

## **TRIGON RUSSIA TOP PICKS FUND**

**ANNUAL REPORT 2017**  
(Translation of the Estonian original)

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## Short Description and Contact Details of Trigon Russia Top Picks Fund

### **Name**

Investment Fund Trigon Russia Top Picks Fund

### **Legal address**

Pärnu road 18  
10141 Tallinn  
Estonia

Phone: + 372 6 679 200

Fax: + 372 6 679 221

### **Main Activities**

The assets of the Fund may be invested in securities traded on regulated markets of any countries. It is however the intention of the Fund to focus investments into securities of issuers whose basic business field of activity is in Russia and other CIS countries.

### **Fund Management Company**

AS Trigon Asset Management

### **Fund Manager**

Jelena Rozenfeld

### **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 2017 – 31 December 2017

Trigon Russia Top Picks Fund (hereinafter: the Fund) was launched on February 15, 2006.

The Fund offers to the unit-holders the opportunity to indirectly invest into securities traded on the global regulated markets. The intention of the Fund is to focus investments into securities of issuers whose basic business field of activity is in Russia and other CIS countries. The objective of Trigon Russia Top Picks Fund is long-term capital growth of the Fund's assets.

The Fund's net asset value as at December 31, 2017 was 14.5 (31.12.2016: 25.2) million euros. The Fund has four classes of units. The net asset value of the Fund's Class 1 unit decreased by 3.22% during the year, to 8.8090 euros as at December 31, 2017 (31.12.2016: 9.1022 euros). The net asset value of the Fund's Class 2 unit (eQ Russian Top Picks) was 13.7329 euros at the end of the reporting period (31.12.2016: 14.1897), decreasing by 3.22% for the year 2017. The net asset value of the Fund's Class 4 unit was 24.0644 (31.12.2016: 24.8625) euros at the end of 2017, decreasing 3.21% for the year. The net asset value of the Fund's Class 5 unit was 10.9971 at the end of 2017 (31.12.2016: 11.5227) euros, decreasing by 4.56% during the year.

At the end of December 2017 equities made up 98.0% (31.12.2016: 94.8%) of the Fund's market value. The remaining part was made up of cash at bank and receivables (balances due from brokers and dividends). As at December 31, 2017 the largest equity investments of the Fund were Globaltrans 9.62%, Sberbank 9.58%, X5 Retail Group 8.99% and Alrosa 7.34%. The Fund's investments were made into Russian companies.

After very strong year of 2016, the Russian stock market fell below the 20.6% rally in the MSCI EM Index in 2017. MSCI Russia TR Index closed the year at -7.6%, while Trigon Russia Top Picks Fund was down by -3.2%. Within the course of the past 3 years, the Fund has achieved a strong positive return of 141.2% versus 71.1% of the MSCI Russia TR Index.

Brent oil price continued to move up in 2017 and traded above \$67/bbl thanks to coordinated actions of OPEC+ members, and a contraction in global oil inventories. Important to note, that Russia's new budget rule for the next three years is designed to force the economy to operate under conservative oil price scenarios of \$40-45/bbl. All additional oil and gas revenues would go to the National Wellbeing Fund. The rule would reduce the ruble sensitivity even further. The economy is recovering from the last 2015-2016 recession years, and according to preliminary numbers for 2017 GDP growth was in the range of 1.4% to 1.8%.

During the year the Central Bank has made several cuts to the key rate that was 10% in the beginning of the year and reached 7.75% in the end. The main driver for that was the record low inflation level of 2.5%, below the target of 4.0%. There is still room for the regulator to continue gradual monetary easing, and reduce the key rate further. We expect declining interest rates to create favorable conditions for a new investment cycle in Russia and stimulate banks to resume corporate lending activity.

Looking into 2018, Russian market looks particularly compelling given its underperformance, value, and the current oil price level. Many Russian stocks will likely generate double-digit free cash flow yields and high single-digit or even double-digit dividend yields. The reduction in the cost of capital and the recovery of Russia's economy will be the main drivers going forward. Russian equities' attractive valuations and high dividend yields offer good value relative to other emerging markets.

Jelena Rozenfeld  
Fund Manager

## Signatures of the Fund Management Company's Management Board to the Annual Report 2017

The Fund Management Company has prepared the Trigon Russia Top Picks Fund's annual report 2017, 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/

Karola Sisask  
AS Trigon Asset Management  
Member of the Management Board

Tallinn, April 26, 2018

## FINANCIAL STATEMENTS

### Statement of financial position

In euros

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Cash and cash equivalents		177 254	1 584 479
Financial assets at fair value through profit or loss	Note 6	14 469 798	24 121 538
Receivables and prepayments	Note 7	114 945	40 690
<b>TOTAL ASSETS</b>		<b>14 761 996</b>	<b>25 746 707</b>
<b>LIABILITIES</b>			
Other financial liabilities	Note 8	252 796	550 574
Fund's net assets attributable to holders of redeemable units	Note 10	14 509 200	25 196 133
<b>TOTAL LIABILITIES</b>		<b>14 761 996</b>	<b>25 746 707</b>

The notes on pages 10-25 are an integral part of this annual report.

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## Statement of comprehensive income

In euros

<b>INCOME</b>	<b>Note</b>	<b>01.01-31.12.2017</b>	<b>01.01-31.12.2016</b>
Interest income		47	57
Dividend income		634 710	271 700
Net profit/loss from financial assets at fair value through profit or loss	Note 9	-759 794	5 814 108
Net foreign currency losses		-453 709	-12 680
<b>TOTAL INCOME</b>		<b>-578 747</b>	<b>6 073 184</b>
<b>EXPENSES</b>			
Management fee	Note 11	310 922	167 319
Success fee		173	135
Depositary fee		44 754	25 427
Transaction costs		13 356	12 691
Other expenses		21 571	8 523
<b>TOTAL EXPENSES</b>		<b>390 775</b>	<b>214 094</b>
<b>FUND'S NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		<b>-969 522</b>	<b>5 859 091</b>

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## Statement of changes in Fund's Net Asset Value

In euros

	01.01-31.12.2017	01.01-31.12.2016
<b>Fund's net assets at the beginning of the reporting period</b>	<b>25 196 133</b>	<b>4 798 052</b>
Proceeds from redeemable units issued	14 514 106	17 462 003
Redemption of redeemable units	24 231 517	2 923 013
<b>Fund's net assets attributable to holders of redeemable units</b>	<b>-969 522</b>	<b>5 859 091</b>
<b>Fund's net assets at the end of the reporting period</b>	<b>14 509 201</b>	<b>25 196 133</b>

### Fund's Net Asset Value per unit at the end of the reporting period

Class 1	8.8090	9.1022
Class 2 (eQ Russian Top Picks unit)	13.7329	14.1897
Class 4	24.0644	24.8625
Class 5	10.9971	11.5227

### Number of units outstanding

<b>Number of units outstanding</b>	<b>1 009 256.284</b>	<b>1 045 592.054</b>
inc. Class 1	633 959.536	44 246.125
Class 2 (eQ Russian Top Picks unit)	8 737.531	8 737.531
Class 4	365 305.886	991 907.690
Class 5	1 253.331	700.708

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## Statement of cash flows

In euros

<b>Cash flows from Fund's operating activities</b>	<b>01.01-31.12.2017</b>	<b>01.01-31.12.2016</b>
Interest received	46	54
Interest paid	-997	-13
Dividends received	627 004	239 774
Proceeds from sale of financial assets	17 936 273	2 247 023
Purchase of financial assets	-9 815 335	-15 868 423
Operating expenses paid	-446 579	-175 420
<b>Total cash inflow/outflow from Fund's operating activities</b>	<b>8 300 413</b>	<b>-13 557 004</b>
<b>Cash flows from Fund's financing activities</b>		
Proceeds from redeemable units issued	14 514 106	17 462 003
Redemption of redeemable units	-24 221 342	-2 713 957
<b>Total cash inflow/outflow from Fund's financing activities</b>	<b>-9 707 237</b>	<b>14 748 046</b>
<b>Total cash flows</b>	<b>-1 406 824</b>	<b>1 191 042</b>
<b>Cash and cash equivalents</b>		
At the beginning of the accounting period	1 584 479	394 069
Effect of exchange rate changes on cash and cash equivalents	-402	-632
<b>At the end of the accounting period</b>	<b>177 253</b>	<b>1 584 479</b>

The notes on pages 10-25 are an integral part of the annual report.

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## Notes to the financial statements 2017

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### NOTE 1. General information

Trigon Russia Top Picks Fund is a public open-end common investment fund registered in the Republic of Estonia.

The Fund is managed by AS Trigon Asset Management, with its registered office at Pärnu road 18, 10141 Tallinn. The parent company (61%) of AS Trigon Asset Management is AS Trigon Capital.

Trigon Russia Top Picks Fund is under supervision of Estonian Financial Supervisory Authority.

The objective of Trigon Russia Top Picks 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 Russia Top Picks 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. 8 of the Minister of Finance of January 18, 2017 "Requirements for 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 §54 subsection 11.

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. 8 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. 8 of the Minister of Finance.

### 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 Russia Top Picks Fund are presented in euros. Fund's functional currency is also euro.

##### 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 loss*.

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## 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 law 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 income 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 Fund's Management Company, unit-holders and other liabilities are classified as financial liabilities.

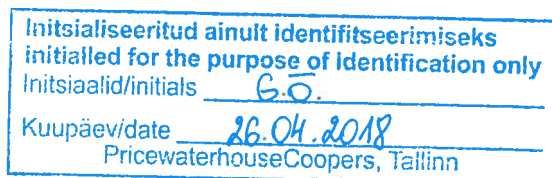
### *Classification of financial assets and financial liabilities*

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 – equities, fund units, debt securities;
- 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 amortised cost – payables from securities purchased recognised at trade date and accounted at amortised cost, overdrafts, liabilities to depositary bank and Fund Management Company.

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

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



The Fund has at the end of the accounting period following financial assets and financial liabilities:

IAS 39 category class (as defined in the Fund)			31.12.2017	31.12.2016	
Financial assets	Loans and receivables		Cash and cash equivalents	1 777 254	1 584 479
			Receivables	114 945	40 690
	Financial assets at fair value through profit or loss	Acquired for the trading purpose	Equities	14 469 798	24 121 538
Financial liabilities	Financial liabilities at amortised cost	Other financial liabilities	252 796	550 574	

#### 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 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 fees* 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' 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*.

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#### Amortised cost

Other financial assets and liabilities are recognised initially 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 the 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 Funds. These rules determine the valuation of the securities traded on a regulated market, securities not traded on a regulated market and other financial assets and financial liabilities of the Fund.

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 2017 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 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 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.

#### *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 has expired or when the financial asset with all risks and rewards have 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 line Net profit/loss on financial assets at fair value through profit or loss. Related transaction costs are recorded in the line Transaction fees. 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 (eg securities lending).

#### *Derecognition of financial liabilities*

The Fund derecognises financial liabilities when the contractual obligations are discharged, cancelled or expire.

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Differences between the carrying amount of financial liabilities and cleared or transferred value is recognised in 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 the assets and liabilities simultaneously.

### Interest

Interest income and expenses are recognised in 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 *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*.

### 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*.

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## 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: 2.0% of the Fund's assets per annum;
- b. Class 2 units: 2.0% of the Fund's assets per annum;
- c. Class 4 units: 2.0% of the Fund's assets per annum;
- d. Class 5 units: 1.0% of the Fund's assets per annum.

The management fee is deducted daily from the Fund's assets and 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 Class 2 and Class 5 units.

The Management Company is entitled to the performance fee if Class 2 unit's net asset value exceeds its highest month-end net asset value of the respective 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 over the highest month-end net asset value of the respective unit to which the required minimum return of 3.5% on annual basis has been added. The performance fee is revalued daily on a 365-year basis and is paid out as at the end of each month during the following month. The Management Board of the Management Company may decide to use a lower rate of management and performance fees.

Furthermore, the Management Company has the right to receive a performance fee based on the performance of a Class 5 unit. The performance fee is not more than 20% of the Class 5 Unit performance that exceeds the performance of the benchmark index MSCI Russia Daily Net TR EUR – i.e. 20% of the Alpha generated YTD. For calculating the performance fee a High Water Mark ('HWM') principle is applied. The HWM principle in the Fund rules context means that after the performance fee has been paid out for the first time during a calendar year, additional performance fee accruals during that year will be made only if additional Alpha is generated since the last month end when the performance fee was paid out. In that case, the performance fee is charged from the additional Alpha. Performance fee is taken into account daily and paid out as at the end of each month during the following month if the Class 5 share performance during the month was positive.

The Management Board of the 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 0.10% of the Fund's assets per annum, but not less than 750 euros per month. 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 calculation), registry and sub-custodian fees that are paid to the depositary bank in the month/quarter following the calculation.

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

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## Fund units

The Fund has four classes of units (hereinafter: "Class 1", "Class 2", "Class 4", "Class 5"). 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, ie 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.

As of March 31, 2016 Class 3 unit is liquidated. Class 4 unit was launched on April 15, 2009 and Class 5 unit on August 31, 2011.

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 1 units there is no issue fee;
- b) 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;
- c) for a Class 4 unit is 2.0% of the net asset value of a Class 4 unit;
- d) for Class 5 units there is no issue fee.

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 Class 1 units there is no redemption fee;
- 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 Class 4 unit is 1.5% of the net asset value of a Class 4 unit;
- d) for Class 5 units there is no redemption fee.

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

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, 2018 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, 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.

Fund assets are classified into the following IAS 39 groups:

- a) Financial assets at fair value through profit or loss (statement of comprehensive income);
- b) Loans and receivables.

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According to Fund Manager and Management Company analysis and estimations Fund financial assets are divided into the following groups beginning on January 1<sup>st</sup> 2018:

in EUR	Note	Measurement category		Balance sheet carrying value according to IAS 39 (as of 31.12.2017)	Impact Remeasurement	Balance sheet carrying value according to IFRS 9 (as of 31.12.2017)
		IAS 39	IFRS 9			
Cash and cash equivalents		L&R	AC	177 254	0	177 254
Equity instruments (equity securities)	6	FVTPL	FVTPL	14 469 798	0	14 469 798
Other receivables	7	L&R	AC	114 945	0	114 945
<b>Total financial assets</b>				<b>14 761 996</b>		<b>14 761 996</b>

#### 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 a loss is.

The Fund Manager invests Fund assets in accordance with the Fund's investment objectives, in consideration of 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.

#### 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.

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## 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 31.12.2017 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 +/- 1 468 thousand euros (2016: 2 422 thousand euros).

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

In euros as at 31.12.2017	USD	RUB	EUR
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	14 469 798	0	0
Cash and cash equivalents	96 053	0	81 201
Receivable and prepayments	82 866	32 079	0
<b>Total assets</b>	<b>14 648 717</b>	<b>32 079</b>	<b>81 201</b>
<b>LIABILITIES</b>			
Other financial liabilities	0	0	252 796
Fund's net asset value (NAV)	0	0	14 509 200
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>14 761 996</b>
<b>Open currency position</b>	<b>14 648 717</b>	<b>32 079</b>	<b>-14 680 796</b>

In euros as at 31.12.2016	USD	RUB	EUR
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	24 121 538	0	0
Cash and cash equivalents	291 303	58 313	1 234 863
Receivable and prepayments	5 555	35 135	0
<b>Total assets</b>	<b>24 418 397</b>	<b>93 447</b>	<b>1 234 863</b>
<b>LIABILITIES</b>			
Other financial liabilities	291 303	0	259 271
Fund's net asset value (NAV)	0	0	25 196 133
<b>Total liabilities</b>	<b>291 303</b>	<b>0</b>	<b>25 455 404</b>
<b>Open currency position</b>	<b>24 127 093</b>	<b>93 447</b>	<b>-24 220 541</b>

## 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.

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The Fund's investments at 31.12.2017 and 31.12.2016 mainly consists of equity investments and is most sensitive to fluctuations at stock market. If Fund's equity investments would drop/ rise +/-10% at the end of the accounting period the effect on the Fund's results would be following:

In euros	31.12.2017	31.12.2016
<b>Change +/- 10%</b>		
Equity securities	+/- 1 446 980	+/- 2 412 154

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 and countries.

#### *Risk concentration*

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

Industry	31.12.2017	31.12.2016
Materials	19.04%	19.39%
Consumer	16.70%	15.46%
Finance	16.39%	10.42%
Telecommunication	12.71%	11.28%
Utilities	11.34%	7.18%
Industrial	9.62%	7.92%
Energy	4.69%	6.48%
Real estate	3.96%	4.95%
Health Care	3.58%	8.08%
Information technology	0.00%	3.61%
Cash	1.98%	5.24%

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

In euros	31.12.2017	31.12.2016
<b>Securities listed on regulated markets</b>		
Equity securities	14 469 798	24 121 538
<b>Total investments</b>	<b>14 469 798</b>	<b>24 121 538</b>

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.

#### *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 31.12.2017 or 31.12.2016, the Fund does not have any substantial interest carrying assets or liabilities, funds exposure to interest rate risk is marginal.

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## 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) is considered to be low because in order to minimize that risk the Fund prefers markets where DVP (ie 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 depository bank AS Swedbank, whose parent bank is rated as Aa3 (Moody's).

## 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, incl. 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 diversifies investments 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, 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 31.12.2017	1-3 banking days	4-5 banking days	more than 5 banking days
Equities	13 625 059	401 767	442 972
Cash and cash equivalents	177 254	0	0
Receivables and prepayments	114 945	0	0
<b>Total</b>	<b>13 917 257</b>	<b>401 767</b>	<b>442 972</b>

In euros as at 31.12.2016	1-3 banking days	4-5 banking days	more than 5 banking days
Equities	21 725 269	966 456	1 429 812
Cash and cash equivalents	1 584 479	0	0
Receivables and prepayments	40 690	0	0
<b>Total</b>	<b>23 350 438</b>	<b>966 456</b>	<b>1 429 812</b>

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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 31.12.2017

Name	Total market value	Sellable in 1 day in case of regular transactions
PROTEK SHARE	527 913	6.54%
BANK ST.PETERBURG	399 738	15.61%

In euros as at 31.12.2016

Name	Total market value	Sellable in 1 day in case of regular transactions
PROTEK SHARE	1 002 716	5.92%
MD MEDICAL GROUP INVEST-REGS	1 054 000	10.50%
CHERKIZOVO GROUP GDR	524 176	12.09%

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

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 31.12.2017	Less than 5 banking days	5 banking days to 1 month	1-3 months
Payables to Management Company	23 961	0	0
Payables to depository bank	0	8 914	0
Balance due to brokers	0	0	0
Payables to unit-holders	219 230	0	0
Other liabilities	0	691	0
Fund's net assets attributable to holders of redeemable units	0	725 460	13 783 740
<b>Total</b>	<b>243 191</b>	<b>735 065</b>	<b>13 783 740</b>

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	39 741	0	0
Payables to depository bank	0	9 130	0
Balance due to brokers	291 303	0	0
Payables to unit-holders	209 056	0	0
Other liabilities	0	1 344	0
Fund's net assets attributable to holders of redeemable units	0	1 259 807	23 936 326
<b>Total</b>	<b>540 100</b>	<b>1 270 281</b>	<b>23 936 326</b>

#### 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 investments valued based on unadjusted quoted price from stock market or other active market.

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Level 2: Financial investments 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 investments valued using valuation methods based on unobservable inputs.

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

In euros as at 31.12.2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	14 469 798	0	0
<b>Total</b>	<b>14 469 798</b>	<b>0</b>	<b>0</b>

In euros as at 31.12.2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	24 121 538	0	0
<b>Total</b>	<b>24 121 538</b>	<b>0</b>	<b>0</b>

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

In euros

	<u>31.12.2017</u>	<u>31.12.2016</u>
Equities	14 469 798	24 121 538
<b>Total</b>	<b>14 469 798</b>	<b>24 121 538</b>

#### NOTE 7. Receivables and prepayments

In euros

	<u>31.12.2017</u>	<u>31.12.2016</u>
Dividends receivable	38 053	40 690
Balances due from brokers	76 891	0
<b>Total</b>	<b>114 945</b>	<b>40 690</b>

#### NOTE 8. Other financial liabilities

In euros

	<u>31.12.2017</u>	<u>31.12.2016</u>
Payables to Management Company	23 961	39 741
Payables to depository bank	8 914	9 130
Balances due to brokers	0	291 303
Payables for redeemed units	219 230	209 056
Other liabilities	691	1 344
<b>Total</b>	<b>252 796</b>	<b>550 574</b>

#### NOTE 9. Net gain/loss on financial assets at fair value through profit or loss

In euros

	<u>01.01-31.12.2017</u>	<u>01.01-31.12.2016</u>
Equities and units		
Realised gain/loss	4 688 665	-73 948
Unrealised gain/loss	-5 448 459	5 888 056
<b>Total</b>	<b>-759 794</b>	<b>5 814 108</b>

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## NOTE 10. Comparative analysis of the net asset value

In euros

Year	Fund's net asset value	Net asset value of Fund unit			
		Class 1	Class 2 (eQ Russian Top Picks unit)	Class 4	Class 5
15.02.2006	-	6.3912	9.9993	-	-
31.12.2006	5 845 026	7.3149	11.4520	-	-
31.12.2007	25 919 012	8.9466	13.9723	-	-
31.12.2008	1 214 165	3.2537	5.0782	-	-
31.12.2009	1 875 454	5.3113	8.2893	15.6999	-
31.12.2010	3 667 792	9.0302	14.0780	24.7783	-
31.12.2011	6 534 039	6.9187	10.7867	18.9016	9.1686
31.12.2012	9 796 134	7.5982	11.8460	20.7575	10.0577
31.12.2013	7 822 598	6.9308	10.8047	18.9327	9.1736
31.12.2014	1 540 156	3.6515	5.6924	9.9750	4.8327
31.12.2015	4 798 052	5.1752	8.0674	14.1364	6.6921
31.12.2016	25 196 133	9.1022	14.1897	24.8625	11.5227
31.12.2017	14 509 200	8.8090	13.7329	24.0644	10.9971

## NOTE 11. Related parties

For the preparation of these financial statements, related parties are considered to be AS Trigon Asset Management (Fund Management Company), AS Trigon Capital (the majority shareholder of the Fund Management Company), OÜ Fero Invest (shareholder with significant influence), companies belonging to the same consolidation group as the Fund Management Company, other funds managed by AS Trigon Asset Management, Fund Management Company beneficial owners and members of the Management Board.

Trigon Russia Top Picks Fund paid to the Fund Management Company management fees during the period 01.01-31.12.2017 in total of 310 922 (2016: 167 319) euros. As at 31.12.2017 amount owed to Fund Management Company was 23 961 (31.12.2016: 39 741) euros. In 2017 and 2016, Trigon Russia Top Picks Fund did not conduct any transactions with other funds managed by AS Trigon Asset Management.

## NOTE 12. Fund Management Company's remuneration principles

The members of the Management Board and employees of Trigon Asset Management receive a fixed remuneration on a monthly basis. In addition, employees directly responsible for the Fund distribution can also receive variable remuneration.

Fixed remuneration is the main part of the employees' remuneration which is based on the fixed salary agreement. Fixed remuneration is set on individual basis with consideration to the role of the individual, including responsibility and position profile, achievements, qualification and expertise and market standards in respect of the relevant positions.

Variable remuneration depends on the performance of the individual and the overall results of the company. Variable remuneration is paid in bonuses. Such bonuses are paid in accordance with the company results, evaluated each time and not defined as a fixed amount.

When deciding on remuneration practices for employees the Fund Management Company follows a principle of a proper balance. The Fund Management Company has not applied any termination benefits or non-monetary compensations.

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The average number of employees (including Management Board members) in Trigon Asset Management in the reporting year was 11 (01.01-31.12.2016: 3). The total amount of fixed salary (incl. taxes) paid to employees was 556 281 (01.01-31.12.2016: 99 839) euros.

The total amount of fixed salary (incl. taxes) paid to the members of the Management Board during the reporting period was 94 710 (01.01-31.12.2016: 26 653) euros. Members of the Supervisory Board did not receive any remuneration for participating in the work of the board.

Bonuses (incl. taxes) paid to the employees directly involved in the Fund distribution process during the reporting period were 4 507 (01.01-31.12.2016: 0) euros.

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# STATEMENT OF INVESTMENTS

In euros, as at 31.12.2017

Name	Rating (Moody)	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
<b>EQUITIES</b>											
<b>LISTED ON REGULATED MARKETS:</b>											
GLOBALTRANS INVESTMENT PLC	Ba2	CY	US37949E2046	0.00	USD	181500	6.33	1 149 680	7.825	1 420 238	9.79%
Ros Agro PLC GDR		CY	US7496552057	0.00	USD	73000	10.88	794 059	8.25	602 250	4.15%
ETALON GROUP LTD GDR		GB	US29760G1031	0.00	USD	234045	3.09	723 505	2.5	585 113	4.03%
X5 RETAIL GROUP NV GDR	Ba2	NL	US98387E2054	0.30	USD	42149	33.41	1 408 152	31.475	1 326 640	9.14%
AK ALROSA OAO	Baa3	RU	RU0007252813	0.50	USD	1000000	1.28	1 283 952	1.0839	1 083 892	7.47%
BANK ST.PETERBURG		RU	RU0009100945	1.00	USD	509329	0.73	370 064	0.7848	399 738	2.76%
DETSKY MIR PJSC		RU	RU000A0J5Q90	1.00	USD	386986	1.36	525 994	1.3856	536 189	3.70%
ENEL RUSSIA PJSC	Ba3	RU	RU000A0F5UN3	1.00	USD	32314000	0.02	541 715	0.0211	680 344	4.69%
GAZPROM NEFT	Baa3	RU	RU0009062467	0.00	USD	143210	2.61	374 180	3.5249	504 799	3.48%
GAZPROM NEFT SPONSORED ADR	Baa3	RU	US36829G1076	1.00	USD	10438	16.56	172 903	17.9167	187 014	1.29%
INTER RAO	Baa3	RU	RU000A0JPNM1	1.00	USD	9000000	0.04	348 305	0.0491	441 878	3.05%
MECHEL		RU	RU000A0DKKV5	10.00	USD	188902	1.56	295 621	2.1336	403 034	2.78%
MEGAFON PJSC	Ba1	RU	RU000A0J5942	0.10	USD	79420	8.79	698 375	7.4065	588 221	4.05%
MMC NORILSK NICKEL PJSC ADR	Baa3	RU	US55315J1025	0.00	USD	39059	14.63	571 619	15.6167	609 971	4.20%
MOBILE TELESYSTEMS PJSC	Ba1	RU	RU000775219	0.10	USD	168990	4.12	695 449	3.9855	673 516	4.64%
MOSCOW EXCHANGE MICEX		RU	RU000A0JR4A1	1.00	USD	384310	1.8	692 659	1.5736	604 737	4.17%
PROTEK SHARE		RU	RU000A0JQU47	0.01	USD	333256	1.49	498 032	1.5841	527 913	3.64%
RASPADSKAYA		RU	RU000A0B90N8	0.00	USD	555300	0.93	518 846	1.2853	713 747	4.92%
SBERBANK COMMON SHARE		RU	RU0009029540	3.00	USD	435000	2.78	1 208 477	3.252	1 414 606	9.75%
SISTEMA PJSC FC		RU	RU000A0DQZE3	0.09	USD	351700	0.31	1 103 238	0.1746	614 135	4.23%
TERRITORIAL GENERATION COMPANY		RU	RU000A0JNUD0	1.00	USD	3183600000	0.0002	516 722	0.0002	551 824	3.80%
<b>TOTAL EQUITIES</b>								<b>14 491 549</b>		<b>14 469 798</b>	<b>99.73%</b>
<b>TOTAL SECURITIES</b>								<b>14 491 549</b>		<b>14 469 798</b>	<b>99.73%</b>
<b>CASH</b>											
<b>BANK ACCOUNT</b>		EE			EUR			<b>177 254</b>		<b>177 254</b>	<b>1.22%</b>
<b>TOTAL INVESTMENTS</b>								<b>14 668 802</b>		<b>14 647 052</b>	<b>100.95%</b>
Other assets											
Dividend receivable										38 053	0.26%
Balances due to brokers										76 891	0.53%
<b>Total other assets</b>										<b>114 945</b>	<b>0.79%</b>
<b>TOTAL FUND ASSETS</b>								<b>14 668 802</b>		<b>14 761 996</b>	<b>101.74%</b>
<b>NET ASSET VALUE</b>								<b>14 509 200</b>		<b>14 509 200</b>	<b>100.00%</b>

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In euros, as at 31 December 2016

Name	Rating (Moody)	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
<b>EQUITIES</b>											
<b>LISTED ON REGULATED MARKETS:</b>											
GLOBALTRANS INVESTMENT PLC	Ba3	CY	US37949E2046	0.00	USD	335 134	4.18	1 399 332	6.0177	2 016 730	8.00%
QIWI PLC		CY	US74735M1080	0.00	USD	12 000	11.97	143 685	12.1399	145 679	0.58%
Ros Agro Plc GDR		CY	US7496552057	0.00	USD	94 678	11.84	1 120 617	12.6438	1 197 088	4.75%
ETALON GROUP LTD GDR		GB	US29760G1031	0.00	USD	320 217	2.51	803 134	3.0374	972 615	3.86%
EVRAZ PLC		GB	GB00871NGK86	1.00	GBP	50 000	2.68	134 042	2.6024	130 119	0.52%
X5 RETAIL GROUP NV GDR	Ba3	NL	US98387E2054	0.30	USD	45 140	25.31	1 142 286	30.8489	1 392 521	5.53%
YANDEX NV SHARE		NL	NL0009805522	0.01	USD	48 000	16.64	798 689	19.1368	918 566	3.65%
AK ALROSA OAO	Ba1	RU	RU0007252813	0.50	USD	1 400 000	1.18	1 650 329	1.5109	2 115 235	8.40%
BANK ST.PETERBURG	B1	RU	RU0009100945	1.00	USD	273 884	0.66	179 840	1.039	284 564	1.13%
CHEKIZOVO GROUP GDR	B1	RU	US1641452032	0.07	USD	64 114	7.89	505 990	8.1757	524 176	2.08%
DIXY GROUP OAO		RU	RU000A0JP7H1	0.01	USD	189 258	4.69	888 040	4.3421	821 770	3.26%
ENEL RUSSIA PJSC	Ba3	RU	RU000A0F5UN3	1.00	USD	31 000 000	0.02	488 418	0.0154	477 834	1.90%
GAZPROM NEFT	Ba1	RU	RU0009062467	0.00	USD	263 940	2.4	633 477	3.3186	875 905	3.48%
INTER RAO	Ba1	RU	RU000A0IPNM1	1.00	USD	7 000 000	0.03	238 646	0.0596	417 272	1.66%
LSR GROUP O.J.S.C.	B1	RU	US50218G2066	0.25	USD	87 390	1.92	168 041	3.2798	286 620	1.14%
MID MEDICAL GROUP INVEST-REGS		RU	US55279C2008	0.00	USD	117 323	6.06	710 786	8.9837	1 054 000	4.18%
MECHEL		RU	RU000A0DKXV5	10.00	USD	338 902	1.18	399 228	2.8107	952 555	3.78%
MECHEL SPONSORED ADR		RU	US5838406081	0.00	USD	41 500	2.31	96 013	5.4473	226 062	0.90%
MMC NORILSK NICKEL PJSC ADR	Ba1	RU	US5531511025	0.00	USD	10 000	13.25	132 469	15.9616	159 616	0.63%
MOBILE TELESYSTEMS PJSC	Ba1	RU	RU000775219	0.10	USD	150 000	3.34	500 517	4.0164	602 461	2.39%
MOSCOW EXCHANGE MICEX		RU	RU000A0JR4A1	1.00	USD	393 000	1.63	641 713	1.9476	765 395	3.04%
NORILSK NICKEL MMC	Ba1	RU	RU0007288411	0.00	USD	6 000	142.89	857 322	156.9655	941 793	3.74%
PROTEK SHARE		RU	RU000A0IJU47	0.01	USD	649 856	1.19	776 229	1.543	1 002 716	3.98%
RASPADSKAYA		RU	RU000A0B90N8	0.00	USD	331 180	0.63	208 630	1.2361	409 369	1.62%
ROSNEFT GDR	Ba1	RU	US67812M2070	0.00	USD	100 000	4.97	497 219	6.1793	617 929	2.45%
ROSNEFT OIL COMPANY	Ba1	RU	RU000A0I2Q06	0.01	USD	25 000	4.21	105 133	6.2464	156 159	0.62%
SBERBANK COMMON SHARE	Ba2	RU	RU0009029540	3.00	USD	130 000	1.95	253 503	2.6867	349 265	1.39%
SBERBANK RF-PFD	Ba2	RU	RU0009029557	3.00	USD	550 000	1.56	857 970	2.0121	1 106 644	4.39%
SISTEMA PJSC FC		RU	RU000A0DQZE3	0.09	USD	6 315 600	0.3	1 877 426	0.3593	2 269 233	9.01%
TERRITORIAL GENERATION COMPANY		RU	RU000A0JNUD0	1.00	USD	4 000 000 000	0.0001	486 105	0.0002	931 648	3.70%
<b>TOTAL EQUITIES</b>								<b>18 694 830</b>		<b>24 121 538</b>	<b>95.74%</b>
<b>TOTAL SECURITIES</b>								<b>18 694 830</b>		<b>24 121 538</b>	<b>95.74%</b>
<b>CASH</b>											

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BANK ACCOUNT	EE	EUR	1 584 479	1 584 479	6.29%
<b>TOTAL INVESTMENTS</b>			<b>20 279 309</b>	<b>25 706 017</b>	<b>102.02%</b>
Other assets					
Dividend receivable				40 690	0.16%
Total other assets				40 690	0.16%
<b>TOTAL FUND ASSETS</b>			<b>20 279 309</b>	<b>25 746 707</b>	<b>102.19%</b>
<b>NET ASSET VALUE</b>				<b>25 196 133</b>	<b>100.00%</b>

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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.

### 01.01-31.12.2017

Intermediary	Number of transactions	Volume of transactions	Total commissions paid	Weighted average Fee
<i>Securities traded on regulated markets</i>				
Atonline Limited	73	4 535 413	4 537	0.10%
Erste Bank	51	1 617 669	1 617	0.10%
MeritKapital Ltd.	18	838 743	840	0.10%
Raiffeisen Centrobank	8	1 235 309	1 394	0.11%
Renaissance Securities (Cyprus) Limited	1	28 379	28	0.10%
Sberbank CIB (UK) Limited	74	6 520 752	6 393	0.10%
VTB Capital	167	12 785 509	13 386	0.10%
<b>Total</b>	<b>392</b>	<b>27 561 774</b>	<b>28 196</b>	<b>0.10%</b>

Additionally, transaction costs in the amount of 13 356 euros were paid to Swedbank AS which was 0.05% of the total transactions volume.

### 01.01-31.12.2016

Intermediary	Number of transactions	Volume of transactions	Total commissions paid	Weighted average Fee
<i>Securities traded on regulated markets</i>				
Atonline Limited	53	4 251 963	4 412	0.10%
MeritKapital Ltd.	25	933 501	933	0.10%
Merrill Lynch	87	1 263 745	1 609	0.13%
Raiffeisen Centrobank	2	253 802	380	0.15%
Sanford C. Bernstein Limited	5	133 880	258	0.19%
VTB Capital	223	11 480 804	12 138	0.11%
<b>Total</b>	<b>395</b>	<b>18 317 695</b>	<b>19 729</b>	<b>0.11%</b>

Additionally, transaction costs in the amount of 12 691 euros were paid to Swedbank AS which was 0.07% of the total transactions volume.

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## INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)\*

To the Shareholders of Trigon Russia Top Picks Fund

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### Our opinion

In our opinion, the annual statements present fairly, in all material respects, the financial position of Trigon Russia Top Picks Fund (the Fund) managed by AS Trigon Asset Management (the Management Company) as at 31 December 2017, 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 2017;
  - 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.

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### 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.



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## **Other information**

The Management Company's Management Board is responsible for the other information contained in the Fund's annual report 2017 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.

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## **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.

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## **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/

Lauri Past  
Vandeaudiitor, litsents nr 567

/signed/

Verner Uiibo  
Vandeaudiitor, litsents nr 568

26 April 2018

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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.*