TRIGON CAPITAL

TRIGON NEW EUROPE FUND

ANNUAL REPORT 2016

(Translation of the Estonian original)

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Short Description and Contact Details of Trigon New Europe Fund

Name

Investment Fund Trigon New Europe Fund

Legal address

Viru Square 2
10111 Tallinn
Estonia

Phone: + 372 6 679 200
Fax: + 372 6 679 221

Main Activities

The Fund offers to the unit-holders the opportunity to invest in the equity markets of the countries that joined the European Union in 2004 and later and countries that are expected to join the European Union. The Fund's objective is the long-term growth of assets.

Fund Management Company

AS Trigon Asset Management

Fund Manager

Mehis Raud

Depositary

Swedbank AS

Auditor

AS PricewaterhouseCoopers
Pärnu road 15
10141 Tallinn
Estonia

Phone: + 372 6 141 800
Fax: + 372 6 141 900

Reporting period

1 January 2016 – 31 December 2016

Management report

Trigon New Europe Fund (hereinafter the Fund) is an open-ended public contractual investment fund, which invests in the equities of the countries that joined the European Union in 2004 and later and these that are expected to join the European Union or companies that own substantial business interests in these countries. The Fund is targeted at investors with a medium and long-term investment horizon because the equity markets are volatile and the value of the Fund's unit may change significantly in the short term.

As at December 31, 2016 the Fund's net asset value was 66.2 (31.12.2015: 55.3) million euros. The net asset value of the Fund's Class 1 unit increased 12.7% during the year 2016 to 17.5595 (31.12.2015: 15.5784) euros at year end. The net asset value of the Fund's Class 2 (eQ Itä-Eurooppa) unit was 17.9509 (31.12.2015: 15.8852) euros at the year-end, increasing by 13% for the year. The net asset value of the Fund's Class 4 unit was 27.9408 (31.12.2015: 24.9146) euros at the year-end, increasing by 12.15%.

The Fund's objective is to keep approximately 95% of its assets invested. As at the end of December 2016, equity investments made up 97.25% (31.12.2015: 91.68%) of the market value of the Fund's investments. The remaining portion was made up of cash at bank and overpaid income tax on dividends. As at December 31, 2016, the largest equity investments were PZU 7.3% and BRD 7.01%. The Fund's investments were diversified between the issuers of nine countries – Austria, the Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Serbia and Slovenia

The year 2016 was eventful and volatile for world stock markets, which was mostly influenced by political decisions, continuously changing growth perspective and central banks' policies in developed markets. Although the year started with the realization of panic gains in the world stock markets due to weak European and USA macro trends, the stock markets regained its strength in November after Donald Trump's victory and as result, major indices ended 2016 with decent gains. MSCI World index increased in 2016 by 11% and, at the same time, the developing markets managed to overtake the developed markets after several years of performance lag. MSCI EM index increased by 14.5% in euros. The Stoxx EU Enlarged TR index, representing the yield for New European markets, increased by 11.5% in the past year, which significantly outperformed Stoxx Europe 600 index, representing the developed European stock markets, with a yield only 2.3%. Trigon New Europe Fund increased in 2016 by 12.7% exceeding the benchmark index by 120 basis points. In 2016 Fund's volatility indicator was 12.1%, which was again considerably lower than volatility of benchmark index of 16.0%, and also lower than Stoxx Europe 600 index volatility of 19.8%. In past 5 years, the Fund has exceeded the benchmark index by 41 percentage points.

Trigon New Europe Fund portfolio includes companies that have strong operating cash flows and presumably are able to grow free cash flow and dividend yields. We still believe that in a world where debt securities' yields are historically low and the political risks are high, the investors interest should remain high for such companies. The objective of Trigon New Europe Fund is to offer strong risk-adjusted yields through the economic cycles.

On the 16th of August 2016, the Supervisory Board of the Fund Management Company AS Trigon Funds, belonging to the Trigon Capital group, decided to hand over the management of Trigon Russian Top Picks Fund, Trigon Baltic Fund and Trigon New Europe Fund to another Trigon Capital group's Fund Management Company AS Trigon Asset Management.

No other changes occurred in funds' management, including funds' managers, investment policy, strategy and unit-holders rights. The goal of intra-group transfer was to simplify Trigon Capital group structure.

Pursuant to the request of the Fund Management Company, the Financial Supervision Authority gave the permit for the transfer of funds' management and registered the related changes to the funds' terms with decision no. 4.1-1/136 on the 5th of September 2016.

The transfer of funds' management and the amended terms entered into force on the 1st of November 2016.

Mehis Raud
Fund Manager

Signatures of the Fund Management Company's Management Board to the Annual Report 2016

The Fund Management Company has prepared the Trigon New Europe Fund's annual report 2016, which includes the management report, financial statements, statement of investments, statement of transaction and commission fees and independent auditor's report.

/signed/

Mehis Raud
AS Trigon Asset Management
Member of the Management Board

/signed/

Aivar Kempi
AS Trigon Asset Management
Member of the Management Board

Tallinn, April 7, 2017

Statement of financial position

In euros

ASSETS	Note	31.12.2016	31.12.2015
Cash and cash equivalents		1 782 984	2 724 422
Financial assets at fair value through profit or loss	Note 6	64 460 425	53 545 025
Receivables and prepayments	Note 7	41 675	14 448
TOTAL ASSETS		**66 285 084**	**56 283 895**
LIABILITIES			
Other financial liabilities	Note 8	127 341	939 246
Fund's net assets attributable to holders of redeemable units	**Note 11**	**66 157 743**	**55 344 649**
TOTAL LIABILITIES		**66 285 084**	**56 283 895**

The notes on pages 11-27 are an integral part of this annual report.

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Statement of comprehensive income

In euros

INCOME	Note	01.01-31.12.2016	01.01-31.12.2015
Interest income	Note 9	32 761	150 211
Dividend income		2 810 359	1 646 659
Net profit/loss from financial assets at fair value through profit or loss	Note 10	5 232 825	418 437
Net foreign currency gains or losses		-102 029	-116 220
TOTAL INCOME		**7 973 916**	**2 099 087**
EXPENSES			
Management fee	Note 12	1 106 665	995 524
Depositary fee		119 387	108 594
Transaction costs		16 016	14 917
Other expenses		5 034	5 082
TOTAL EXPENSES		**1 247 102**	**1 124 117**
NET RESULT OF THE FUND		**6 726 814**	**974 970**

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Statement of changes in Fund's Net Asset Value

In euros

	01.01-31.12.2016	01.01-31.12.2015
Fund's net assets at the beginning of the reporting period	**55 344 649**	**45 638 319**
Proceeds from redeemable units issued	15 257 869	21 032 556
Redemption of redeemable units	11 171 590	12 301 196
Net result of the Fund	6 726 814	974 970
Fund's net assets at the end of the reporting period	**66 157 743**	**55 344 649**
Fund's Net Asset Value per unit at the end of the reporting period		
Class 1	17.5595	15.5784
Class 2 (eQ Itä-Eurooppa unit)	17.9509	15.8852
Class 4	27.9408	24.9146
Number of units outstanding	**2 505 643.269**	**2 385 900.748**
incl. Class 1	311 411.811	339 929.973
Class 2 (eQ Itä-Eurooppa unit)	61 969.100	102 496.099
Class 4	2 132 262.358	1 943 474.676

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Statement of cash flows

In euros

Cash flows from Fund's operating activities	01.01-31.12.2016	01.01-31.12.2015
Interest received	73	150 056
Interest paid	-1 570	-737
Dividend received	2 818 148	1 653 280
Proceeds from sale of financial assets	51 567 454	52 780 286
Purchase of financial assets	-58 518 688	-58 993 425
Operating expenses paid	-901 637	-1 818 124
Total cash outflow from Fund's operating activities	**-5 036 219**	**-6 228 664**
Cash flows from Fund's financing activities		
Proceeds from redeemable units issued	15 257 869	21 032 556
Redemption of redeemable units	-11 171 590	-12 284 192
Total cash inflow from Fund's financing activities	**4 086 279**	**8 748 364**
Total cash flows	**-949 939**	**2 519 700**
Cash and cash equivalents		
at the beginning of the accounting period	2 724 422	205 585
exchange gains/losses on cash and cash equivalents	8 501	-863
at the end of the accounting period	**1 782 984**	**2 724 422**

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NOTE 1. General information

Trigon New Europe Fund is a public open-ended common investment fund registered in the Republic of Estonia.

Since the 1st of November the Fund is managed by AS Trigon Asset Management, with its registered office at Viru Square 2, 10111 Tallinn. The sole owner of AS Trigon Asset Management is AS Trigon Capital.

Trigon New Europe Fund is under supervision of Estonian Financial Supervisory Authority.

The objective of Trigon New Europe Fund is a long-term capital growth of the Fund's assets. The Fund is investing its assets into different securities and other financial instruments abiding by the investment limits set out by the law and the Fund's rules.

NOTE 2. Basis of preparation

The financial statements of Trigon New Europe Fund have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). Financial reporting principles of investment funds are set out by the Investment Funds Act, Accounting Act and Regulation no. 21 of the Minister of Finance of April 13, 2011 "Requirements for investment fund reports subject to disclosure". The financial statements have been prepared taking into account the regulation of determining the net asset value of the Fund, adopted pursuant to the Investment Funds Act §142 subsection 2 and §204 subsection 1.

The financial statements of the Fund have been prepared in accordance with IFRS in the extent that complies with the requirements of the Investment Funds Act and Regulation no. 21 of the Minister of Finance. In case of non-compliance, the Fund has taken into account the requirements provided in the Investment Funds Act and in the Regulation no. 21 of the Minister of Finance.

A new Investment Fund Act entered into force after the end of the reporting period but before preparation of these financial statements. These financial statements have been prepared in accordance with the Investment Fund Act valid during the reporting period, guided by the principle set in §522 of the new Investment Fund Act.

NOTE 3. Accounting policies used in preparing the financial statements

The financial statements of the Fund have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

Foreign currency transactions and balances

Functional and presentation currency

The financial statements of Trigon New Europe Fund are presented in euros. Fund's functional currency is also euro.

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Transactions and balances in foreign currency

Transactions in currencies other than euro are translated into euro at the last bid exchange rates of depository bank of the transactions trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into euro at the last bid exchange rates of depository bank at reporting date. Foreign currency gains and losses, arising on financial instruments denominated in foreign currencies, are recognised through profit or loss in the line item *Net foreign currency gains/losses*.

Management estimates

The preparation of the financial statements in conformity with IFRS requires the management of the Fund Management Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although judgments are based on the management's best knowledge, actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

According to the management there have not been any events that would have affected the recognition of assets, liabilities, income or expenses.

Taxation

According to the Estonian laws an investment fund is not subject to income tax and therefore income from the investment of Fund's assets is not taxable in Estonia. Fund's investment income is taxed at the investor level.
However some dividend and interest payments from foreign securities may be subject to withholding tax in the country of origin. Dividends and interests are recognised in the statement of comprehensive income as dividend and interest income, the withheld tax is recognised in the same line.

Financial assets and financial liabilities

Cash and cash equivalents, term deposits, securities and other receivables are classified as financial assets. Securities comprise financial assets referred to in the Securities Market Act §2 (a share or other similar tradable right; a debt security, convertible security or other tradable debt obligation issued, a subscription right or other tradable right, an investment fund unit; a money market instrument; a derivative security or a derivative contract; a tradable depositary receipt). Liabilities to the Fund Management Company, unit-holders and other liabilities are classified as financial liabilities.

Classification of financial assets and financial liabilities

The Fund classifies financial assets and financial liabilities into the following categories:

- financial assets at fair value through profit or loss – recognised initially at fair value through profit or loss – shares, fund units, debt securities, derivatives with positive fair values;
- loans and receivables - cash and cash equivalents, term deposits, receivables from securities sold recognised at trade date, interest and dividend receivables. Loans and receivables are recognised at amortised cost;
- financial liabilities at fair value through profit or loss – derivatives with negative fair values;
- financial liabilities at amortised cost – payables from securities purchased recognised at trade date and accounted at amortised cost, overdrafts, liabilities to depositary bank and the Fund Management Company.

Financial assets that are recognised at fair value through profit or loss are held for trading, i.e. acquired or incurred principally for the purpose of reselling or repurchasing.

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Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Fund has the following financial assets and financial liabilities at the balance sheet date:

IAS 39 category class (as defined in the Fund)				31.12.2016	31.12.2015
Financial assets	Loans and receivables		Cash and cash equivalents	1 782 984	2 724 422
			Receivables	41 675	14 448
	Financial assets at fair value through profit or loss	Acquired for the trading purpose	Equities	64 460 425	50 856 967
			Debt securities	0	2 688 057
Financial liabilities	Financial liabilities at amortised cost		Other financial liabilities	127 341	939 246

Initial recognition and subsequent measurement

Financial assets at fair value through profit or loss are recognised initially on the trade date, which is the date when the Fund becomes a party to the contractual provisions of the instrument.
Financial assets at fair value through profit or loss are initially recognised at fair value, which is the price that would be received to sell an asset or paid to buy an asset. The transaction costs are expensed in the line item *Transaction costs* in the statement of comprehensive income.
Subsequent to initial recognition financial assets are measured at fair value.
Gains and losses arising from changes in assets' at fair value, except dividend and interest income/ dividend and interest expense, are recognised in the statement of comprehensive income in the line item *Net profit/loss on financial assets at fair value through profit or loss.*

Derivatives (forwards) are initially recognised at their fair value excluding transaction costs at trade date, and subsequently are measured at fair value. In case the derivatives are quoted on the active market, the fair value is based on the market value. Otherwise, valuation methods are used to find fair value.
These transactions are recorded as assets in the statement of financial position if their market value is positive and as liabilities if their market value is negative. The fair values of assets and liabilities related to derivatives are not offset in the statement of financial position. Hedge accounting specific rules are not used for derivative accounting.
The realised profit and unrealised income/expense of currency forwards from the revaluation are recognised in the statement of comprehensive income in the line item *Net profit/loss on financial assets at fair value through profit or loss*.

Amortised cost

Other financial assets and liabilities are initially recognised at acquisition cost including all the transaction costs directly related to their acquisition. The amortised cost of a financial asset or liability is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments, plus or minus the cumulative amortisation using the effective interest method or any difference between the initial amount recognised and the maturity amount and minus any reduction for impairment.

Fair value measurement

Fair value is the amount of which a Fund's asset could be sold to independent interested party on the measurement date.

The net asset value of the Fund is determined pursuant to "Net Asset Value Calculation Rules of Investment Funds" as approved by the Management Board of AS Trigon Asset Management. These rules determine the valuation of securities traded on a regulated market, securities not traded on a regulated market and other financial assets and financial liabilities of the Fund.

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Fund recognises all investments into securities at fair value through profit or loss except these investments which fair value cannot be determined. The financial statements of the Fund for the year 2015 have been prepared in accordance with the standard IFRS 13 "Fair Value Measurement" whereunder the financial assets and liabilities traded on a regulated market are determined at market close price if it remains within the bid-ask spread. If the close price does not fall in this spread, the Management Company will determine the value within the bid-ask spread which most accurately reflects the fair value of specific security.

The fair value of the security (other than a debt security) traded on a regulated market is determined on the basis of the closing price of that regulated market on the valuation date. If the closing price is not available, the mid-market price of the regulated market on the valuation date is applied. If the mid-market price is also unavailable, the latest bid price of the regulated market on the valuation date is applied. In case that no bid price is available, the latest share price determined in the manner described above is applied.
The value of a debt security traded on a regulated market is determined applying the average ask and bid price ((ask+bid)/2) given by sources of quotes accepted by the currently used information provider on the valuation date (mid-market price). If the mid-market price is not available, the closing price on the valuation date is applied. If no closing price is available, the mid-market price of the last banking day is applied.
Valuation of a security, which is not traded on a regulated market, takes place, above all, by applying the valuation models set out by IFRS. Fair value is the probable selling price of the security, which is determined prudently, in good faith and bearing in mind the best interests of unit-holders and at which independent and experienced parties would agree to conclude a transaction.
The value of a share of a unit of an investment fund traded on a regulated market is determined as the value of the security traded on a regulated market. The value of a unit of a common fund not traded on a regulated market is be determined on the basis of the latest known redemption or repurchasing price or, if such price is unavailable, on the basis of the net asset value of the fund.

If the fair value of the assets cannot be reliably determined then they can be recognised at acquisition cost or the fair value will be determined by the management of the Fund Management Company using the valuation methods. The valuation methods used by Management Company include recent arm's length transactions between independent parties, references to other similar instruments, discounted cash flow analyses and option pricing models and other methods based on market information as much as possible and as little as possible on internal sources.

Impairment of financial assets

If the Fund has financial assets that are not recognised at their fair value through profit or loss, it is assessed at each reporting date whether there is objective evidence of impairment compared to initial recognition of that asset. The following may indicate impairment of financial assets:

- financial difficulties of issuer, indications to the possible bankruptcy of the issuer;
- default of interest or principal payments or late payment by the issuer;
- disappearance of an active market of the financial asset;
- other significant events that may indicate impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by loss, which is recognised in the statement of comprehensive income. Interest on the impaired asset, measured at amortised cost, continues to be recognised in the same way. When the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed.

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Derecognition of financial assets

Financial assets are derecognised and removed from the Fund's statement of financial position when the contractual rights to the cash flows of the financial asset have expired or when the financial asset with all risks and rewards has been transferred.

Upon derecognition of financial asset the difference between the carrying amount and the sale price of a financial asset is recorded in the statement of comprehensive income in the line item *Net profit/loss on financial assets at fair value through profit or loss*. Related transaction costs are recorded in the line item *Transaction costs*. When all or most of the risks and rewards of ownership of a financial asset have not been transferred, the transferred financial asset shall not be derecognised (e.g. securities lending).

Derecognition of financial liabilities

The Fund derecognises financial liabilities when the contractual obligations are discharged, cancelled or expired.
Differences between the carrying amount of financial liabilities and cleared or transferred value is recognised in the statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Fund has legal right to offset and intends to settle or realise assets and liabilities simultaneously.

Interest

Interest income and expenses are recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. Interest received or receivable is recorded in the statement of comprehensive income in the line item *Interest income*.

Dividends

Dividend income is recognised in the statement of comprehensive income on the date when the right to receive payment is established. This is usually ex-dividend date. Dividend income from equities designated as at fair value through profit or loss is recognised as a separate line item *Dividend income*.

Gain/loss on financial assets

Unrealised gain/loss from revaluation of financial assets at fair value through profit or loss includes all fair value changes but excludes interest and dividend income.
Realised gain/loss on financial assets at fair value through profit or loss is calculated using the FIFO method (first-in, first-out) which means that the chronological order of purchases of securities is taken into account when calculating gains/losses from the securities.
Net gain/loss from revaluation of financial assets is recognised in the statement of comprehensive income in the line item *Net profit/loss on financial assets at fair value through profit or loss*.

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Service and commission expenses

Transaction fees arising in acquiring and disposing securities are recognised on the accrual basis in the statement of comprehensive income in the line item *Transaction costs* and paid once a month. Commissions arising in acquiring and disposing securities are included within the cost of securities.

Cash and cash equivalents

Cash and cash equivalents include the balances of demand deposits at bank and overnight deposits. Interest receivable on overnight deposits is recognised in the statement of financial position in the line item *Receivables and prepayments* and in the statement of comprehensive income in the line item *Interest income*.

Term deposits

Term deposits include deposits held at credit institutions. According to the Investment Fund Act, the open-ended public fund may invest into term deposits with maturity up to 12 months. Interest receivable on term deposits is recognised in the statement of financial position in the line item *Receivables and prepayments* and in the statement of comprehensive income in the line item *Interest income*.

Fees and expenses

Income and expenses are reported on the accrual basis.

Recognition of management and performance fees

Management fee rates paid to the Fund Management Company are:

a. Class 1 units: 1.5% of the Fund's assets per annum;
b. Class 2 units: 1.25% of the Fund's assets per annum;
c. Class 4 units: 2.0% of the Fund's assets per annum;

The management fee is deducted daily from the Fund's assets and is paid in the month following the calculation.

In addition, the Management Company has the right to receive a performance fee based on the performance of a Class 2 unit. The Management Company is entitled to the performance fee if the net asset value of a Class 2 unit exceeds its highest month-end net asset value of Class 2 unit to which the required minimum return of 3.5% on annual basis has been added. The performance fee rate is no more than 15% of the net asset value increase of a Class 2 unit over the highest month-end net asset value of Class 2 unit to which the required minimum rate of return of 3.5% on annual basis has been added. The performance fee is revalued daily based on 365-year basis and is paid out as at the end of each month during the following month.

The Fund Management Company may decide to use a lower rate of management and performance fees.

Recognition of depositary and other fees

The maximum annual rate of the depositary fee is 0.16% of the Fund's assets per annum, but not less than 125 euros per month. If the Fund's assets value exceeds 9.5 million euros, the fee on the assets exceeding this level is 0.14%. If the Fund's assets value exceeds 32 million euros, the fee on the assets exceeding this level is 0.13%. Above-mentioned depositary fee rates do not include VAT. The depositary fee is calculated daily from the Fund's assets and is paid in the month following the calculation. Depositary fee in the statement of comprehensive income also includes administration (Fund accounting and net asset value

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calculation) and registration fees that are paid to the depository bank in the month/quarter following the calculation.

The Fund shall also pay other expenses related to the Fund management, safekeeping of the Fund's assets and transaction costs, such as fees to intermediaries, interest expenses, payment and service fees, Fund auditing expenses payable to the service providers.

Fund units

The Fund has three classes of units (hereinafter: "Class 1", "Class 2", "Class 4"). Different terms apply to the units depending on their class, such as subscription and redemption fees (see below).

At the request of the unit-holder, the Management Company shall redeem the units and the unit-holders have the right to redeem units and receive a monetary payment on a daily basis in accordance with the Fund Rules.
Consequently, the issued Fund units are classified as a financial liability.
Units are recognised in the statement of financial position at redemption value, i.e. amount that should be paid for at the balance sheet date if the unit-holder uses his right to redeem the units. The net asset value of the unit is determined by dividing that class' total net asset value by that class' number of units issued and not redeemed as at the point of valuation.
For subscription or redemption the net asset value of the units is based on the Fund's net asset value which is derived measuring the Fund's investments fair value using the closing price prior to the transaction date.

The issue of units is arranged by the Management Company pursuant to the rules set out in legislation. The issuing of units is not restricted by time or volume.

Class 3 unit was liquidated on June 3, 2008. As of April 6, 2009 no Class 1 units will be issued. Class 4 unit was launched on April 8, 2009.

A unit may be issued only upon a monetary payment into the assets of the Fund corresponding to the number of respective units to be issued and at Unit's net asset value. When issuing a fraction of unit an amount corresponding to the fraction of respective unit's net asset value must be paid into the assets of the Fund.
The unit's issue price is the net asset value of the unit of the respective class calculated on the following banking day from the banking day the purchase order was received. The issue price may also include an issue fee or intermediary's service fee.

The issue fee of a unit is:

a) for Class 2 units there is no issue fee. A unit-holder shall bear the fee payable to the intermediary which is 1.0% of the subscription amount;
b) for a Class 4 unit is 2.0% of the net asset value of a Class 4 unit.

The Management Company has the right to charge a lower issue fee on a mutual agreement.
A unit is deemed to be issued at the time of making the respective entry in the registry of units.

The unit's redemption price is the net asset value of the unit of the respective class calculated on the following banking day from banking day the sale order was received. The redemption price may also include a redemption fee or intermediary's transaction cost.

The redemption fee of a unit is:

a) for a Class 1 unit is 1.5% of the net asset value of a Class 1 unit;
b) for Class 2 units there is no redemption fee. The unit-holder shall bear the intermediary's transaction cost of 20 euro per transaction;
c) for a Class 4 unit is 1.5% of the net asset value of a Class 4 unit.

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The Fund Management Company has the right to charge a lower redemption fee on a mutual agreement. Upon redemption of a unit, a monetary payment shall be made out of the assets of the Fund to the current account linked to the unit-holder's securities account. Payments shall be made in the order that the requests for redemption were submitted. The payment may be postponed in accordance with the law and Fund Rules. The unit shall be considered as redeemed from the time of making a respective entry in the registry of units.

Implementation of new and amended standards and interpretations

The following new and amended standards and interpretations became mandatory to Fund as of January 1, 2016.

Disclosure Initiative – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016).

The standard was amended to clarify the concept of materiality and explains that an entity does not need to provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The standard also provides new guidance on subtotals in the financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards.

There are no other new or revised standards or interpretations that came into effective on January 1, 2016 that would be expected to have a material impact on the Fund.

New accounting pronouncements

Certain new International Financial Reporting Standards, also amendments and interpretations to existing standards have been published by the time of compiling these consolidated financial statements which become mandatory for the Fund's accounting periods beginning on or after January 1, 2016 and which the Fund did not adopt early.

IFRS 9, "Financial Instruments": Classification and Measurement (effective for annual periods beginning on or after 1 January 2018).

Key features of the standard are as follows:

- Financial assets are required to be classified into three measurement categories - those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income,

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provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Fund Manager estimates that the implementation of IFRS 9 standard does not significantly change classification of debt securities and equity instruments, as:

a) the Fund's debt securities have been historically subsequently measured at fair value through profit or loss into which category the financial assets also will be placed after assessment of business model when implementing IFRS 9;
b) equity instruments have been historically subsequently measured at fair value through profit or loss.

According to Fund Manager's estimation, the implementation of the expected credit loss model has no material impact to existing incurred credit loss model, as significant part of Fund's assets are measured at fair value through profit or loss or have a very low credit risk (cash and cash equivalents in banks).

There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Fund.

NOTE 4. Risk management

The Fund invests its assets according to the Fund's investment objectives in various securities, derivatives, deposits.
Various risks arise from investing in funds that may affect the return of the investment. Past returns of Funds are not indicative of future returns of the Funds. The net asset value of the unit may fluctuate as a result of the Funds' investment policy. Funds may generate both profits and losses. Investors should take into account that there is no guarantee for positive return on their investments into the Fund. The shorter the duration of the investment, the more probable is a loss.

The Fund Manager invests Fund assets in accordance with the Fund's investment objectives considering the restrictions imposed by the Investment Funds Act and Fund Rules. Adherence to investment limits are monitored on a daily basis, in case the investment restrictions are exceeded, the Fund Manager shall take measures to liquidate them.

As a result of the fund's investment policy, the Fund is subject to the following risks:

- market risk
- credit risk
- liquidity and capital risk

Other key risks and their descriptions are provided in the Fund prospectus.

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Market risk

Market risk is a possibility that the volatility of market prices of securities or other assets (share prices, foreign currency rates, interest rates) may decrease the value of the Fund's assets. The higher the volatility of prices, the higher the risk of potential loss from the investment is. At the same time the more volatile the investment is, the higher the profit may be.
In order to mitigate market risk, investments are diversified between various issuers, fields of activities, countries and regions and derivatives may be used.
The events of the securities markets are monitored on a daily basis. In the event of changes in market conditions, changes may be made to investments, such as reducing or increasing the weight of equities in the total investment portfolio of the Fund.
The Fund's investments as at the reporting date are provided in the statement of the investments.

Currency risk

Fund's functional currency is euro. In addition to the investments and assets denominated in euro the Fund has exposures also in other currencies. As a result, the Fund is exposed to the risk that the weakening of other currencies against the Fund's functional currency may unfavourably affect to the Fund's net assets.
In order to mitigate currency risk the Fund may use derivative instruments. This is done mainly through OTC (over-the-counter) swaps and forwards. OTC derivatives expose the Fund to the risk that the counterparty of that trade may default on their obligations to the Fund. In order to mitigate that risk the Fund is using reliable counterparties.

As at 31.12.2016 and 31.12.2015 the Fund did not have exposures to the derivative instruments.

If foreign currencies' value compared to euro would fluctuate +/- 10%, then at the balance sheet date the effect of the open currency position on the profit/loss of the Fund would be +/- 4 699 thousand euros (2015: 3 981 thousand euros). The risks of Fund's significant open currency positions are mitigated with currency forwards.

The next table provides an overview of the assets and liabilities of the Fund at reporting date based on currencies:

In euros as at 31.12.2016

	HUF	CZK	RON	PLN	EUR	GBP
ASSETS						
Financial assets at fair value through profit or loss	1 898 040	4 328 765	16 785 842	17 918 393	18 132 249	5 397 135
Cash and cash equivalents	0	0	0	652 368	1 119 046	11 570
Receivables and prepayments	0	0	0		41 675	0
Total assets	**1 898 040**	**4 328 765**	**16 785 842**	**18 570 761**	**19 292 970**	**5 408 705**
LIABILITIES						
Other financial liabilities	0	0	0	0	127 341	0
Fund's net asset value (NAV)	0	0	0	0	66 157 743	0
Total liabilities	**0**	**0**	**0**	**0**	**66 285 054**	**0**
Open currency position	**1 898 040**	**4 328 765**	**16 785 842**	**18 570 761**	**-46 992 114**	**5 408 705**

In euros as at 31.12.2015

	HUF	CZK	RON	PLN	EUR	RSD	BGN	HRK
ASSETS								
Financial assets at fair value through profit or loss	5 144 278	7 193 411	11 748 856	13 119 961	14 381 484	974 703	433 893	548 437
Cash and cash equivalents	0	0	219 596	1 210 536	1 294 291	0	0	0
Receivables and prepayments	0	0	0	0	14 448	0	0	0
Total assets	**5 144 278**	**7 193 411**	**11 968 452**	**14 330 497**	**15 690 223**	**974 703**	**433 893**	**548 437**

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LIABILITIES								
Other financial liabilities	0	0	218 876	561 044	159 326	0	0	0
Fund's net asset value (NAV)	0	0	0	0	55 344 649	0	0	0
Total liabilities	**0**	**0**	**218 876**	**561 044**	**55 503 975**	**0**	**0**	**0**
Open currency position	**5 144 278**	**7 193 411**	**11 749 576**	**13 769 453**	**-39 813 752**	**974 703**	**433 893**	**548 437**

Derivatives are shown in contractual amounts as off-balance sheet assets and liabilities.
The derivatives' fair value is the difference between off-balance sheet assets and liabilities.

Equity price risk

Equity price risk is the risk that the fair value of financial instruments fluctuates due to changes in the market prices (except for those changes related to the interest rates and foreign currency rate risks).

Fluctuations of market prices may be associated with the particular issuer or the overall equity market conditions which often affects all shares traded on the stock markets.

As at 31.12.2016 and 31.12.2015 the Fund's investments consist mainly of stock investments, therefore the fund is most sensitive to the price fluctuations in the stock markets. If the Fund stock investments would increase/decrease by +/- 10%, as at the balance sheet date it would impact the Funds net result:

In euros	**31.12.2016**	**31.12.2015**
Change +/- 10%		
Equity securities	+/- 6 446 043	+/- 5 085 697

The Fund's investments are monitored for their concentration in industries and geographic regions. If the concentration in specific industry, country or region is high then, in case of deterioration of the situation of respective industry, country or region the risk to the Fund's investments may increase. To minimize that risk the Fund's investments are diversified between various industries, issuers and countries.

Risk concentration

At the reporting date the Fund's investments were diversified between the following countries:

Country/Region	**31.12.2016**	**31.12.2015**
Poland	30.87%	23.65%
Romania	25.32%	21.18%
Slovenia	14.56%	7.15%
Hungary	7.17%	14.12%
The Czech Republic	6.53%	12.97%
Austria	6.16%	6.77%
Estonia	5.73%	7.16%
Latvia	0.90%	0.0%
Serbia	0.00%	1.76%
Croatia	0.00%	0.99%
Bulgaria	0.00%	0.78%
Cash	2.75%	3.48%

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At the reporting date the Fund's investments were diversified between in the following industries:

Industry	31.12.2016	31.12.2015
Finance	32.63%	36.06%
Consumer	20.45%	7.15%
Energy	15.65%	15.51%
Telecommunication	7.62%	4.79%
Industrial	6.57%	8.55%
Health care	4.48%	4.30%
IT	4.11%	3.20%
Utilities	2.89%	14.57%
Materials	2.85%	0.00%
Real Estate	0.00%	2.40%
Cash	2.75%	3.48%

The table below sets out the distribution of the Fund investments based on listing on regulated markets:

In euros		31.12.2016	31.12.2015
Listed securities			
	Equity securities	64 460 425	50 856 967
	Debt securities	0	2 688 057
Total investments		**64 460 425**	**53 545 025**

The Management Company is monitoring investment restrictions set by Investment Funds Act, Fund Rules and also internally set limits on a daily basis. The Fund had no investment limits breaches as at the reporting date.
The exposure to any individual issuer did not exceed 10% of Fund's assets as of the reporting date.

Interest rate risk

Interest rate risk is based on the possibility that interest rate, yield curve or interest rate volatility will change in an unfavourable way.
Since as at 31.12.2016 and 31.12.2015 the Fund does not have any substantial interest carrying assets or liabilities, funds exposure to interest rate risk is marginal.

Credit risk

Credit risk may arise from the nature and success of issuer's business that may significantly affect the prices of issuer's securities and create a situation when the issuer fails to fulfill the obligations taken at issuance of the securities (perform redemption and interest payments).
Realization of credit risk is more probable with debt securities and term deposits.
In order to mitigate credit risk the Management Company analyses and monitors the strength and reliability of issuers' businesses and diversifies investments in different issuers.
Credit risk related to balances due from brokers (pending security transactions) in considered to be low because in order to minimize that risk the Fund prefers markets where DVP (i.e. delivery-versus-payment) principles are adhered and uses reliable and known counterparties for trading.
The Fund's cash and cash equivalents are held with Fund's depositary bank AS Swedbank, whose parent bank is rated as Aa3 (Moody's).

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Liquidity and capital risk

Liquidity risk is the risk that due to the low liquidity of markets the Fund is unable to purchase or sell securities at a fair value and as a result of that the Fund cannot observe its investment policy and objectives. This may lead to the situation where the Fund will encounter difficulties in fulfilling payments for redemptions on time, especially when a number of large redemption orders have accumulated at the same time.
Liquidity risk may also rise as a result of increase of market risk and credit risk during a difficult market situation, for example during a recession.
Large redemption orders during the times when market liquidity is low may have a negative impact to the remaining investors in the Fund. On demand of large redemption orders the Fund follows the laws and Fund Rules protecting interests of the remaining unit-holders.
The Management Company may suspend redeeming units under the conditions and according to the procedures provided for in the Investment Funds Act, including suspending the redemption of units for up to three months if the cash balances in the accounts of the Fund is insufficient for payment of the redemption price for the units, if the regular management of the Fund may be harmed by the payment of the price, if the securities or other assets of the fund cannot be promptly sold or if the interests of other unit-holders would be materially harmed thereby.
On a daily basis the Fund Manager monitors the Fund's necessary liquidity to meet its liabilities, including estimated payments for purchases of securities and redemptions of units. If necessary, the Fund Manager takes measures to settle the Fund's liabilities, for instance uses overdraft or sells liquid assets.
In order to mitigate liquidity risk the Fund's investments are diversified between issuers and part of the Fund's assets is invested in securities with high liquidity.

Majority of the Fund's investments are publicly traded and liquid, so they can be quickly realized and therefore the Fund's overall liquidity risk is not high.

The liquidity table below presents the potential realisation period of the Fund's assets (assuming that the Fund can take up to 50% of daily traded volume):

In euros as at 31.12.2016

	1-3 banking days	4-5 banking days	more than 5 banking days
Equities	35 616 166	4 513 460	24 330 800
Cash and cash equivalents	1 782 984	0	0
Receivables and prepayments	41 675	0	0
Total	**37 440 824**	**4 513 460**	**24 330 800**

In euros as at 31.12.2015

	1-3 banking days	4-5 banking days	more than 5 banking days
Equities and debt securities	41 747 021	2 941 684	8 856 320
Cash and cash equivalents	2 724 422	0	0
Receivables and prepayments	14 448	0	0
Total	**44 485 892**	**2 941 684**	**8 856 320**

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A list of Fund's assets for which the total realisation of the position in the Fund will take more than 5 banking days (assuming that the Fund can take up to 50% of daily traded volume):

In euros as at 31.12.2016

Name	Total market value	Sellable in 1 day in case of regular transactions
CONPET SA PLOIESTI	1 821 054	0.73%
NUCLEARELECTRICA SA	783 333	1.23%
TALLINK GRUPP	2 061 764	1.51%
LUKA KOPER	3 151 775	1.60%
AMBRA SA	665 154	1.73%
VALMIERA GLASS FIBRE	598 709	2.02%
TELEKOM SLOVENIJE DD	1 747 638	2.39%
SIF MOLDOVA	586 798	3.32%
OLYMPIC ENTERTAINMENT GROUP	1 737 771	3.56%
BRD GR SOCIETE GENERALE SA	4 649 684	4.55%
AGORA SA	903 423	5.02%
PEGAS NONWOVENS	1 788 237	6.20%
TORPOL SA	607 640	6.31%
SNT GAZE NATURALE TRANSGAZ SA	1 135 110	7.51%
POLENERGIA SA	234 400	7.71%
KRKA	2 968 219	7.79%
WIRTUALNA POLSKA HOLDING SA	998 958	8.93%
PETROL DD	1 785 875	9.23%
SNGN ROMGAZ SA	2 837 932	12.23%
WARSAW STOCK EXCHANGE	1 313 397	12.39%
STOCK SPIRITS GROUP PLC	2 544 879	14.71%
COMARCH SA	692 698	18.32%

In euros as at 31.12.2015

Name	Total market value	Sellable in 1 day in case of regular transactions
CONPET SA PLOIESTI	1 308 045	0.90%
MONBAT AD ORD SHARE	433 893	1.02%
NIS AD NOVI SAD	974 703	1.14%
FABRYKA MASZYN FAMUR SA	538 951	1.32%
NUCLEARELECTRICA SA	913 892	1.37%
LUKA KOPER	1 581 273	2.40%
OLYMPIC ENTERTAINMENT GROUP	1 782 376	4.03%
SNT GAZE NATURALE TRANSGAZ SA	1 713 921	6.78%
TALLINK GRUPP	2 188 044	7.67%
SIF MOLDOVA	553 249	8.75%
KRKA	2 386 972	10.28%
BRD GR SOCIETE GENERALE SA	2 340 625	14.40%
HRVATSKI TELEKOM DD	548 437	17.84%

Taking into account alternative transaction methods, including block transactions, there are no illiquid equities in the Fund which realization period exceeds 14 days.

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The following table gives an overview of the timely fulfilment of the obligations of the fund (considering that 5% of the net value of the assets belonging to the unit-holders is redeemable after 5 days during one month and 95% - during 1-3 months):

In euros as at 31.12.2016	less than 5 banking days	5 banking days to 1 month	1-3 months
Payables to Management Company	104 568	0	0
Payables to depository bank	0	22 050	0
Payables to unit-holders	0	0	0
Balance due to brokers	0	0	0
Other liabilities	0	723	0
Fund's net assets attributable to holders of redeemable units	0	3 307 887	62 849 856
Total	**104 568**	**3 330 660**	**62 849 856**

In euros as at 31.12.2015	less than 5 banking days	5 banking days to 1 month	1-3 months
Payables to Management Company	86 472	0	0
Payables to depository bank	0	9 943	0
Payables to unit-holders	0	0	0
Balance due to brokers	842 320	0	0
Other liabilities	0	512	0
Fund's net assets attributable to holders of redeemable units	0	2 767 232	52 577 417
Total	**928 791**	**2 777 687**	**52 577 417**

NOTE 5. Valuation of financial instruments

The Fund recognises financial assets at fair value through profit or loss. Financial investments are categorized into 3 levels depending on their revaluation:

Level 1: Financial instruments valued based on unadjusted quoted price from stock market or other active market.

Level 2: Financial instruments valued using valuation methods based on observable inputs. For example this category includes investments measured using quoted prices in active markets for similar instruments or financial instruments that are valued at quoted price in active markets but have low liquidity.

Level 3: Financial instruments valued using valuation methods based on unobservable inputs.

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The table below categorises financial instruments measured at fair value in 3 levels of fair value hierarchy:

In euros as at 31.12.2016

	Level 1	Level 2	Level 3	Total
Equity securities	64 460 425	0	0	64 460 425
Debt securities	0	0	0	0
Total	**64 460 425**	0	0	**64 460 425**

In euros as at 31.12.2015

	Level 1	Level 2	Level 3	Total
Equity securities	50 856 967	0	0	50 856 967
Debt securities	2 688 057	0	0	2 688 057
Total	**53 545 025**	0	0	**53 545 025**

Equity investment Level 3 consists of Buducnost (31.12.2016 and 31.12.2015) and Graditelj (31.12.2015) with a market value of 0 euros.

NOTE 6. Financial assets at fair value through profit or loss

In euros

	31.12.2016	31.12.2015
Equities	64 460 425	50 856 967
Debt securities	0	2 688 057
Total	**64 460 425**	**53 545 025**

NOTE 7. Receivables and prepayments

In euros

	31.12.2016	31.12.2015
Income tax receivable from dividends	41 675	14 448
Total	**41 675**	**14 448**

NOTE 8. Other financial liabilities

In euros

	31.12.2016	31.12.2015
Payables to Management Company	104 568	86 472
Payables to depositary bank	22 050	9 943
Balances due to brokers	0	842 320
Other liabilities	723	512
Total	**127 341**	**939 246**

NOTE 9. Interest income

In euros

	01.01-31.12.2016	01.01-31.12.2015
Deposits	77	80
Debt securities	32 685	150 132
Total	**32 761**	**150 211**

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NOTE 10. Net gain/loss on financial assets at fair value through profit or loss

In euros

	01.01-31.12.2016	01.01-31.12.2015
Equities and units		
Realised gain/loss	-2 153 812	298 301
Unrealised gain	6 858 902	494 999
Debt securities		
Realised gain	12 750	86 245
Unrealised gain	0	154 217
Derivatives		
Realised gain/loss	514 986	-538 451
Unrealised loss	0	-76 875
Total	**5 232 825**	**418 437**

NOTE 11. Comparative analysis of the net asset value

In euros

		Net asset value of Fund unit			
Year	Fund's net asset value	Class 1	Class 2 (eQ Itä-Eurooppa unit)	Class 3	Class 4
31.12.2002	6 576 219	6.4570	-	-	-
31.12.2003	33 689 714	7.8688	-	-	-
31.12.2004	77 156 196	11.1730	11.9074	6.9683	-
31.12.2005	108 474 242	14.7706	15.2410	8.9029	-
31.12.2006	113 027 613	17.0630	17.3920	10.1791	-
31.12.2007	68 096 150	17.1335	17.1250	10.0725	-
31.12.2008	11 650 857	6.4309	6.4443	-	-
31.12.2009	7 889 123	8.8930	8.9327	-	14.6720
31.12.2010	9 002 864	11.1912	11.2698	-	18.3638
31.12.2011	13 617 595	10.1242	10.2188	-	16.5289
31.12.2012	16 206 334	12.5494	12.6989	-	20.3837
31.12.2013	53 171 850	15.5573	15.7829	-	25.1384
31.12.2014	45 638 319	15.0982	15.3564	-	24.2689
31.12.2015	55 344 649	15.5784	15.8852	-	24.9146
31.12.2016	66 157 743	17.5595	17.9509	-	27.9408

NOTE 12. Related parties

For the preparation of these financial statements, related parties are considered to be AS Trigon Asset Management (Fund Management Company since 01.11.2016), AS Trigon Funds (Fund Management Company up to 01.11.2016), AS Trigon Capital (parent of the Fund Management Company), companies belonging to the same consolidation group as the Fund Management Company and other funds managed by AS Trigon Asset Management.

Trigon New Europe Fund paid to the Fund Management Company management fees during the period 01.01-31.12.2016 in total of 1 106 665 (01.01-31.12.2015: 995 524) euros. As at 31.12.2016 amount owed to Fund Management Company was 104 568 (31.12.2015: 86 472) euros. The volume of the transactions in 2016 made with other funds managed by AS Trigon Asset Management amounted to 148 800 (01.01-31.12.2015: 142 353) euros.

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STATEMENT OF INVESTMENTS

In euros as at 31.12.2016

Name	Rating (Moody's)	Country	ISIN-code	Nominal value	Currency	Quantity	Average acquisition cost per unit	Total average acquisition cost	Market value per unit	Total market value	Weight of Fund's net assets value
EQUITIES											
LISTED ON REGULATED MARKETS:											
ERSTE GROUP BANK AG	Baa1	AT	AT0000652011	0.00	EUR	78 001	21.72	1 694 209	27.825	2 170 378	3.28%
VIENNA INSURANCE GROUP		AT	AT0000908504	0.00	EUR	89 677	19.53	1 751 541	21.3	1 910 120	2.89%
KOMERCNI BANKA	A2	CZ	CZ0008019106	100.00	CZK	58 902	33.85	1 993 572	32.7329	1 928 034	2.91%
MONETA MONEY BANK AS	Baa2	CZ	CZ0008040318	1.00	CZK	200 000	2.86	572 389	3.0625	612 494	0.93%
OLYMPIC ENTERTAINMENT GROUP		EE	EE3100084021	0.40	EUR	976 276	1.89	1 842 889	1.78	1 737 771	2.63%
TALLINK GRUPP		EE	EE3100004466	0.54	EUR	2 258 230	0.77	1 747 602	0.913	2 061 764	3.12%
STOCK SPIRITS GROUP PLC		GB	GB00BF5SDZ96	10.00	GBP	1 200 000	1.92	2 300 062	2.1207	2 544 879	3.85%
MAGYAR TELEKOM RT		HU	HU0000073507	100.00	HUF	1 180 061	1.32	1 563 014	1.6084	1 898 040	2.87%
WIZZ AIR HOLDINGS PLC		IE	JE00BN574F90	0.00	GBP	135 733	18.01	2 444 533	21.0137	2 852 256	4.31%
PEGAS NONWOVENS		LU	LU0275164910	1.24	CZK	62 872	26.44	1 662 627	28.4425	1 788 237	2.70%
VALMIERA GLASS FIBRE		LV	LV0000100485	1.40	EUR	192 511	2.85	549 479	3.11	598 709	0.90%
AGORA SA		PL	PLAGORA00067	1.00	PLN	317 669	2.66	844 219	2.8439	903 423	1.37%
AMBRA SA		PL	PLAMBRA00013	1.00	PLN	370 962	1.76	653 956	1.7931	665 154	1.01%
ASSECO POLAND SA		PL	PLSOFTB00016	1.00	PLN	165 644	10.65	1 763 779	12.2472	2 028 677	3.07%
BANK PEKAO SA	A2	PL	PLPEKAO00016	1.00	PLN	39 685	27.64	1 096 798	28.5526	1 133 111	1.71%
CIECH SA	Ba3	PL	PLCIECH00018	5.00	PLN	67 469	13.31	897 742	13.2345	892 920	1.35%
COMARCH SA		PL	PLCOMAR00012	1.00	PLN	17 540	36.14	633 823	39.4925	692 698	1.05%
ENERGA SA	Baa1	PL	PLENERG00022	10.92	PLN	640 868	1.71	1 093 290	2.0654	1 323 657	2.00%
GRUPA AZOTY SA		PL	PLZATRM00012	5.00	PLN	70 000	14.1	987 271	14.2241	995 688	1.51%
ORANGE POLSKA		PL	PLTLKPL00017	3.00	PLN	1 122 014	1.2	1 341 757	1.2506	1 403 186	2.12%
POLENERGIA SA		PL	PLPLSEP00013	2.00	PLN	96 518	2.42	233 329	2.4286	234 400	0.35%
POWSZECHNY ZAKLAD UBEZP		PL	PLPZU0000011	0.10	PLN	626 920	6.9	4 326 722	7.5376	4 725 485	7.14%
TORPOL SA		PL	PLTORPL00016	0.20	PLN	230 000	2.35	540 058	2.6419	607 640	0.92%
WARSAW STOCK EXCHANGE		PL	PLGPW0000017	1.00	PLN	144 921	8.4	1 216 816	9.0628	1 313 397	1.99%
WIRTUALNA POLSKA HOLDING SA		PL	PLWRTPL00027	0.05	PLN	82 114	11.33	930 665	12.1655	998 958	1.51%
BRD GR SOCIETE GENERALE SA	Baa3	RO	ROBRDBACNOR2	1.00	RON	1 777 956	2.22	3 940 653	2.6152	4 649 684	7.03%
CONPET SA PLOIESTI		RO	ROCOTEACNOR7	3.30	RON	104 981	13.15	1 380 998	17.3465	1 821 054	2.75%
NUCLEARELECTRICA SA		RO	ROSNNEACNOR8	10.00	RON	740 572	2.08	1 542 519	1.0577	783 333	1.18%
OMV PETROM SA		RO	ROSNPPACNOR9	0.10	RON	41 286 157	0.05	1 943 453	0.0575	2 372 089	3.59%
SNGN ROMGAZ SA		RO	ROSNGNACNOR3	1.00	RON	515 675	5.64	2 908 437	5.5033	2 837 932	4.29%
SNT GAZE NATURALE TRANSGAZ SA		RO	ROTGNTACNOR8	10.00	RON	17 539	51.2	897 982	64.7192	1 135 110	1.72%
KRKA		SI	SI0031102120	0.00	EUR	56 110	55.97	3 140 199	52.9	2 968 219	4.49%
LUKA KOPER		SI	SI0031101346	0.00	EUR	126 071	17.95	2 263 412	25	3 151 775	4.76%
PETROL DD		SI	SI0031102153	1.00	EUR	5 495	297.53	1 634 952	325	1 785 875	2.70%
TELEKOM SLOVENIJE DD	Ba2	SI	SI0031104290	0.00	EUR	24 580	72.02	1 770 153	71.1	1 747 638	2.64%

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OTHER EQUITIES:											
BUDUCNOST NOVI SAD AD		RS	RSBDNSE90439	710.00	RSD	5 152	145.34	748 803	0	0	0.00%
TOTAL EQUITIES								**56 853 703**		**61 273 786**	**92.62%**

Name/*Fund Management Company*	Rating (Moody's)	Country	ISIN-code	Nominal value	Currency	Quantity	Average acquisition cost per unit	Total average acquisition cost	Market value per unit	Total market value	Weight of Fund's net assets value
EQUITY FUNDS											
LISTED ON REGULATED MARKETS:											
SC FONDUL PROPRIETATEA SA/ *Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch*		RO	ROFPTAACNOR5	0.85	RON	14 855 724	0.17	2 548 323	0.175	2 599 842	3.93%
SIF MOLDOVA		RO	ROSIFBACNOR0	0.10	RON	3 417 497	0.18	630 069	0.1717	586 798	0.89%
TOTAL EQUTIY FUNDS								**3 178 392**		**3 186 640**	**4.82%**
TOTAL SECURITIES								**60 032 095**		**64 460 425**	**97.43%**
CASH											
BANK ACCOUNT		EE			EUR			1 782 984		1 782 984	2.70%
TOTAL INVESTMENTS								**61 815 079**		**66 243 409**	**100.13%**
Other assets											
Income tax receivable from dividends										41 675	0.06%
Total other assets										**41 675**	**0.06%**
TOTAL FUND ASSETS								**61 815 079**		**66 285 084**	**100.19%**
NET ASSET VALUE										**66 157 743**	**100.00%**

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In euros as at 31.12.2015

Name	Rating (Moody's)	Country	ISIN-code	Nominal value	Currency	Quantity	Average acquisition cost per unit	Total average acquisition cost	Market value per unit	Total market value	Weight of Fund's net assets value
EQUITIES											
LISTED ON REGULATED MARKETS:											
ERSTE GROUP BANK AG	Baa1	AT	AT0000652011	0.00	EUR	30 000	25.48	764 376	28.91	867 300	1.57%
IMMOFINANZ AG		AT	AT0000809058	0.00	EUR	634 453	2.39	1 515 532	2.101	1 332 986	2.41%
VIENNA INSURANCE GROUP		AT	AT0000908504	0.00	EUR	61 466	27.89	1 714 334	25.29	1 554 475	2.81%
MONBAT AD ORD		BG	BG1100075065	1.00	BGN	106 108	3.35	355 952	4.0892	433 893	0.78%
CESKE ENERGETICKE ZAVODY AS	Baa1	CZ	CZ0005112300	100.00	CZK	250 000	19.91	4 977 071	16.4367	4 109 171	7.42%
KOMERCNI BANKA	A2	CZ	CZ0008019106	500.00	CZK	8 000	188.23	1 505 866	183.1231	1 464 985	2.65%
OLYMPIC ENTERTAINMENT GROUP		EE	EE3100084021	0.40	EUR	995 741	1.9	1 889 797	1.79	1 782 376	3.22%
TALLINK GRUPP		EE	EE3100004466	0.60	EUR	2 553 144	0.79	2 007 108	0.857	2 188 044	3.95%
HRVATSKI TELEKOM DD		HR	HRHT00RA0005	100.00	HRK	29 151	21.93	639 361	18.8137	548 437	0.99%
MAGYAR TELEKOM RT		HU	HU0000073507	100.00	HUF	1 630 128	1.31	2 135 693	1.2931	2 107 947	3.81%
MOL MAGYAR OLAJ-ESGAZIDARI		HU	HU0000068952	1000.00	HUF	26 890	46.48	1 249 800	45.4024	1 220 871	2.21%
OTP BANK	Baa3	HU	HU0000061726	100.00	HUF	95 000	17.41	1 654 113	19.1101	1 815 460	3.28%
PEGAS NONWOVENS		LU	LU0275164910	1.24	CZK	59 877	26.43	1 582 659	27.043	1 619 255	2.93%
AGORA SA		PL	PLAGORA00067	1.00	PLN	190 000	2.74	521 420	2.9585	562 117	1.02%
ALIOR BANK SA		PL	PLALIOR00045	10.00	PLN	140 000	14.97	2 095 695	15.6144	2 186 010	3.95%
ASSECO POLAND SA		PL	PLSOFTB00016	1.00	PLN	108 243	10.09	1 092 621	13.3368	1 443 613	2.61%
COMARCH SA		PL	PLCOMAR00012	1.00	PLN	12 396	28.25	350 163	26.7792	331 955	0.60%
ENERGA SA	Baa1	PL	PLENERG00022	10.92	PLN	702 999	4.06	2 857 331	2.9679	2 086 432	3.77%
FABRYKA MASZYN FAMUR SA		PL	PLFAMUR00012	0.01	PLN	1 408 184	0.4	562 954	0.3827	538 951	0.97%
PGE POLSKA GRUPA ENERGETYCZNA	Baa1	PL	PLPGER000010	10.00	PLN	447 943	4.15	1 858 178	3.0031	1 345 228	2.43%
PKO BANK POLSKI	A2	PL	PLPKO0000016	1.00	PLN	342 885	7.56	2 592 947	6.4171	2 200 344	3.98%
POWSZECHNY ZAKLAD UBEZP		PL	PLPZU0000011	0.10	PLN	303 620	9.1	2 761 762	7.988	2 425 310	4.38%
BANCA TRANSILVANIA SA		RO	ROTLVAACNOR1	1.00	RON	1 257 011	0.46	574 927	0.5362	674 053	1.22%
BRD GR SOCIETE GENERALE SA	Baa3	RO	ROBRDBACNOR2	1.00	RON	876 593	2.02	1 773 409	2.6701	2 340 625	4.23%
CONPET SA PLOIESTI		RO	ROCOTEACNOR7	3.30	RON	76 981	12.15	935 696	16.9918	1 308 045	2.36%
NUCLEARELECTRICA SA		RO	ROSNNEACNOR8	10.00	RON	645 077	2.22	1 433 834	1.4167	913 892	1.65%
SNGN ROMGAZ SA		RO	ROSNGNACNOR3	1.00	RON	501 858	7.03	3 527 326	6.0023	3 012 300	5.44%
SNT GAZE NATURALE TRANSGAZ SA		RO	ROTGNTACNOR8	10.00	RON	28 039	45.03	1 262 723	61.1263	1 713 921	3.10%
NIS AD NOVI SAD		RS	RSNISHE79420	500.00	RSD	197 881	7.28	1 440 485	4.9257	974 703	1.76%
KRKA		SI	SI0031102120	400.00	EUR	36 610	56.68	2 075 178	65.2	2 386 972	4.31%
LUKA KOPER		SI	SI0031101346	0.00	EUR	68 751	13.72	943 553	23	1 581 273	2.86%
OTHER EQUITES:											
BUDUCNOST NOVI SAD AD		RS	RSBDNSE90439	710.00	RSD	5 152	145.34	748 803	0	0	0.00%
GRADITELJ AD		RS	RSGRKIE22362	2400.00	RSD	13	730.38	9 495	0	0	0.00%
TOTAL EQUITIES								**51 410 160**		**49 070 946**	**88.66%**

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Name/*Fund Management Company*	Rating (Moody's)	Country	ISIN-code	Nominal value	Currency	Quantity	Average acquisition cost per unit	Total average acquisition cost	Market value per unit	Total market value	Weight of Fund's net assets value
EQUITY FUNDS											
LISTED ON REGULATED MARKETS:											
SC FONDUL PROPRIETATEA SA/ *Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch*		RO	ROFPTAACNOR5	1.00	RON	6 896 826	0.19	1 284 239	0.1787	1 232 772	2.23%
SIF MOLDOVA		RO	ROSIFBACNOR0	0.10	RON	3 189 700	0.19	602 635	0.1734	553 249	1.00%
TOTAL EQUTITES								**1 886 873**		**1 786 021**	**3.23%**

Name	Rating (Moody's)	Country	ISIN-code	Nominal value	Maturity date	Coupon rate	Currency	Quantity	Average acquisition cost per unit	Total average acquisition cost	Market value per unit	Total market value	Weight of Fund's net assets value
DEBT SECURITIES													
OTP CONV 3.95% EUR 31.10.49-16		LU	XS0272723551	1000.00	31.10.2016	3.95%	EUR	2 750	91.49	2 516 033	97.1	2 688 057	4.86%
TOTAL DEBT SECURITIES										**2 516 033**		**2 688 057**	**4.86%**
***In the debt securities the accrued interest in the amount of EUR 17 807.37 has been added**													
TOTAL SECURITIES										**55 813 066**		**53 545 025**	**96.75%**
CASH													
BANK ACCOUNT		EE					EUR			2 724 422		2 724 422	4.92%
INVESTMENTS TOTAL										**58 537 488**		**56 269 447**	**101.67%**
Other assets													
Income tax receivable from dividends												14 448	0.03%
Total other assets												**14 448**	**0.03%**
TOTAL FUND ASSETS										**58 537 488**		**56 283 895**	**101.70%**
NET ASSET VALUE												**55 344 649**	**100.00%**

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STATEMENT OF TRANSACTION AND COMMISSION FEES

In euros

Commissions are fees paid to the intermediaries of securities transactions. Transaction costs consist of the fees charged by the depositary bank for making transactions, fees for sub-depositaries or correspondent banks and fees charged for executing payment orders.

01.01-31.12.2016

Intermediary	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Securities traded on regulated markets				
AS SEB Pank	3	719 060	1 078	0.15%
AS Swedbank	12	871 712	1 380	0.16%
AS Trigon Funds clients	1	148 800	0	0.00%
Banco Espírito Santo	1	151 575	289	0.19%
Bank Pekao SA	144	29 437 438	52 799	0.18%
Bank Zachodni WBK	2	681 982	1 226	0.18%
Concorde Securities	20	6 154 071	4 927	0.08%
Dom Maklerski mBanku S.A.	7	1 524 113	3 353	0.22%
Erste Bank	107	28 387 481	51 237	0.18%
FIMA Securities	8	965 030	3 013	0.31%
First Financial Brokerage House	4	174 291	700	0.40%
IEBA TRUST	13	2 626 642	9 169	0.35%
ILIRIKA borznoposredniska hisa d.d.	1	127 442	825	0.65%
InterKapital Vrijednosni Papiri	30	5 677 594	14 683	0.26%
Ipopema Securities	8	1 288 731	2 959	0.23%
MeritKapital Ltd.	12	4 223 503	12 214	0.29%
PKO BP Securities	18	2 875 034	5 751	0.20%
Raiffeisen Centrobank	21	6 063 027	17 674	0.29%
Swiss Capital	32	4 884 058	14 645	0.30%
WOOD & CO Financial Services	42	11 997 913	26 118	0.22%
Total	**486**	**108 979 496**	**224 040**	**0.21%**

Additionally, transaction costs in the amount of 16 016 euros were paid to Swedbank AS, which was 0.01% of the total transactions volume.

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01.01-31.12.2015

Intermediary	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Securities traded on regulated markets				
Dom Maklerski mBanku S.A	6	2 261 143	4 864	0.22%
Concorde Securities	60	18 874 030	19 842	0.11%
Erste Bank	28	10 682 688	21 380	0.20%
First Financial Brokerage House	9	358 517	1 440	0.40%
FIMA Securities	8	893 800	2 684	0.30%
GBR Financial Services	3	1 038 685	1 558	0.15%
IEBA TRUST	15	2 692 536	9 433	0.35%
Inter Capital Securities	26	1 792 291	5 043	0.28%
Ipopema Securities	39	9 290 817	21 342	0.23%
Merrill Lynch	8	2 870 683	1 369	0.05%
Pekao Investment Banking	157	25 935 904	46 681	0.18%
PKO BP Securities	8	1 421 410	3 072	0.22%
Raiffeisen Centrobank	27	7 492 580	17 934	0.24%
AS SEB Pank	24	3 370 442	5 057	0.15%
Swiss Capital	29	7 097 545	23 119	0.33%
Trigon Emerging Financials Fund	1	118 453	-	0.00%
Trigon Balti Fond	2	23 900	-	0.00%
WOOD & CO Financial Services	68	15 005 121	31 862	0.21%
Total	**518**	**111 220 544**	**216 681**	**0.19%**

Additionally, transaction costs in the amount of 14 917 euros were paid to Swedbank AS, which was 0.01% of the total transactions volume.

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INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholders of Trigon New Europe Fund

Our opinion

In our opinion, the annual statements present fairly, in all material respects, the financial position of Trigon New Europe Fund (the Fund) managed by AS Trigon Asset Management (the Management Company) as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Investment Funds Act.

We audited the Fund's annual statements that comprise:

- the financial statements that comprise:
  - the statement of financial position as at 31 December 2016;
  - the statement of comprehensive income for the year then ended;
  - the statement of changes in the Fund's net asset value for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information;
- the statement of investments; and
- the statement of transaction and commission fees.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Fund's annual statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Auditors Activities Act of the Republic of Estonia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Auditors Activities Act of the Republic of Estonia.

Other information

The Management Company's Management Board is responsible for the other information contained in the Fund's annual report in addition to the Fund's annual statements and our auditor's report thereon.

Our opinion on the Fund's annual statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Fund's annual statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Fund's annual statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company's Management Board and those charged with governance for the Fund's annual statements

The Fund's Management Company's Management Board is responsible for the preparation and fair presentation of the Fund's annual statements in accordance with the Investment Funds Act and for such internal control as the Management Company's Management Board determines is necessary to enable the preparation of the Fund's annual statements that are free from material misstatement, whether due to fraud or error.

In preparing the Fund's annual statements, the Fund's Management Company's Management Board is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund's Management Company's Management Board either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the Fund's annual statements

Our objectives are to obtain reasonable assurance about whether the Fund's annual statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this annual statements of the Fund.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Fund's annual statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company's Management Board.
- Conclude on the appropriateness of the Management Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Fund's annual statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Fund's annual statements, including the disclosures, and whether the Fund's annual statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AS PricewaterhouseCoopers

/signed/

Ago Vilu
Auditor's certificate no.325

/signed/

Verner Uibo
Auditor's certificate no.568

7 April 2017

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* *This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*