that were intended.

In order to minimise depositary risk, the depositary is by law obliged to keep the Fund's assets segregated from its own assets or assets of other clients. The depositary is also allowed to choose the third parties safe-keeping the Fund's assets or securities with due care to secure the reliability of such third parties.

It is assumed that the described risks are mitigated by the fact that typically the depositaries are covered by direct or indirect guarantees provided by the state in case of financial difficulties, furthermore, the depositaries operate under the supervision of local financial supervisory authorities.



#### **4. Risks deriving from valuation of the assets of the Fund**

The fair valuation of the assets of the Fund is a risk element, as there may be situations where it may be difficult, or even impossible, to objectively determine the fair value of each security and as there may be mistakes made in the valuation process due to e.g. human errors. As the Fund invests in small- and mid-cap companies the trading spreads in the market can be extremely wide affecting the company's market valuations in significant proportions. The risk of correct valuation is highest for unlisted securities. In order to mitigate this risk, the Funds focus on listed equities, have clearly defined rules for determining the fair values and also subject to regular audits.

#### **5. Operational risks**

In its operations the Fund faces different operational risks; e.g. counterparty risks, risks in settlement systems and risks relating to securities registries. Should the counterparty fail to meet its obligations e.g. in delivering securities in time, this may cause losses to the Fund. This is an important risk category for the Fund. The Management Company has clearly defined processes and risk limits in dealing with different operational risks.

#### **6. Sustainability risks**

Sustainability risk is defined as the materialisation of an environmental, social or governance event or condition which could have a material adverse effect – whether actual or potential – on the value of the investment and therefore on the performance of the Fund. Sustainability risks can have a significant impact on other types of risk, such as market risks or counterparty risks.

#### **7. Risks deriving from potential conflict of interests**

Potential conflicts of interest (e.g. transactions with related parties, overlapping of interests of related parties or conflict of interests between other Trigon funds) create an important risk factor for the Fund and may cause adverse impacts on the development of the Fund's NAV. For the purposes of managing this risk, the Management Company is monitoring potential conflicts of interests and has set up internal processes and rules for managing such situations.

#### **8. Specific risks related to the Fund**

The Fund is exposed to risks arising from the Fund's objective of investing mainly in equities, so that one particular event may have a significant impact on the value of the portfolio due to the correlation of the respective share class. The Fund also invests mainly in small- and mid-cap companies. These companies are of lower liquidity and about them very little analytical information may be available. The Fund may partially invest in unlisted securities, which entails higher pricing and liquidity risk.

The description of risks outlined above does not constitute an exhaustive depiction of all risks associated with investment into the Fund. Investors should also consider other potential risks relating to investment activities.

When making an investment decision, investors are advised to read through the entire Prospectus, examine the Rules, as well as the key investor information document, the annual and semi-annual reports, other documents and information published on the Management Company's web page, and should rely on their own assessment *vis-à-vis* the risks and possibilities associated with the investment. Before investing into the Fund investors have to be confident that the Fund's risk profile is acceptable for them. If necessary, investors should consult with an investment advisor.

## Unit, Unit's Net Asset Value

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### Unit

A Unit represents a unit-holder's share of a Fund's assets. A Unit is a dematerialised security.

	<b>eQ Unit</b>	<b>C Unit</b>	<b>D Unit</b>
Name	eQ unit	Trigon Dividend Fund C unit	Trigon Dividend Fund D unit
ISIN	EE3600076006	EE3600102356	EE3600001715
Ticker	TRINESQ ET	TRINSCC ET	TRINSCD ET
Nominal value	10 euro	10 euro	10 euro
Registrar	Swedbank AS	Swedbank AS	Swedbank AS

The C and D Units of the Fund will be hereafter referred to as “**Trigon Units**”. eQ Units of the Fund will be hereafter referred to as “**eQ Units**”.

Until 28.02.2020, the Fund additionally had A Unit and B Unit. Those Units were merged with C Unit on 28.02.2020, which resulted in the exchange of A and B Units held by the unit-holders for C Units of the same value.

### Rights and obligations attached to Units

The rights and obligations attached to a Unit with respect to a unit-holder shall enter into force upon issuing a Unit and shall terminate upon redeeming a Unit. The Unit is considered to be issued and the Units' right of ownership and the rights and obligations of the unit-holder arising from the Units are deemed to have been created and the Units are accordingly redeemed or transferred and the rights and obligations arising thereof shall be terminated upon making of the respective entry in the Units register. The unit-holder has the right to rely on the entry of the Units Register for exercising its rights and obligations in relation to third parties.

A Unit does not grant to unit-holder the right to participate in the investment management of the Fund. The Fund does not have a general meeting and the unit-holders are not entitled to participate in the management of the Fund, including in relation to deciding on transactions with the Fund's assets, through the general meeting of unit-holders. A unit-holder may not demand the dissolution of Fund as the unit-holders' common pool of assets, nor the separation of the assets of the Fund that correspond to the value of his/her participation in the Fund.

A unit-holder has the following rights: to demand redemption of units by the Management Company, subject to and in accordance with the Prospectus and the applicable laws; to transfer his/her Units to third parties; to convert his/her Units for other classes of Units of the Fund or to units or shares of other Funds managed by the Management Company, subject to restrictions provided in the Prospectus; to receive, upon disbursement of the Fund's D Unit assets pursuant to the Fund Rules and Prospectus, a share of the cash flow of the D Unit corresponding to the number of D Units owned by the unit-holder; to receive, pursuant to the Fund Rules, a corresponding share of the Fund's assets remaining after liquidation, and of the Fund's income, based on the number and class of Units held by the unit-holder and the class of the Units; to receive information about the activities of the Fund at least to the extent provided by the applicable laws; to demand a document confirming his/her title to the Units; to exercise other rights as provided in the applicable laws or perform other acts prescribed by law, the

Prospectus or the Fund Rules. A unit-holder must exercise the rights arising from Units in good faith and in accordance with applicable laws and the Fund Rules. Causing damage to other unit-holders, the Management Company, the depositary or to third persons shall not be the objective for exercising the rights arising from the Units.

A unit-holder is not personally liable for the obligations of the Fund, as assumed by the Management Company, or for any claims the Management Company is entitled to submit against the Fund. A unit-holder's liability for performance of such obligations is limited to his/her share of the Fund's assets. The Management Company shall not assume obligations on behalf of unit-holders. A claim against a unit-holder may be enforced against the Units of the unit-holder, but not against the assets of the Fund.

### **Net Asset Value of the Fund and of a Unit**

The net asset value of the Fund and a Unit depends on the income or loss from the Fund's activities.

The Management Company shall determine the net asset value of the Fund and the Unit in accordance with its internal policies and procedures, as well as applicable laws.

The net asset value of a Fund shall be determined based on the market value of the assets of the Fund from which the liabilities of the Fund shall be deducted. If the market value cannot be determined, the net asset value of the Fund shall be determined based on another fair value method in accordance with the internal rules and applicable laws. The net asset value of the particular class of Units is determined by deducting from the market value of securities and other rights of the Fund attributable to the particular class of Units that portion of the Fund's liabilities that is allocated to such class of Units. The Unit's net asset value is obtained by dividing the total net asset value of the particular class of Units by the number of outstanding (i.e. issued and not redeemed at the time of calculation) Units of such class. The assets and liabilities of the Fund shall be accounted for in euro.

In case the Company has paid dividends to the unitholders of D Units from the net asset value of the unit, the net asset value of the Fund is adjusted at the expense of the paid dividends upon calculating the performance fee.



## Fees and expenses

	eQ Units	C Units	D Units
<b>Currency of NAV</b>	Euro	Euro	Euro
<b>Fees paid by a unit-holder</b>			
<b>Subscription fee</b>	None*	None*	None*
<b>Redemption fee</b>	None*	None*	None*
<b>Fees and expenses paid by the Fund</b>			
<b>Management fee</b>	2,0% per year	None	None
<b>Performance fee</b>	15% of return that exceeds 3,5% per year***	15% of return that exceeds 0% per year**	15% of return that exceeds 0% per year**
<b>Depositary fee (VAT not included)</b>	0,08% (no less than 9,000 euros) per annum of the Fund assets, plus 0,03 - 0,35% per annum depending on where the Fund assets are registered (as set forth in the valid price list of the Depositary).		
<b>Other expenses</b>	According to the price list of the provider of the service	According to the price list of the provider of the service	According to the price list of the provider of the service

\*) Fees and charges may be applicable as per the distributor's price list

\*\*) The Management Company has the right to receive a performance fee from the increase of the net asset value of the Unit in case the net asset value of the Unit exceeds the net asset value of the Unit as of the end of previous calendar year. The calculation of the performance fee is based on the so-called high water mark ("HWM") principle. In this context the HWM principle is the following: after the Performance fee has been calculated for the first time in the calendar year, the additional Performance fee will be calculated in the same year only if the net asset value of the Unit has increased from the last calculation of the Performance fee.

\*\*\*) The Management Company has the right to receive a performance fee from the increase of the net asset value of the Unit that exceeds the Unit's highest historical end of month net asset value and the minimum rate of 3,5% per annum.

The Management Company has the right, but not the obligation to apply lower management or performance fee to and/or apply a lower minimum initial subscription amount for the following persons:

- a) contractual clients;
- b) persons that invest over 1,000,000 euros into the Fund;
- c) professional investors;
- d) persons employed or contracted by Management Company or any company belonging to the same consolidation group as the Management Company, also family members of such persons, and to whom such right has been granted with decision adopted by the Management Board of the Management Company.

In addition, the lower management and/or performance fee and/or a lower minimum initial subscription amount may be offered to certain other investors by the resolution of the Management Board of the Management Company.

The rates of management and depositary fee shown in the tables are calculated as a percentage of the market value of the assets of the Fund. Management fee and depositary fee are accounted for daily and paid out during the following month. Performance fee is calculated from the net asset value of the Fund daily, based on a 365-day year, and paid out as at the end of each month during the following month. The Performance fee that has already been calculated is not added back to the net asset value of the Unit.

The Funds shall be responsible for the payment or compensation of other expenses related to the management of the Fund, safekeeping of the Fund's assets and transactions with the assets of the Fund, including:

- a) fees for intermediaries, interest expenses, transaction and settlement costs and fees, costs related to borrowings;
- b) the Fund's audit costs;
- c) the Fund's administration costs (e.g. accounting, calculation of the net asset value);
- d) costs relating to maintaining the registry of Units in accordance with the registrar's price list (incl. the service fees of the registrar for the reception and execution of purchase and redemption orders in relation to the Units);
- e) the costs associated with the preparation, printing, translation and distribution of the Fund Rules, Prospectus and other Fund documentation;
- f) levies, fees and expenses related to the registration of the Fund Rules or Prospectus, registration of the Fund's offer or otherwise related with other operations of the Fund;
- g) supervisory fees and expenses related to the registration and marketing of the Fund in another country;
- h) other costs directly related to the management of the Fund (including necessary legal fees).

Total fees and expenses payable by the Fund may not exceed 30% of the weighted average market value of the Fund's assets per annum.

**Potential Unit distributor fees and expenses, any fees of the investor's account manager, and all other direct expenses related to transactions carried out with Units shall be borne by the unit-holder.**

## Transactions with Units

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### General

The following types of transactions can be done with Units: purchasing Units, selling Units and conversion of Units. In order to carry out transactions with Units the investor has to open one of the following types of account:

- 1) a securities account and bank account with the Transfer Agent;
- 2) subject to the Management Company's consent, a register account with the Transfer Agent, and a bank account with another credit institution;
- 3) an agreement with a third person who holds the Units for the investor on a nominee account opened in the name of such third person. In such case transfers of securities and payments to the unit-holder shall be made to the nominee account and to the current account linked with the nominee account.

There is no minimum subscription requirement for the Units.

By submitting a subscription order and a conversion order, or by transferring money to the subscription account, an investor confirms that he or she has thoroughly acquainted himself or herself with the Fund Rules, the Prospectus, and the key investor information documents, accepts such documents and shall act in accordance with these documents. By submitting a transaction order the investor gives the Management Company its consent for processing the investor's personal data for the purpose of providing services to the investor, as well as for complying with the applicable legislation and developing the customer relationship and in other ways stipulated in the principles for the processing of customer's personal data, available on the Management Company's web page. The investor is not allowed to cancel or change the purchase, sale or exchange order after submitting it without the written consent of the Management Company.

Upon submitting a transaction order the investor shall ensure that the conditions precedent to settling the transaction have been satisfied by the investor in a timely manner. In order to purchase Units, the investor shall transfer the funds for the subscribed Units to the Fund's account in due time. In the event of breach of obligations by the investor, the Management Company is entitled to exercise all legal remedies available under the legislation, *inter alia*, the Management Company may withdraw from the transaction and/or demand compensation for damages caused by the investor's breach of obligations to the Fund and other unit-holders.

Issue and redemption fees, potential Unit intermediary fees, any fees of the investor's account manager, and all other direct expenses related to transactions carried out with Units shall be borne by the unit-holder. The Management Company has the right to refuse to execute the purchase order, *inter alia*, if, in the opinion of the Management Company, it is necessary to restrict the Fund's volume for the best implementation of the Fund's investment policy.

The Management Company shall be responsible for applying the measures to prevent the Fund being used for any money laundering or terrorist financing purposes, in accordance with and subject to the applicable laws in relation to prevention of money laundering and terrorist financing. The investor shall comply with the investor identification and verification requirements established by the Transfer Agent. The Transfer Agent has the right to, *inter alia*, close the investor's account, refuse to execute transaction orders, or withhold any disbursements made to the investor upon redemption of Units, if the investor has failed to present the Transfer Agent the requested information and documents in a timely manner.

## Subscription and redemption price of a Unit

The subscription price of a Unit is 1) for Trigon Units the net asset value of respective Class of Unit that shall be calculated on the banking day immediately following the day of receipt of the subscription order; 2) for eQ Units the net asset value of the respective eQ Unit that shall be calculated on the banking day immediately following the day of receipt of the purchase order. A unit-holder shall additionally bear the fee to the intermediary.

The redemption price of a Unit is 1) for Trigon Units the net asset value of the respective Unit that shall be calculated on the banking day immediately following the day of receipt of the redemption order; 2) for eQ Units the net asset value of the respective eQ Unit that shall be calculated on the banking day immediately following the day of receipt of the redemption order. A unit-holder shall be additionally responsible for any fees or charges of distributors or other intermediaries.

## Purchasing Units

Main information about purchasing Units has been provided in the following table.

<b>Trigon Units</b>	<p>In order to acquire Units, the investor shall submit the Management Company, via the Transfer Agent or the authorised intermediary appointed by the Management Company, a subscription order the format of which is set by the channel through which the transaction is executed. The investor shall take into consideration the cut-off times for submitting transaction orders. A respective Unit of the Fund shall be issued within 6 banking days from the day the Management Company receives the purchase order (unless a longer period has been agreed between the Management Company and the investor).</p> <p>Additional information on purchasing of Units is available on the web page of the Management Company at <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> or by contacting the Management Company directly.</p>
<b>eQ Units</b>	<p>eQ Units may be acquired only through eQ Asset Management Ltd (register number: 1104630, situated: Helsinki, the Republic of Finland, Aleksanterinkatu 19 A, 00100) (hereafter: “eQ”). In order to acquire an eQ Unit, an investor must submit a purchase order to the Management Company through eQ. The format of the purchase order shall be stipulated by eQ. The investor shall take into consideration the cut-off times for submitting of transaction orders. A Unit shall be issued within 6 banking days from the day the Management Company receives the purchase order (unless a longer period has been agreed between the Management Company and eQ).</p>

## Selling Units

Main information about selling Units has been provided in the following table.

<b>Trigon Units</b>	<p>In order to redeem Trigon Units, the investor shall submit the Management Company via the Transfer Agent or the authorised intermediary appointed by the Management Company a redemption order in the format of which is set by the channel through which the transaction is executed. The investor shall take into consideration the cut-off times for submitting transaction orders. A Unit shall be redeemed within 6 banking days from the day the Management</p>
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	<p>Company receives the sale order (unless a longer period has been agreed between the Management Company and the investor).</p> <p>Additional information regarding selling Units is available at the web page of the Management Company at <a href="http://www.trigoncapital.com">www.trigoncapital.com</a> or by contacting the Management Company directly.</p>
<b>eQ Units</b>	<p>eQ Units shall be redeemed only through eQ. In order to redeem an eQ Unit, a unit-holder must submit a sale order to the Management Company through eQ. The format of the sale order shall be stipulated by eQ. The investor shall take into consideration the cut-off times for submitting transaction orders. A Unit shall be redeemed within 6 banking days from the day the Management Company receives the sale order (unless a longer period has been agreed between the Management Company and eQ).</p>

### **Cut-off time for submitting transaction orders**

Transaction orders are considered to have been submitted on the current banking day if the order reaches the Management Company latest by 11.00 Estonian Time of such banking day. Transaction orders received after this cut-off time are considered as submitted on the following banking day. If a transaction order is submitted in a weekend or on a public holiday, it is considered to have been submitted on the following banking day, disregarding the actual time of when it was received.

Parties intermediating Units may set additional deadlines for submitting transaction orders.

### **Payments, suspending and postponing transactions**

Upon redemption of Units, a payment from the assets of the Fund shall be made to the unit-holder's current account connected to his or her securities account in the sum corresponding to the number of Units to be redeemed and the net asset value thereof. Payments shall be made in the order of receipt of the redemption orders.

In case the size of a redemption order exceeds 5% of the market value of the Fund's assets, the Management Company is entitled to postpone payments for such large redemption orders additionally by another 30 banking days. The time for making the payment does not include the time for processing the bank transfer.

In case various unit-holders request the redemption of Units in an amount exceeding 5% of the market value of the Fund's assets during the same day, the Management Company has the right to postpone all the payments to be made based on that day's redemption orders additionally by another 30 banking days. The time for making the payment does not include the time for processing the bank transfers.

The Management Company must suspend the issue or redemption of the Units of the Fund if the issue or payment of money would have a material adverse effect upon the interests of unitholders or the regular management of the Fund. The Management Company may suspend redemption of the Units, if: (i) the money in the bank accounts of the Fund is insufficient for payment of the redemption price of the Units; (ii) the securities or other assets of the Fund cannot be promptly sold; (iii) the establishment of the net asset value of the Fund is hindered (including because stock exchange or other regulated markets, where the Fund is trading, is closed); (iv) suspension or substantial distort to trading in a regulated or in the market otherwise significant for the Fund, or the redemption of the Units of the investment fund where the Fund holds a significant position is suspension or hindered; (v) redemption of Units would otherwise significantly affect the interests of the unit-holders or the regular management of the

Fund (including corporate events such as the preparation for the merger or liquidation of the Fund); (vi) other grounds deriving from the applicable laws.

The Management Company may temporarily suspend the subscription or redemption of the Fund Units for a period of up to three months, or with the approval of the Financial Supervision Authority for a longer period.

Upon suspension of the issue of the Units, the Registrar shall retain the funds received for the subscription of the Units in its respective bank account, and the Units shall be issued on the basis of the net asset value determined first after the grounds for suspension of the issue of Units no longer exist and the issue of Units is continued. When the grounds for suspension of redemption of Units no longer exist and the redemption of Units is continued, , the redemption orders shall be executed in the order of their receipt on the basis of the first net asset value calculated after the redemption is resumed.

The Management Company shall immediately inform the Financial Supervision Authority of the suspension of the issue or redemption of the Units and the reasons thereof, except when the issue or redemption is suspended in connection with the suspension of trading on the securities markets, and publishes a notice on its web page without delay.

The objective of the Management Company is to pay a dividend to the holders of the D Unit each year. The dividend shall be paid out of the net asset value of the D Unit on the basis of a decision of the Management Company. The amount of the dividend shall be approved by the Management Board of the Management Company.

The aforementioned policy may be deviated from if the Management Company is of the opinion that this may harm the interests of the unit-holders. Payment of dividends to unit-holders is not guaranteed.

The Management Company shall publish the Fixing Date (as defined below) and the due dates for all Unit D distributions on its website at least 10 banking days prior to the Fixing Date.

Unit-holders entitled to a disbursement made from the Net Asset Value of the D Unit are determined two banking days before the relevant due date (the "Fixing Date").

All disbursements shall be made in cash to the unit-holder's bank account linked to the securities account in the Register.

No dividend disbursements will be made from the C Unit and the eQ Unit.

### **Conversion of units**

A unit-holder has the right to convert the Units he or she holds for respective class of units of another Fund managed by the Management Company, or for other class of Units of the Fund, or for other classes of units or shares of other Funds managed by the Management Company, provided that the conditions for the initial subscription of the respective class of Units, including the minimum amount, is met.

In order to convert Units, the unit-holder shall submit to the Management Company, via the Transfer Agent, or the authorised intermediary appointed by the Management Company, a conversion order in the prescribed format. The investor shall take into consideration the cut-off dates for submission of transaction orders. Upon conversion of Units, no payments shall be made to the unit-holder. Based on the number of Units to be converted and the net asset value,



Units shall be redeemed and other class Units or units or shares of another fund are to be issued based on their respective issue price. Upon conversion of units (for both the redemption of Units and the issue of other Units), the net asset value of Units that shall be calculated on the banking day immediately following the day of receipt of the conversion order. The value date of switching Units shall be not more than 6 banking days from the day the Management Company received the switching order (T+6), unless a longer period has been agreed between the Management Company and the unit-holder.

## **Taxation**

According to the legislation of Estonia, the Funds are not taxable persons and do not therefore pay taxes in Estonia. Any revenue earned by the Fund in another country may be subject to taxation, pursuant to the legislation effective in such country.

If the investor is a taxable person, gains from Units may be taxable. The Management Company does not withhold any taxes on gains earned from Units. Declaring such gains in the tax declaration of accounting period is the obligation of each unit-holder. . The payment liability related to income received from financial assets can be deferred until the time of taking the income into use by way of using an investment account. Investment account is an ordinary cash account, where any monetary transfer made into or from the investment account must be accounted for. A transfer made to acquire financial assets (incl. Units) is not deemed to be a transfer made from the account.

The tax system applicable to an investor may depend on his/her tax residency, legal form and other circumstances. Gains earned by a non-resident investor from Units are not subject to taxation in the Republic of Estonia. Such gain may be taxable in the country of residence of the non-resident investor pursuant to the tax laws of such country. Investors are encouraged to consult in every particular case with qualified tax and investment advisors in order to establish and assess the principles of taxation and consequences thereof applicable to them in connection with the investment.

## **Offering Units in foreign countries**

The list of the countries, where public offering of the Fund's Units is permitted, is published on the web page of the Management Company at [www.trigoncapital.com](http://www.trigoncapital.com). Different Unit classes are registered for offerings in different countries.

The Prospectuses does not constitute an offer of Units in countries where making such an offer is unlawful. The Prospectus does not constitute an offer of Units to any persons to whom making such an offer is unlawful.

If the wording of the Prospectuses in Estonian and in another language differs or if the wording can be interpreted differently, the Estonian wording of the Prospectus shall prevail.

## Information about the Fund

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### **Publishing information regarding the Funds**

Any person can access at least the following information and documents at the registered office of the Management Company and on its web page [www.trigoncapital.com](http://www.trigoncapital.com): Fund Rules, latest annual reports of each Fund, the latest semi-annual report of each Fund if it has been approved after the latest annual report, the Prospectus, and the key investor information document, the name and contact details of the Management Company, names of persons responsible for the investment management related decisions on behalf of the Fund; the name and contact details of the Depository, the rules for calculating the net asset value of the Fund, information about the size of the Management Company's holding in the Fund.

On request, unit-holders shall receive a copy of the Fund Rules, the Fund's latest annual reports and semi-annual reports, the Prospectus and the key investor information document free of charge. On request, the Fund Rules will be sent to an investor via mail, e-mail or fax.

Information on how sustainability risks are dealt with and on the associated strategies will be available on the Management Company's website [www.trigoncapital.com](http://www.trigoncapital.com).

The Management Company shall organize the accounting and reporting of the Fund in accordance with the Accounting Act, the Investment Funds Act, other legal acts and the Management Company's internal accounting policies, unless otherwise provided by the Investment Funds Act. The Fund's accounting must be kept separate from the accounting of the Management Company and from the accounting of other funds managed by the Management Company. The financial year of the Fund is the financial year of the Management Company, which is the calendar year. The annual report of the Fund must be verified by the auditor prior to approval. The auditor's report is included in the annual report of the Fund. The Fund's annual reports shall be made available at the registered office of the Management Company within 4 months after the end of the financial year. The Fund's semi-annual reports shall be made available within 2 months after the end of the half-year.

The Management Company shall publish on each banking day the net asset value and the issue and the redemption price of Units on its web page.

In case circumstances that substantially affect the activities or the financials of the funds managed by the Management Company (including the Funds) or the net asset value of the Unit should become evident, respective information shall be published without delay on the web page of the Management Company.

### **Amending the Prospectuses**

The management board of the Management Company may adopt a decision to amend the Prospectus, including the Fund's investment policy and fees and expenses payable by the Fund. In the case of material amendments to the Prospectus, the Management Company shall ensure to the unit-holders, for a period of at least one month before such amendments enter into force, the opportunity to redeem the Units without any redemption fee, or to sell the Units at the price which shall not be less than the net asset value of the Unit by publishing a respective notice on the Management Company's web page.

Amendments to the Prospectus shall enter into force upon submission of the amended Prospectus to the Financial Supervision Authority and the disclosure of the amended Prospectus, taking into account the deadline specified in the previous paragraph. The entry into force of amendments to the Prospectus may provide for a later date of entry into force. If the material amendments to the Prospectus results from the amendment of the Fund Rules, such



amendments to the Prospectus shall enter into force at the same time as the relevant amendments to the Fund Rules.

### **Liquidation of the Fund**

The Fund shall be liquidated by the resolution of the supervisory board of the Management Company, or on other grounds provided by the applicable laws. The Management Company shall apply from the Financial Supervision Authority a permit for the liquidation of the Fund. Promptly after such permit has been granted, the Management Company shall publish a notice concerning the liquidation of the Fund on its website.

The Fund shall be liquidated by the Management Company, the depositary or the liquidators appointed by the Financial Supervision Authority, pursuant to and in accordance with the Investment Funds Act. As from the day following the publication of the liquidation notice, the issue and redemption of the Units shall be suspended. Upon liquidation, the Management Company shall dispose of the Fund's assets as soon as possible and in accordance with the interests of the unit-holders, collect the debts of the Fund and satisfy the claims of the creditors of the Fund. Liquidation must be completed within six months from the publication of the liquidation notice. With the consent of the Financial Supervisory Authority such term may be extended up to 18 months.

The costs of liquidation of the Fund may be compensated on the account of the Fund up to the maximum extent of two per cent of the net asset value of the Fund as at the day of its liquidation resolution, unless such resolution sets out the amount of and reasons for liquidation costs in excess of such threshold. The Management Company, or the entity who was the designated Management Company, shall be responsible for the actual liquidation costs and expenses exceeding the amount that can be compensated on the account of the Fund. The Management Company shall distribute the assets remaining after the liquidation between the unit-holders according to the class, the number and the net asset value of the Units held by the unit-holder. The notice regarding the distribution of assets shall be published on the Management Company's website.

The Fund may also be dissolved by declaration of bankruptcy, or by abatement of insolvency proceedings before declaration of bankruptcy. The Fund's bankruptcy proceedings shall be conducted in accordance with the provisions of the Bankruptcy Act, unless otherwise provided by the Investment Funds Act.

### **Liability arising from the Prospectus**

If the Prospectus or key information document of the Fund contains information which is relevant for the purpose of evaluating the value of the Fund or the Units and such information proves to be wrong, the Management Company shall compensate the unit-holders for the damage caused, subject to the conditions and the procedure provided for in the applicable laws. The Management Company shall have the right to compensate such damage by redeeming the Unit(s) without any redemption fee at the price for which these Units were issued. Upon such redemption, the unit-holder shall be deemed as duly and fully compensated for any such damage caused, and the unit-holder has no further claims against the Management Company resulting from such wrongful information.

The Management Company shall not be liable for any third-party information contained in the Prospectuses, if such information is indicated with a reference to the source of information independent of the Management Company and the Management Company did not nor should have known that such information is not correct.

## Service providers

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### Management Company

The Fund is managed by AS Trigon Asset Management, with a registered office at Pärnu mnt 18, Tallinn 10141, Republic of Estonia. The Management Company is a public limited liability company established in the Republic of Estonia (date of incorporation January 17<sup>th</sup>, 2007, registered in the Estonian Commercial Register under registry number 11339670). The Management Company holds a license issued by the Estonian Financial Supervisory Authority with its resolution No. 4.1-1/3 date January 15<sup>th</sup> 2007 for managing investment funds. The license has been issued without a term. The Management Company is supervised by the Estonian Financial Supervisory Authority. The Management Company AS Trigon Asset Management is owned by AS Trigon Capital (with 61% holding of all shares; 65,59% of shares that give voting rights), OÜ Fero Invest (a company 100% controlled by the member of the management board of the Management Company, Mehis Raud; 27% holding of all shares; 29,03% of shares that give voting rights) and by the fund manager Jelena Rozenfeld (5% holding of all shares; 5,38% of shares that give voting rights). The Management Company owns 7% of shares, but these shares do not give shareholder rights, including voting rights. The share capital of the Management Company is one hundred fifty-nine thousand seven hundred and eighty (159 780) euros. AS Trigon Asset Management manages UCITS funds Trigon Dividend Fund and Trigon Russia Top Picks Fund and a closed-end contractual real estate fund Luka Adriatic Property Real Estate Fund I. AS Trigon Asset Management offers the service of investment of assets to the Luxembourg based UCITS fund TRIGON-New Europe Fund.

### Persons making investment decisions

**Mehist Raud** – please see below.

**Mihkel Välja** – Mihkel Välja joined Trigon in March 2015 and is currently working at Trigon as a fund manager. Previously he worked in KPMG Baltics in the financial audit department. He has graduated from the Department of Economics of Tartu University.

### *The Supervisory Board of AS Trigon Asset Management*

**Joakim Johan Helenius** – member of the supervisory board. Mr Helenius is the founder and majority shareholder of Trigon Capital. After founding Trigon in 1994 he has been devoted to developing the firm and supervising its various divisions in their operations. In addition to his Trigon related responsibilities, Joakim Helenius has sat on the supervisory boards of many of the leading Baltic companies. Prior to founding Trigon, Mr Helenius spent 11 years in investment banking in global firms such as Goldman Sachs and Merrill Lynch. He has a BA and MA in economics from Cambridge University.

**Torfinn Losvik** – member of the supervisory board. Torfinn Losvik is a Norwegian citizen, active in the Estonian business scene since 1998. Torfinn has extensive management experience from manufacturing related companies, such as CEO positions at Marat AS and Finnwear OY and Chairman of the Board at Patricia Group OY. Additionally Torfinn has nearly ten years of corporate finance experience from Smith Barney (now part of Citigroup), Bankers Trust (now part of Deutsche Bank) and Lazards.

**Kairi Ratas** – member of the supervisory board. Kairi Ratas joined Trigon in 2013 and is responsible for accounting. Kairi has broad knowledge of the areas of accounting, reporting and

management accounting in the financial sector and is pursuing master's degree in the Tallinn University of Technology.

#### ***The Management Board of AS Trigon Asset Management***

**Mehis Raud** – member of the management board. Mr Raud joined Trigon in 2003 and currently works as a fund manager in the company. Previously he has been involved in Trigon as an equities and derivatives broker and a fundamental and technical analyst. Before joining Trigon he was employed in AS Eesti Ühispank. Mr Raud has graduated from the Department of Economics of the Tallinn University of Technology.

**Jelena Rozenfeld** -- member of the management board. Jelena Rozenfeld joined Trigon in March 2010. Previously Jelena Rozenfeld worked as an equity and pension funds' manager as well as an equity analyst in Swedbank Investment Funds (2004-2010). Jelena Rozenfeld holds a Master of Science degree in Economics from the Tallinn University of Technology from 2006.

#### **Activities of the Management Company**

The Management Company has the right, in accordance to the Fund's constitutional documents, to dispose of the assets of the Fund and has other rights resulting from and relating thereto. The Management Company must ensure the investment of the Fund's assets in accordance with the Fund Rules and the Prospectuses, taking into account the imperative requirements of the applicable law. The Management Company invests the assets of the Fund in its own name and on behalf of the unit-holders collectively, i.e. on behalf of the Fund. Upon investing the assets of the Fund, the Management Company shall: obtain sufficient information on the assets which the Management Company intends to acquire or has acquired on behalf of the Fund; monitor the financial situation of the issuer whose securities the Management Company intends to acquire or has acquired on behalf of the Fund; obtain sufficient information with regard to the solvency of the persons with whom they transact on behalf of the Funds.

The Management Company shall manage the assets of the Fund segregated from its own assets, from the assets of other funds and pools of assets managed by the Management Company. The assets of the Fund do not form part of the Management Company's bankruptcy estate and the claims of the Management Company's creditors cannot be satisfied out of such assets.

The Management Company has established and applies remuneration policies in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities with the aim:

- to be consistent with, and promote, sound and effective risk management;
- to not encourage risk taking which is inconsistent with the risk profiles of the Funds;
- to not impair compliance with the duty to act in the best interest of the Funds;
- to be in line with the business strategy, objectives, values and interests of the Management Company and the Funds;
- to manage and avoid conflicts of interests that could arise from remuneration practices.

The remuneration policies and practices shall apply to those categories of staff whose professional activities have a material impact on the risk profiles of the Management Company or of the Funds. The details of the up-to-date remuneration policy, including a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits are available on the Management Company web page at [www.trigoncapital.com](http://www.trigoncapital.com). A paper copy will be made available to the investors free of charge upon request.

#### ***Delegating the Activities of the Management Company***

For better performance of its functions, the Management Company is entitled to delegate its following functions related to management of Fund to third parties, taking into account

restrictions stipulated in the law: investing the Fund's assets; organising the issue and redemption of Units; if necessary issuing evidence of title to the unit-holders; providing necessary information to the Fund's unit-holders and other customer services; organising the distribution of Units; keeping account of the Fund's assets and organising accounting; determining the Fund's net asset value; keeping the register of Units; calculating the Funds' income; monitoring the compliance of the activities of the Management Company and the Funds with the Investment Funds Act and other legislation, including organising a relevant internal audit system; and other functions related to the functions referred to. Delegation of its functions to third parties does not relieve the Management Company from its liability in relation to the management of the Fund.

The Management Company has outsourced the function of maintaining the register of Units, organisation of issuing and redemption of Units, and the exercising of due diligence measures deriving from the Money Laundering and Terrorist Financing Prevention Act in respect of unit-holders. These functions are performed by Swedbank AS, registry code 10060701, registered address at Liivalaia 8, 15040, Tallinn, the Republic of Estonia. Furthermore, the Management Company has delegated to Swedbank AS the function of accounting of the Funds' assets and organising the accounting of Funds' assets, as well as calculating the net asset value of the Funds and the Units. Delegation of such functions is governed by the agreement entered into by and between the Management Company and Swedbank AS, the procedure of maintaining the register, the data processing rules, the procedure for calculating the net asset value of the funds, and the legislation. Swedbank AS is supervised by the Financial Supervisory Authority of the Republic of Estonia. Swedbank AS is a licensed credit institution and it provides various financial services.

## **Depository**

The Depository of the Fund is Swedbank AS, with a registered address at Liivalaia 8, 15040, Tallinn, the Republic of Estonia. The Depository was incorporated on January 6<sup>th</sup> 1992 and it is registered in the Estonian Commercial Register under registry number 10060701. Swedbank AS is an authorised credit institution and it offers various financial investment services. The Depository is supervised by the Financial Supervisory Authority of the Republic of Estonia.

### *Activities of the Depository*

The Depository of the Funds holds fund's cash, securities and other liquid assets. Depository does not hold any other assets, unless the Management Company and the Depository have agreed otherwise. There are also certain other functions that the Depository performs pursuant to the applicable law. The Depository has the right, in accordance to the policies provided for in the depositary agreement, to enter into agreements for delegating to third parties the safekeeping of the Fund's assets, performing settlements therewith and performing other functions. The Depository shall choose the third parties for safe-keeping of the Funds' assets or securities with due care to ensure the reliability of such third parties. The Depository shall assess before and following the delegation of its functions if the standards of administration and technological solutions and the financial situation of a third party are sufficient for performing the contractual obligations.

The Depository is liable to compensate to the Fund's, the unit-holders and the Management Company for direct damages caused by the breach of its obligations.

The Depository may offer services to the Fund or to the Management Company to the extent it does not entail conflicts of interest between the Fund, the Management Company, Fund investors and the Depository. In case of potential conflicts of interest, the Depository is only allowed to offer the services if its organizational set up and the level of technical systems are

sufficient to segregate the depositary functions from the services that create potential conflicting interests.

Conflicts of interest may occur in a situation where Swedbank AS offers different services in addition to the depositary service to the Management Company or to the Fund, for example:

- Services related to fund administration activities (*i.a.* securities valuation);
- Registry keeping and transfer agent services;
- Financial advice or other advisory services;
- Intermediation of securities purchase and sale transactions, including transactions with currencies and derivatives, lending, brokerage services and other financial transactions.

In connection with the above activities:

- Wishes to earn profit and has the right to receive fees and profits, while not being obliged to disclose such amount of profits or nature of fees, including tied benefits, commissions, interests, rebates or other profits related to such services, to the Management Company or the Funds.
- May buy, sell, issue, trade with or hold securities or other financial instruments while being guided by its own interests, the interests of its subsidiaries or other clients.
- May trade on its own behalf or for the account of its clients with the same securities as held in the Fund, including trading on the basis of information that is not available to the Fund or the Management Company.
- May provide similar services to other market participants, including competitors of the Funds.

The organisational set up and the arrangement of the technical systems enable the Depositary to keep the depositary function segregated from the services causing potential conflicts of interest. Efficient internal control systems, division of responsibilities and reporting lines enable the Depositary to identify, manage and avoid conflicts of interests.

The Depositary has the right, in accordance to the policies provided for in the depositary agreement and in the applicable regulations, to delegate to third parties the safekeeping of the Funds' assets. As at 30.12.2020 the following sub-custodians have been delegated by the Depositary to safekeep Funds' assets:

Citibank Europe plc, Bulgaria Branch	Bulgaria
CITIBANK EUROPE PLC	Denmark
CITIBANK EUROPE PLC	Finland
SSBI GMBH	Germany
Citibank Europe plc Hungarian Branch	Hungary
Swedbank AB (Latvia)	Latvia
Swedbank AB (Lithuania)	Lithuania
CITIBANK EUROPE PLC	Norway
Bank Handlowy w Warszawie S.A.	Poland
Citibank Europe plc Dublin, Romania Branch	Romania
Swedbank AB	Sweden
State Street Bank International	Global

For delegating the safekeeping of the Fund's assets, the Depositary ensures that it has sufficient internal procedures for identifying, managing and avoiding conflicts of interests resulting therefrom. For example, the conflicts of interest situation could arise in an event when

safekeeping of assets has been delegated by the Depositary to an entity belonging to the same group with the Depositary.

Upon request, the unit-holder shall be provided with updated information on the persons to whom the depositary's tasks have been delegated, and the description of the conflicts of interest which may arise in the provision of the depositary's services (incl. delegation of tasks).

Members of the Management Board of the Management Company:

Mehis Raud

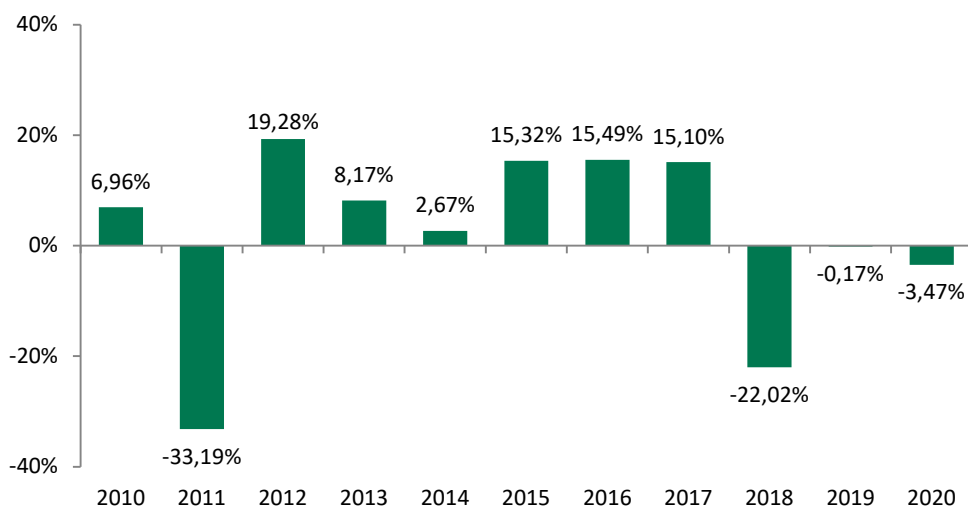
Jelena Rozenfeld



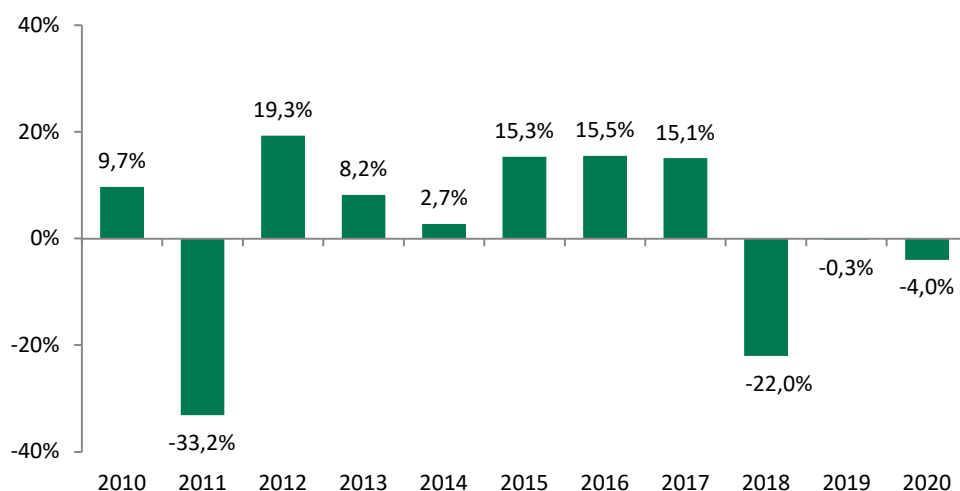
## APPENDIX 1 - Rate of return on previous periods

NB! Trigon Dividend Fund's investment strategy and name changed on 28.02.2020 when it started to focus on the equity markets all over the world, while previously the Fund invested in the Baltic region and prior to 2013 in the New Europe region. Performance before 2020 was achieved under conditions that no longer apply.

### Trigon Dividend Fund C unit (ISIN: EE3600102356):



### Trigon Dividend Fund eQ unit (ISIN: EE3600076006):



### Trigon Dividend Fund D unit (ISIN: EE3600001715)

The Fund's D unit is less than a year old and therefore cannot show a historical full year return.

Fund performance includes all the charges taken from the Fund (management, transaction, depositary, register, administration, audit and other fees and costs directly related to Fund's investments).