



Avaron Emerging Europe Fund

SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2016
(UNAUDITED)

TABLE OF CONTENTS

INVESTMENT MANAGERS' REPORT	4
CONFIRMATION OF SEMI-ANNUAL FINANCIAL STATEMENTS FOR 2016	5
BALANCE SHEET	6
STATEMENT OF INCOME AND EXPENSES	7
STATEMENT OF CHANGES IN NET ASSETS	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10
NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED	10
NOTE 2. RISK MANAGEMENT	16
NOTE 3. CASH AND CASH EQUIVALENTS	20
NOTE 4. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES TO CATEGORIES AND LEVELS ...	21
NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS...	23
NOTE 6. RECEIVABLES AND PREPAYMENTS	23
NOTE 7. TRANSACTIONS WITH RELATED PARTIES	23
NOTE 8. OTHER INFORMATION	24
REPORT OF INVESTMENTS	25
STATEMENT OF COMMISSIONS	31

FUND FACTS

Avaron Emerging Europe Fund is registered in the Republic of Estonia as a contractual open-ended investment fund the units of which are publicly offered. The Fund complies with the requirements set out in the Directive 2009/65/EC of the European Parliament and of the Council.

Name of the Fund	Avaron Emerging Europe Fund
Fund Management Company	AS Avaron Asset Management (registration number 11341336)
Registered address and contact details of the Fund Management Company	Address: Narva road 7D, 10117 Tallinn, Estonia Phone: +372 664 4200 Facsimile: +372 664 4201 E-mail: info@avaron.com www.avaron.com
Depository & custody bank	Swedbank AS (registration number 10060701)
Fund administration (NAV calculation) & transfer agent services	Swedbank AS (registration number 10060701)
Auditor	AS Deloitte Audit Eesti (registration number 10687819)
Supervisor	Estonian Financial Supervision Authority
Fund managers	Kristel Kivinurm-Priisalm, Valdur Jaht, Peter Priisalm
Fund established	3 April 2007
Start of the Fund's activities	23 April 2007
Reporting period	1 January 2016 – 30 June 2016

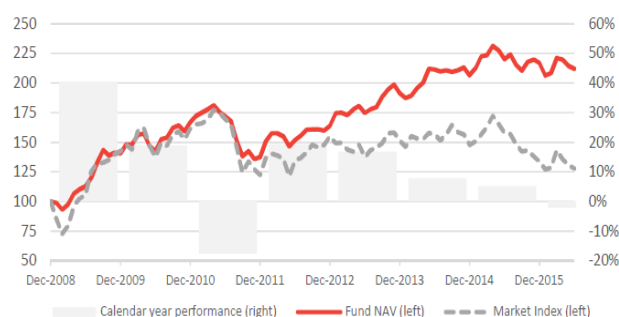
INVESTMENT MANAGERS' REPORT

Avaron Emerging Europe Fund (hereinafter: "the Fund") invests actively in listed equities of Emerging Europe and European Union accession countries (Emerging Europe, ex Russia). Benchmark agnostic, it emphasizes bottom-up, value oriented stock picking with a strong small and mid-cap bias. The Fund's investment objective is to maximize upside to internally set target prices, taking into account company quality, liquidity and FX outlook. By implementing our investment process, we aim to outperform the market with lower volatility. The Fund typically invests in 30-40 regional companies, who generally demonstrate a competitive advantage or attractive risk/return features. It adheres to the UN Principles for Responsible Investment. Suitable for investors seeking a stock picking portfolio in Emerging Europe, it acts as medium to long term diversifier in a global Emerging Markets, European or Global Equity portfolio.

Avaron Emerging Europe Fund lost 2.1% in the first six months of 2016 outperforming the regional benchmark (MSCI EFM Central and Eastern Europe ex Russia index -4.5%). In 5 years Avaron Emerging Europe Fund has delivered a +23.3% return vs. -24.7% for the index with almost half the volatility (11.1% vs. 18.8% for the index), resulting in 6.8% alpha for our investors.

	2012	2013	2014	2015	6m 2016
A unit	18.6%	16.1%	7.2%	4.5%	-2.3%
B unit	19.2%	16.7%	7.8%	5.0%	-2.1%
C unit	19.4%	15.7%	7.0%	4.2%	-2.1%
D unit	18.3%	15.8%	6.9%	4.3%	-2.5%
E unit	19.7%	14.6%	6.5%	2.9%	-2.8%
Index*	26.5%	-2.4%	-2.1%	-9.6%	-4.5%

*MSCI EFM Central and Eastern Europe & CIS ex Russia



Net return of Fund units, in EUR

Performance of Fund's NAV (31/12/2008-30/06/2016)

The selection of companies in the Fund portfolio offers solid value in long-term perspective trading at 10.4x 2016f P/E, below the 11.8x of the regional benchmark index, and 4.9x 2016f EV/EBITDA. Our value driven bottom-up approach favours companies with strong balance sheets and solid sustainable dividend pay-out capacity. The aggregate net gearing of our portfolio companies stands at 28% and the dividend yield at 5%.

Kristel Kivinurm-Priisalm
 Fund Manager and Member of the Management Board
 15 August 2016

CONFIRMATION OF SEMI-ANNUAL FINANCIAL STATEMENTS FOR 2016

The Management Board of the Fund Management Company has prepared the annual Financial Statements of Avaron Emerging Europe Fund on 15 August 2016.

The Financial Statements have been prepared in compliance with the requirements stipulated in the Estonian Accounting Act, the Investment Funds Act and Minister of Finance Regulation no 21 of 13/04/2011 "Requirements for the reports of investment funds to be published". It gives a true and fair view of the assets, liabilities, net asset value and performance results of Avaron Emerging Europe Fund. The Management Board considers Avaron Emerging Europe Fund to carry its activities as a going concern.

The semi-annual Financial Statements of Avaron Emerging Europe Fund have been approved by the Fund Management Company and the fund managers.

Name	Date	Signature
Kristel Kivinurm-Priisalm Member of the Management Board of the Fund Management Company / Fund manager	15/08/2016	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company / Fund manager	15/08/2016	/Signed digitally/
Peter Priisalm Fund manager	15/08/2016	/Signed digitally/

BALANCE SHEET

In EUR

ASSETS	Note	30/06/2016	31/12/2015
Cash and cash equivalents	3	14,133,786	7,687,081
Financial assets at fair value through profit or loss:	4		
Shares and units		35,886,540	34,696,222
Bonds		2,418,332	2,492,591
Receivables and prepayments	4; 6	493,059	26,969
TOTAL ASSETS		52,931,717	44,902,863
LIABILITIES			
Other financial liabilities			
Payables to the management company	4; 7	995,676	693,615
Payables to the depository	4	13,079	12,775
Other liabilities	4	454,362	6,042
TOTAL LIABILITIES (except net assets attributable to holders)		1,463,117	712,432
NET ASSETS ATTRIBUTABLE TO HOLDERS		51,468,600	44,190,431

STATEMENT OF INCOME AND EXPENSES

In EUR

INCOME	Note	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Interest income		74,469	96,341
From bonds		74,107	95,948
From deposits		362	393
Dividend income			
From shares and units		1,297,596	865,928
Net gain/loss from financial assets at fair value through profit or loss		-2,068,864	1,902,219
From shares and units	5	-2,156,405	1,500,138
From bonds	5	87,541	374,824
From derivative instruments	5	-	27,257
Net gain/loss from foreign exchange		-194,538	-133,495
TOTAL INCOME		-891,337	2,730,993
OPERATING EXPENSES			
Management fees	7	259,371	236,554
Performance fees	7	382,176	56,011
Custodian fees		60,735	60,929
Transaction fees		2,338	1,623
Other operating expenses		7,094	5,950
TOTAL OPERATING EXPENSES		711,714	361,066
NET INCOME		-1,603,051	2,369,927

STATEMENT OF CHANGES IN NET ASSETS

In EUR	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	44,190,430	39,174,466
Cash received for fund units issued	15,437,669	13,031,088
Cash paid for fund units redeemed	-6,556,448	-11,665,481
Net result of the Fund	-1,603,051	2,369,927
NET ASSET VALUE AT THE END OF THE PERIOD	<u>51,468,600</u>	<u>42,910,001</u>
Number of A units in circulation at the end of the period:	204,310.145	215,985.346
Number of B units in circulation at the end of the period:	579,930.812	775,850.605
Number of C units in circulation at the end of the period:	57,048.694	99,648.815
Number of D units in circulation at the end of the period:	666,841.827	588,305.770
Number of E units in circulation at the end of the period:	<u>3,181,916.677</u>	<u>2,241,338.833</u>
Net asset value of an A unit:	4.1254	4.3024
Net asset value of an B unit:	4.3330	4.4962
Net asset value of an C unit:	14.8524	15.4117
Net asset value of an D unit:	12.5002	13.0693
Net asset value of an E unit:	<u>12.2347</u>	<u>13.0582</u>

STATEMENT OF CASH FLOWS

In EUR

	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	106,362	120,047
Dividends received	878,906	644,182
Net result from foreign exchange	-20,702	33,079
Sale of investments	5,001,085	3,472,275
Purchase of investments	-8,110,392	-10,501,670
Operating expenses paid	-410,756	-318,629
	-2,555,496	-6,550,716
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of unit	15,433,143	13,001,690
Payments on redemption of units	-6,385,479	-11,865,427
	9,047,664	1,136,263
TOTAL CASH FLOWS	6,492,168	-5,414,453
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	7,687,081	11,460,629
Effect of exchange rate fluctuations on cash and cash equivalents	-45,463	-13,065
Cash and cash equivalents at the end of the period	14,133,786	6,033,111

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Emerging Europe Fund for 2016 have been prepared in compliance with the Estonian Accounting Act, effective Investment Funds Act as supplemented by the regulations of the Minister of Finance. As stipulated in Minister of Finance Regulation no 21 of 13/04/2011 "Requirements for the reports of investment funds to be published" the financial statements have been prepared using the accounting policies and information presentation principles of International Financial Reporting Standards (hereafter: "IFRS") approved by European Commission taking into account the specifications of the regulation and Rules for Calculating Net Asset Value of Funds.

The financial statements have been prepared in EUR, which is also Fund's functional and presentation currency.

The main accounting principles used when preparing the financial statements have been set out below.

The following standards and interpretations have been used for the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The adoption of these amendments to the existing standards has not led to any changes in the Fund's accounting policies.

Standards and interpretations issued by IASB but not yet adopted by the EU

At present, the IFRS' as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at date of publication of the financial statements:

- IFRS 9 "Financial Instruments" (Effective for annual periods beginning on or after 1 January 2018),
- IFRS 14 "Regulatory Deferral Accounts". The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018; not yet endorsed for use in the EU),
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019; not yet endorsed for use in the EU),
- IFRS 2 "Share-based Payment" (Effective for annual periods beginning on or after 1 January 2018),
- IAS 12 "Income Taxes" - Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- IAS 7 "Statement of Cash Flows" (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (EU endorsement currently halted),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (overall effective for annual periods beginning on or after 1 January 2016).

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and semi-annual report.

At the same time the hedge accounting principles for the portfolio of financial assets and liabilities that have not been adopted by the EU, are still unregulated. According to the Fund's estimates, the application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as at the balance sheet date.

Use of estimates and judgements

The preparation of the financial statements calls for the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements have been used according to the best knowledge based on prior experience and other factors that the management considers reasonable under circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis.

Financial instruments are recognized in the balance sheet at fair value taking into account the principles stipulated in the Rules for Calculating Net Asset Value of Funds approved by the management board. Prices quoted in active markets are mostly used for measuring the fair value of financial instruments. If the prices in active markets are not available other valuation models are being used according to the Rules for Calculating Net Asset Value of Funds. Main risks involved with the estimates and judgements that may affect the value of the Fund's assets and liabilities are

related to measuring the fair value of financial instruments that are based on valuation models that use unobservable inputs.

Foreign currency transactions

Upon recording foreign currency transactions, the last bid rate established by the depositary for the funds managed by AS Avaron Asset Management on the transaction date has been used (hereinafter referred to as the depositary bid rate). The rate is based on market inputs. The assets and liabilities fixed in foreign currency are translated into EUR based on the depositary bid rate applicable on the balance sheet date.

Gains and losses from foreign currency transactions are recorded in the statement of income and expenses under “Gain/ (loss) from transactions in foreign currencies” on net basis.

Financial instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets include cash, contractual right to receive cash or another financial assets (for example receivables) from another entity, equity instruments of other entity and contractual rights to exchange financial assets with another entity under potentially favourable conditions. Financial liabilities include contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets with another entity under potentially unfavourable conditions.

Financial assets and liabilities are initially recorded at cost, which is the fair value of the consideration paid or received to acquire the financial asset or liability. Financial instruments are later divided into four categories in accordance to the principles of IAS 39 taking into account the purpose of their acquisition:

1. financial assets at fair value through profit or loss,
2. financial assets held to maturity,
3. loans and receivables,
4. financial assets available for sale.

The Fund does not hold financial assets held to maturity and available for sale.

Financial instruments at fair value through profit and loss

Classification

The Fund classifies its investments into debt, equity and derivative instruments as financial assets or liabilities through profit or loss. This category has two sub-categories: held for trading and financial assets and liabilities through profit and loss – designation upon initial recognition. The Fund reports all the investments under the second category as designated at fair value through profit and loss using the fair value option on initial recognition according to the Fund’s investment strategy.

Recognition

During normal economic activities recognising investments into shares and units, bonds and derivative instruments trade date accounting principles are used. Trade date is defined as when the Fund takes the obligation to buy or sell the investment. Financial assets and liabilities are initially recognised at acquisition cost, which is the fair value of the consideration paid for the

financial asset. Initial acquisition cost of financial assets at fair value through profit or loss includes direct expenses related to financial asset or liability (commission). According to IFRS 13 these commissions should be recognized directly in statement of income and expenses. Commissions recognized at acquisition cost are insignificant and have no impact on Fund's assets or net income. Commissions are shown in semi-annual report under "Net gain/loss from financial assets at fair value through profit and loss" through revaluation. If the commissions were directly expensed, they would have been included under operating expenses.

After initial recognition all financial assets and liabilities are measured at fair value in the category "At fair value through profit or loss". Gains/ (losses) from the revaluation of securities are recorded in the statement of income and expenses under "Net gain/loss from financial assets at fair value through profit or loss".

Dividend income from financial assets at fair value through profit or loss are recorded in the statement of income and expenses under "Dividends" at the moment when the Fund's right to the dividend is fixed.

Fair value of financial instruments

Fair value is the price that would be received upon selling an asset or paid upon transferring a liability in an orderly transaction in the principal market (or the most advantageous market) (i.e. exit price) between market participants at the measurement date, irrespective if the price is easily traceable or shall be determined using other valuation techniques. According to the fair value hierarchy stipulated in IFRS 13 the financial instruments at fair value shall be divided into three levels depending on the rate of observable inputs used:

- level 1 – unadjusted quoted prices in active market for identical assets or liabilities,
- level 2 – inputs other than quoted prices in level 1 that are observable directly or indirectly,
- level 3 – unobservable inputs for an asset or liability.

Observable inputs are considered inputs that shall be determined based on the market data (such as publicly available information about actual events or transactions) that reflect the assumptions which market participants would use when pricing an asset or liability. When a fair value measurement is developed using inputs from multiple levels of the fair value hierarchy, the fair value measurement of that instrument shall fall entirely into the lowest level from which the inputs have been used.

If an instrument is traded on multiple regulated markets the one that is more liquid and the most representative based on professional judgement is considered as the principal market.

Measuring the fair value of financial instruments is based on the Rules for Calculating Net Asset Value of Funds approved by the management board. General principles are the following:

- The market value of shares traded on a regulated market is determined on the basis of the official closing price on the balance sheet date. If the closing price is unavailable, the official mid price is used. If mid price is also unavailable, the last official bid price is used.
- In Avaron's opinion the market price of bonds may not reflect the fair value of the securities even when the market price is available. The value of bonds not traded on a regulated market is determined based on the average of the bid and ask quotes as provided by the price feed service provider being used. If the quotes are not available or if the quotes do not reflect the fair value of the bond in the opinion of the Fund Management Company, the price is determined based on the yield curve method.

- The value of options not traded on a regulated market is determined based on the Black & Scholes valuation model. The inputs that are necessary for the calculation are determined by the Fund Management Company after consulting with the counterparty of the option.

Derecognition

Securities are removed from the balance sheet when the Fund has lost control over the corresponding financial assets either as a result of selling or expiry of their term. FIFO method is used in accounting for the realised gains/ (losses) from securities transactions. The line "Sales profit/ (loss)" in the statement of income and expenses indicates the difference between the sales amount of an instrument and the corresponding acquisition cost. The sale amount of securities includes commissions related to the transaction.

Offsetting

Financial assets and liabilities at fair value through profit and loss are offset only when the Fund has a legal right to offset the amounts and intends to use the right.

Cash and cash equivalents and cash flows

Cash and cash equivalents comprise Fund's current accounts and over-night deposits that are subject to an insignificant risk of changes in their fair value

Cash flows from operating activities are reported using the direct method.

Deposits

Deposits comprise term deposits of credit institutions given that their term is at maximum 12 months. Deposits are initially recognised at acquisition cost and subsequently measured at amortized cost using effective interest rate method.

Receivables

Receivables include revenues calculated on the accrual basis but not received yet including dividend receivables and other accrued income. Miscellaneous receivables include receivables from unsettled sale transactions.

Receivables are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method from which any possible impairment loss has been deducted.

Other financial liabilities

Other financial liabilities include management fee and performance fee payables to the Fund Management Company, depository fee and transaction fee payables to the depository. Liabilities also include payables to Fund unit holders for redeemed units. Miscellaneous liabilities include payables for securities purchase transactions.

Other financial liabilities are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method.

Fund units

The Fund has seven classes of units which are redeemable at demand of unit-holder. Different rights are attached to different unit classes. All the unit classes are reported as financial liabilities. Units shall be issued, redeemed and switched on every banking day according to the Fund rules. The redemption price of a unit is equal to the net asset value of the unit as of the trade date from which the redemption fee and penalty charge may be deducted.

The net asset value of a Unit is determined by dividing the total net asset value of a class of Units by the number of Units of that class that have been issued and not redeemed (adjusted by the number of Units from unsettled subscription and redemption orders that have been received by the management company). The income of the Fund shall not be distributed to unit holders but shall be reinvested. A unit holder's profit or loss shall be reflected in changes in Unit's net asset value.

Interest and dividend income

Interest income is recognised on accrual basis using the effective interest rate method. It comprises reported interest from cash and cash equivalents, deposits and debt instruments at fair value through profit or loss.

Received dividends are recorded under "Dividends" at the moment when the shareholder's right to the dividend is fixed.

Operating expenses

The operating expenses of the Fund include the management fee and performance fee payable to the management company, the depository fee payable to the Fund's depository, fund administration fees, fees to the registrar of fund units, transaction fees and other operating expenses stated in the Fund rules. Transaction fees related to security purchase and sales transactions are recorded under "Transaction fees" in the statement of income and expenses. Commissions which arose and were paid in acquisition of securities, but are not clearly identifiable are included within the acquisition cost of securities.

Related parties

Parties that are considered as related parties to the Fund are management company AS Avaron Asset Management, other investment funds managed by the management company, all group companies. According to the Fund rules the Fund pays management fees to the management company on monthly basis. Transactions with group companies have been made at market conditions.

NOTE 2. RISK MANAGEMENT

Short Overview of Investment and Risk Management Techniques

The Fund Management Company deploys value investing and stock-picking investment style with focus on company-specific analysis. Company analysis comprises 3 phases: quantitative screening, qualitative analysis and valuation work. During the quantitative phase we conduct analysis of company liquidity and basic financial statements. Should a company fulfil our criteria, we will interview the management during qualitative analysis phase. During a management interview, among other things, we study the company's business model, strategy, growth prospects, transparency, dividend policy and compliance to UN Principles for Responsible Investing. If a company has successfully passed the qualitative phase, we develop a financial model on the company and determine its target price. Companies with highest upside to target price adjusted to liquidity, transparency, business model cyclicalities and other risk parameters are invested in.

Portfolio liquidity analysis and diversification among sectors, countries, currencies and instruments are the main risk management tools used. In addition, the Fund Management Company may use derivatives to hedge or take directional exposure in currencies. The Fund Management Company actively follows financial results of companies and makes relevant changes in the Fund portfolio based on companies' upside to target prices.

The Fund Management Company has established procedures for internal risk management in order to identify, monitor, measure and hedge the risks associated to the Fund's investments. The Fund Management Company regularly examines that the Fund is in compliance with its investment restrictions.

Credit risk

Credit risk is the risk that the issuer of securities where the Fund has invested or the counterparty to a transaction on account of the Fund fails to perform its obligations either fully or partially (e.g. an issuer fails to redeem issued debt obligations, a counterparty to a trade does not deliver securities or cash during the settlement, a counterparty defaults on a loan granted by the Fund) cause damage to the Fund.

Maximum exposure to credit risk as of the end of the period in EUR:

	30/06/2016	% of NAV	31/12/2015	% of NAV
Cash and cash equivalents	14,133,786	27.46%	7,687,081	17.40%
Corporate bonds	2,418,332	4.70%	2,492,591	5.64%
Receivables and prepayments	493,059	0.96%	26,969	0.06%
TOTAL	17,045,177	33.12%	10,206,641	23.10%

Fund's assets are invested in bonds that are liquid and transferable. Basic financial data of the issuer and terms of the issue (prospectus) will be analysed in case of debt securities with investment grade rating by S&P (or Moody's equivalent) of BBB- or higher. In case of debt securities with no rating / non-investment grade rating, higher due diligence requirements apply.

Allocation of bonds according to rating in Standard & Poor's rating scale in EUR:

	30/06/2016	% of NAV	31/12/2015	% of NAV
BB	2,418,332	4.70%	2,357,903	5.34%
No rating	-	-	134,688	0.30%
TOTAL	2,418,332	4.70%	2,492,591	5.64%

The Fund's cash and cash equivalents are held with Fund's depository Swedbank, which is rated AA- as of 17/02/2016.

Liquidity risk

Liquidity risk is the risk that a financial instrument cannot be sold due to low liquidity at the time desired or at a reasonable price, or there is no market (buyer) at all. Liquidity risk is particularly relevant in case of investing into small cap companies and in instruments not traded on a regulated securities market.

Liquidity risk is managed through regular liquidity analysis and limitations on estimated exit times from positions and share capital/ free float ownership.

The Fund maintains the credit lines of 1,000,000 EUR that it can access to meet short-term liquidity needs. These resources have not been used as of 30/06/2016.

Maximum exposure of financial liabilities according to the maturity as of the end of the period in EUR:

	Up to 3 days		Up to 1 month		Over 1 month	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Payables to the management company	-	-	995,676	693,615	-	-
Payables to the depository	-	-	13,079	12,775	-	-
Payables for redeemed units	174,407	3,437	-	-	-	-
Other liabilities	278,756	-	-	-	1,199	2,605
Assets attributable to holders	-	-	-	-	51,468,600	44,190,431
TOTAL	453,163	3,437	1,008,755	706,390	51,469,799	44,193,036

Positions that may take more than 7 days to liquidate based on six months average trading volume (30% of trading volume).

Instrument	Country	Sector	% of NAV	
			30/06/2016	31/12/2015
SC FONDUL PROPRIETATEA SA	Romania	Utilities	3.75%	-
KRKA	Slovenia	Health Care	3.49%	3.41%
BRD Gr Societe Generale SA RON	Romania	Financials	3.24%	4.66%
ATRIUM EUROPEAN REAL ESTATE	Austria	Real Estate	2.15%	1.90%
TALLINK GRUPP	Estonia	Consumer Discretionary	2.05%	2.24%
TRANSELECTRICA SA	Romania	Utilities	1.54%	2.28%
NUCLEARELECTRICA SA	Romania	Utilities	1.21%	1.80%

Instrument	Country	Sector	% of NAV	
			30/06/2016	31/12/2015
ANADOLU HAYAT EMEKLILIK SHARE	Turkey	Insurance	1.19%	-
PEGAS NONWOVENS CZK	Luxembourg	Consumer Discretionary	1.02%	0.00%
ADVANCE TERRAFUND SHARE	Bulgaria	Real Estate	0.79%	0.77%
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	0.67%	0.65%
PRIME CAR MANAGEMENT SA	Poland	Industrial	0.59%	0.85%
TELEKOM SPRSKE AD BANJA LUKA	Bosnia & Herzegovina	Telecom	0.28%	0.44%
KOMERCIJALNA BANKA AD SKOPJE S	Macedonia	Financials	0.23%	0.28%
SNT GAZE NATURALE TRANSGAZ SA	Romania	Energy	-	1.82%
LHV GROUP SUBORDIN 29.10.25	Estonia	Financials	-	0.30%
TOTAL			22.20%	21.40%

Market risk

Market risk is the risk of suffering losses due to adverse price movements at a specific securities market or at a market for other assets. Adverse price movements may be caused by a country's weak macroeconomic data, poor financial results of an industry sector, unstable securities market, investor behaviour and psychology and other factors.

Diversification among sectors, countries, currencies and instruments are the main risk management tools used.

Currency risk

Fund is open to foreign currency risk. Currency breakdown of Fund's assets in EUR:

	30/06/2016	% of Fund's assets	31/12/2015	% of Fund's assets
EUR	23,572,533	44.53%	18,139,033	40.40%
TRY	8,262,025	15.61%	4,971,270	11.07%
RON	7,291,451	13.78%	7,970,391	17.75%
PLN	6,889,932	13.02%	6,274,343	13.97%
CZK	4,634,885	8.76%	4,589,515	10.22%
HUF	908,986	1.72%	1,800,541	4.01%
BGN	775,806	1.47%	676,394	1.51%
HRK	307,784	0.58%	-	-
BAM	144,525	0.27%	192,301	0.43%
MKD	116,183	0.22%	123,313	0.27%
RSD	27,608	0.05%	165,763	0.37%
KOKKU	52,931,717	100.00%	44,902,863	100.00%

Currency risk sensitivity analysis

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 30 June 2016. The sensitivity analysis uses the weakening of foreign currency rates against EUR during the last seven years from the highest value to the lowest. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2015 has been made with using the same assumptions.

The impact on net assets attributable to holders and net income:

	30/06/2016			31/12/2015		
	Currency weakening	Possible impact	Currency's % of NAV	Currency weakening	Possible impact	Currency's % of NAV
TRY	-46%	-3,749,415	16.05%	-46%	-2,086,796	11.25%
PLN	-17%	-1,190,990	13.39%	-23%	-910,442	14.20%
RON	-13%	-956,504	14.17%	-13%	-1,170,321	18.04%
CZK	-16%	-758,327	9.00%	-19%	-1,016,322	10.39%
HUF	-20%	-183,409	1.77%	-20%	-269,154	4.07%
HRK	-11%	-31,371	0.60%	-12%	-	-
BGN	-3%	-22,765	1.51%	-5%	-33,765	1.53%
MKD	-11%	-12,320	0.22%	-11%	-10,804	0.28%
RSD	-26%	-7,193	0.05%	-28%	-43,253	0.38%
BAM	-5%	-6,994	0.28%	-4%	-9,417	0.44%
TOTAL		-6,919,288	57.04%		-5,550,275	60.56%

Instrument's price risk

Price risk is closely related to market risk but mainly affects a specific security or investment. Price risk is the risk of suffering losses due to adverse price movements of a specific stock or another investment. The price of an issuer's securities is affected by developments in the issuer's financial results, changes in competitive environment, analyst estimates and commentaries, etc.

Concentration of risk of Fund's investments based on sectors as of the end of the period in EUR:

	30/06/2016	% of NAV	31/12/2015	% of NAV
Financials	17,189,204	33.40%	16,909,418	38.26%
Real estate	5,543,707	10.77%	5,186,572	11.74%
Utilities	5,027,504	9.77%	5,890,733	13.33%
Energy	3,181,095	6.18%	4,152,634	9.40%
Consumer Discretionary	2,286,729	4.44%	1,938,415	4.39%
Health Care	2,268,294	4.41%	2,091,643	4.73%
Industrial	1,751,080	3.40%	827,096	1.87%
Insurance	613,296	1.19%	-	-
Telecom	443,962	0.86%	192,301	0.44%
TOTAL	38,304,872	74.42%	37,188,813	84.16%

Concentration of risk of Fund's investments based on geographic location as of the end of the period in EUR:

	30/06/2016	% of NAV	31/12/2015	% of NAV
Austria	9,620,741	18.69%	8,269,928	18.71%
Turkey	8,262,025	16.05%	4,971,270	11.25%
Romania	6,093,924	11.84%	7,970,391	18.04%
Poland	5,052,745	9.82%	6,274,343	14.20%
Czech Rep.	4,109,966	7.99%	4,108,035	9.30%
Slovenia	1,796,167	3.49%	1,508,337	3.41%
Estonia	1,056,788	2.05%	1,125,571	2.55%
Bulgaria	755,324	1.47%	627,317	1.42%

	30/06/2016	% of NAV	31/12/2015	% of NAV
Luxembourg	524,919	1.02%	481,480	1.09%
Hungary	472,127	0.92%	1,370,764	3.10%
Croatia	299,438	0.58%	-	-
Bosnia & Herzegovina	144,525	0.28%	192,301	0.44%
Macedonia	116,183	0.23%	123,313	0.28%
Serbia	-	-	165,763	0.38%
TOTAL	38,304,872	74.42%	37,188,813	84.16%

Instrument's price risk sensitivity analysis

Sensitivity analysis is based on standard deviation of the Fund since launch, whereas the Fund's risk profile has been calculated based on normal distribution. The analysis assumes that all the other variables remain constant. Analysis as per 31 December 2015 has been made with using the same assumptions.

	probability	+/- possible change of Fund's NAV during year/half-year	
		2016	2015
σ	68.27%	14.21%	14.23%
2σ	95.45%	28.41%	28.46%
3σ	99.73%	42.62%	42.69%

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by currency

	30/06/2016	% of NAV, converted into EUR	31/12/2015	% of NAV, converted into EUR
EUR	10,605,778	20.61%	7,208,227	16.31%
PLN	8,044,855	3.57%	-	-
RON	5,419,887	2.33%	-	-
HUF	138,091,096	0.85%	135,964,330	0.97%
RSD	3,407,117	0.05%	-	-
BGN	40,059	0.04%	95,989	0.11%
HRK	62,838	0.02%	-	-
TOTAL		27.47%		17.40%

NOTE 4. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES TO CATEGORIES AND LEVELS

In EUR

30/06/2016

	Designated as at fair value			Loans and receivables			Other financial liabilities		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	14,133,786	-	-	-	-	-
Shares and units	35,886,540	-	-	-	-	-	-	-	-
Bonds	2,418,332	-	-	-	-	-	-	-	-
Receivables for units subscribed	-	-	-	-	15,251	-	-	-	-
Dividend receivable	-	-	-	-	428,252	-	-	-	-
Dividend tax reclaims	-	-	-	-	5,784	-	-	-	-
Receivables for securities transactions	-	-	-	-	43,772	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	995,676	-
Payables to the depository	-	-	-	-	-	-	-	13,079	-
Payments on redemption of units*	-	-	-	-	-	-	-	174,407	-
Other liabilities*	-	-	-	-	-	-	-	279,955	-
Net assets attributable to holders	-	-	-	-	-	-	51,468,600	-	-
TOTAL	38,304,872	-	-	14,133,786	493,059	-	51,468,600	1,463,117	-

* Liabilities are carried in the balance sheet under "Other liabilities"

According to the estimates of the Fund Management Company the carrying value of financial instruments "Loans and receivables" and other financial liabilities amounts approximate fair value.

There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

31/12/2015

	Designated as at fair value			Loans and receivables			Other financial liabilities		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	7,687,081	-	-	-	-	-
Shares and units	34,696,222	-	-	-	-	-	-	-	-
Bonds	2,492,591	-	-	-	-	-	-	-	-
Receivables for units subscribed	-	-	-	-	10,725	-	-	-	-
Dividend receivable	-	-	-	-	10,461	-	-	-	-
Dividend tax reclaims	-	-	-	-	5,783	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	693,615	-
Payables to the depository	-	-	-	-	-	-	-	12,775	-
Payments on redemption of units*	-	-	-	-	-	-	-	3,437	-
Other liabilities*	-	-	-	-	-	-	-	2,605	-
Net assets attributable to holders	-	-	-	-	-	-	44,190,431	-	-
TOTAL	37,188,813	-	-	7,687,081	26,969	-	44,190,431	712,432	-

* Liabilities are carried in the balance sheet under "Other liabilities"

According to the estimates of the Fund Management Company the carrying value of financial instruments "Loans and receivables" and other financial liabilities amounts approximate fair value.

There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In EUR

	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Net gain/loss from financial assets at fair value through profit or loss		
From shares and units		
Sales profit/(-loss)	671,028	432,179
Unrealised profit /(-loss)	-2,827,434	1,067,959
From bonds		
Sales profit/(-loss)	4,042	28,101
Unrealised profit /(-loss)	83,500	346,723
From derivative instruments		
Sales profit/(-loss)	-	27,257
Unrealised profit /(-loss)	-	-
Total net gain/loss	-2,068,864	1,902,219

Sales profit/loss and unrealised profit/loss include commissions paid to brokers on acquisition and disposal of securities. According to the principles of IAS 39 and IFRS 13 the commissions should be reflected in the statement of income and expenses under transaction costs. According to the estimates of the Fund Management Company the effect of commissions to net gain/loss from financial assets is not significant.

NOTE 6. RECEIVABLES AND PREPAYMENTS

In EUR

	30/06/2016	31/12/2015
Receivables for units subscribed	15,251	10,725
Dividend receivable	428,252	10,461
Dividend tax reclaims	5,784	5,783
Receivables for securities transactions	43,772	-
TOTAL	493,059	26,969

NOTE 7. TRANSACTIONS WITH RELATED PARTIES

In addition to the Fund Management Company related parties to the Fund are considered to be companies belonging to the same group, other investment funds managed by the Management Company and shareholders of the management company.

The transactions with related parties were as follows:

	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Fund Management Company		
Paid management and performance fees	339,487	292,564

The balances outstanding with related parties were as follows:

	30/06/2016	31/12/2015
Fund Management Company		
Management and performance fee payable	995,676	693,615

Shareholders of the Fund Management Company owned the units of Avaron Emerging Europe Fund 42,538 EUR in market value as of 30/06/2016 (31/12/2015: 43,447 EUR).

NOTE 8. OTHER INFORMATION

Total expense ratio (TER)

The total expense ratios (including management, performance fees, depository fees and other fees) of different unit classes are set out below. Total expense ratios are on semi-annual basis.

	TER without performance fees	TER with performance fees
A units	2.04%	2.04%
B units	1.54%	1.54%
C units	1.54%	1.54%
D units	2.29%	2.29%
E units	1.14%	4.21%

Portfolio turnover rate

The Fund's portfolio turnover ratio calculated by taking the lesser of purchases or sales and dividing by average monthly net assets amounted to 10.8% in the first six months of 2016 (22.2% in 2015).

Adjusted to the Fund inflows and outflows the Fund's portfolio turnover rate amounted to -18.1% in the first six months of 2016 (-10.5% in 2015).

$$\text{Portfolio Turnover Rate}\% = \frac{(\text{Total 1 EUR} - \text{Total 2 EUR})}{\text{Average net assets in EUR}} * 100$$

Where

$$\begin{aligned} \text{Total 1} &= \sum \text{securities purchases} + \sum \text{securities sales} \\ \text{Total 2} &= \sum \text{units issued} + \sum \text{units redeemed} \end{aligned}$$

REPORT OF INVESTMENTS

In EUR as of 30/06/2016

Name	ISIN	Country	Nominal value	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
KOMERCNI BANKA	CZ0008019106	CZ	100.00	CZK	87,535	34.61	3,029,964	33.56	2,937,850	5.71%
ERSTE GROUP BANK AG	AT0000652011	AT	0.00	EUR	107,397	20.17	2,166,472	20.31	2,181,233	4.24%
OMV AG	AT0000743059	AT	0.00	EUR	83,248	27.67	2,303,101	25.22	2,099,098	4.08%
YAPI VE KREDI BANKASI SHARE	TRAYKBNK91N6	TR	1.00	TRY	1,659,580	1.10	1,821,266	1.24	2,061,526	4.01%
PKO BANK POLSKI	PLPKO0000016	PL	1.00	PLN	374,174	8.85	3,310,680	5.32	1,989,260	3.85%
SC FONDUL PROPRIETATEA SA	ROFPTAACNOR5	RO	0.85	RON	12,028,852	0.15	1,863,360	0.16	1,929,549	3.75%
IS GAYRIMENKUL YATIRIM ORTAK	TRAIISGYO91Q3	TR	1.00	TRY	3,559,310	0.37	1,330,867	0.52	1,866,305	3.63%
IMMOFINANZ AG	AT0000809058	AT	0.00	EUR	945,394	2.20	2,075,950	1.92	1,817,047	3.53%
KRKA	SI0031102120	SI	400.00	EUR	31,429	59.54	1,871,161	57.15	1,796,167	3.49%
BRD Gr Societe Generale SA RON	ROBRDBACNOR2	RO	1.00	RON	769,654	2.16	1,662,027	2.17	1,666,544	3.24%
TURKIYE HALK BANKASI	TRETHAL00019	TR	1.00	TRY	588,270	3.57	2,098,894	2.67	1,567,986	3.05%
BANK PEKAO SA	PLPEKAO00016	PL	1.00	PLN	47,900	31.38	1,502,982	31.30	1,499,165	2.91%
CESKE ENERGETICKE ZAVODY AS	CZ0005112300	CZ	100.00	CZK	76,691	22.29	1,709,505	15.28	1,172,116	2.28%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	AT	0.00	EUR	286,500	3.76	1,075,908	3.86	1,105,030	2.15%
SNGN ROMGAZ SA	ROSNGNACNOR3	RO	1.00	RON	195,100	8.04	1,568,703	5.55	1,081,997	2.10%
TALLINK GRUPP	EE3100004466	EE	0.60	EUR	1,156,223	0.95	1,100,526	0.91	1,056,788	2.05%
TAV HAVALIMANLARI HOLDING	TRETAVH00018	TR	1.00	TRY	237,446	4.91	1,166,848	3.85	913,767	1.77%
TRANSELECTRICA SA	ROTELACNOR9	RO	10.00	RON	130,116	5.45	709,183	6.10	793,478	1.54%
BANK ZACHODNI WBK SA	PLBZ00000044	PL	10.00	PLN	12,518	60.64	759,098	60.00	751,126	1.46%
FORD OTOMOTIV SANAYI AS	TRAOTOSN91H6	TR	1.00	TRY	73,820	8.98	662,787	9.55	705,022	1.37%
NUCLEARELECTRICA SA	ROSNNEACNOR8	RO	10.00	RON	561,100	2.04	1,145,179	1.11	622,356	1.21%
ANADOLU HAYAT EMEKLILIK SHARE	TRAANYHT91O3	TR	1.00	TRY	389,109	1.51	589,298	1.58	613,296	1.19%
TURK TRAKTOR VE ZIRAAT MAKIN	TRETRK00010	TR	1.00	TRY	20,373	20.90	425,829	26.22	534,123	1.04%
PEGAS NONWOVENS CZK	LU0275164910	LU	1.24	CZK	17,822	19.50	347,541	29.45	524,919	1.02%
ENERGA SA	PLENERG00022	PL	10.92	PLN	235,080	3.09	726,709	2.17	510,005	0.99%
RICHTER GEDEON NYRT	HU0000123096	HU	100.00	HUF	26,414	12.20	322,157	17.87	472,127	0.92%
PRIME CAR MANAGEMENT SA	PLPRMCM00048	PL	2.00	PLN	42,827	10.44	446,972	7.08	303,190	0.59%
HRVATSKI TELEKOM DD	HRHT00RA0005	HR	100.00	HRK	15,936	18.66	297,331	18.79	299,438	0.58%
TELEKOM SPRSKE AD BANJA LUKA	BA100TLKMRA2	BA	1.00	BAM	233,608	0.74	172,174	0.62	144,525	0.28%
KOMERCIJALNA BANKA AD SKOPJE S	MKKMBS101019	MK	1,000.00	MKD	3,286	62.23	204,491	35.36	116,183	0.23%
SHARES TOTAL							38,466,963		35,131,216	68.26%

Statement of investments as of 30/06/2016 (continued)

Name	ISIN	Country	Nominal value	Fund Management Company	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
REAL ESTATE FUNDS											
ADVANCE TERRAFUND SHARE	BG1100025052	BG	1.00	KAROLL FINANCE	BGN	400,594	0.66	265,179	1.02	408,602	0.79%
BULGARIA REAL ESTATE FUND	BG1100001053	BG	1.00	BULGARIA REAL ESTATE FUND	BGN	362,649	0.52	189,792	0.96	346,722	0.67%
REAL ESTATE FUNDS TOTAL								454,971		755,324	1.46%
FUNDS TOTAL								454,971		755,324	1.46%

Name	ISIN	Country	Nominal value	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
BONDS*													
RAIFFEISEN BK 6.625% 18.05.21	XS0619437147	AT	100,000.00	18/05/2021	6.625%	Ba2	EUR	1,600,000	93.95	1,503,200	105.48	1,700,104	3.30%
RAIFFEISEN BK 6.000% 16.10.23	XS0981632804	AT	100,000.00	16/10/2023	6.000%	Ba2	EUR	700,000	82.40	576,800	98.37	718,228	1.40%
BONDS TOTAL										2,080,000		2,418,332	4.70%

* Accrued interest in the amount of 42,094.24 EUR has been added to the value of bonds.

Name	ISIN	Country	Starting date	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
CASH													
CURRENT ACCOUNT		EE					EUR			10,605,778		10,605,778	20.61%
CURRENT ACCOUNT		EE					PLN			1,837,186		1,837,186	3.57%
CURRENT ACCOUNT		EE					RON			1,197,527		1,197,527	2.33%
CURRENT ACCOUNT		EE					HUF			436,859		436,860	0.85%
CURRENT ACCOUNT		EE					RSD			27,608		27,608	0.05%
CURRENT ACCOUNT		EE					BGN			20,481		20,481	0.04%
CURRENT ACCOUNT		EE					HRK			8,346		8,346	0.01%
CURRENT ACCOUNT TOTAL										14,133,786		14,133,786	27.46%
INVESTMENT TOTAL										55,135,720		52,438,658	101.88%

Statement of investments as of 30/06/2016 (continued)

Name	ISIN	Country	Starting date	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
OTHER ASSETS													
DIVIDEND RECEIVABLES												428,252	0.83%
RECEIVABLES FOR SECURITIES TRANSACTIONS												43,772	0.09%
RECEIVABLES FOR UNITS SUBSCRIBED												15,251	0.03%
DIVIDEND TAX RECLAIMS												5,784	0.01%
OTHER ASSETS TOTAL												493,059	0.96%
TOTAL ASSETS OF THE FUND									55,135,720	52,931,717	102.84%		
LIABILITIES												-1,463,117	-2.84%
NET ASSETS OF THE FUND												51,468,600	100.00%

In EUR as of 31/12/2015

Name	ISIN	Country	Nominal value	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
KOMERCNI BANKA	CZ0008019106	CZ	500.00	CZK	15,572	174.54	2,717,976	182.94	2,848,747	6.45%
BANK PEKAO SA	PLPEKAO00016	PL	1.00	PLN	74,150	31.84	2,360,877	33.61	2,492,510	5.64%
PKO BANK POLSKI	PLPKO0000016	PL	1.00	PLN	374,174	8.85	3,310,680	6.40	2,395,450	5.42%
OMV AG	AT0000743059	AT	0.00	EUR	83,248	27.67	2,303,101	26.13	2,175,270	4.92%
SC FONDUL PROPRIETATEA SA	ROFPTAACNOR5	RO	1.00	RON	11,924,178	0.15	1,845,677	0.18	2,134,022	4.83%
BRD Gr Soci�ete G�n�rale SA RON	ROBRDBACNOR2	RO	1.00	RON	769,654	2.16	1,662,027	2.67	2,057,626	4.66%
IMMOFINANZ AG	AT0000809058	AT	0.00	EUR	945,394	2.20	2,075,950	2.10	1,986,273	4.49%
IS GAYRIMENKUL YATIRIM ORTAK	TRAISSGYO91Q3	TR	1.00	TRY	3,123,819	0.43	1,330,867	0.56	1,734,032	3.92%
TURKIYE HALK BANKASI	TRETHALO0019	TR	1.00	TRY	506,570	3.65	1,847,148	3.28	1,660,021	3.76%
KRKA	SI0031102120	SI	400.00	EUR	23,134	59.15	1,368,287	65.20	1,508,337	3.41%
CESKE ENERGETICKE ZAVODY AS	CZ0005112300	CZ	100.00	CZK	76,691	22.29	1,709,505	16.42	1,259,288	2.85%
SNGN ROMGAZ SA	ROSNGNACNOR3	RO	1.00	RON	195,100	8.04	1,568,703	6.01	1,172,497	2.65%
TRANSELECTRICA SA	ROSELACNOR9	RO	10.00	RON	156,116	5.36	836,691	6.44	1,005,475	2.28%
TALLINK GRUPP	EE3100004466	EE	0.60	EUR	1,156,223	0.95	1,100,526	0.86	990,883	2.24%
ERSTE GROUP BANK AG	AT0000652011	AT	0.00	EUR	31,530	18.56	585,149	28.91	911,532	2.06%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	AT	0.00	EUR	235,000	3.79	891,189	3.57	838,950	1.90%
SNT GAZE NATURALE TRANSGAZ SA	ROTGNTACNOR8	RO	10.00	RON	13,151	41.27	542,749	61.20	804,867	1.82%
NUCLEARELECTRICA SA	ROSNNEACNOR8	RO	10.00	RON	561,100	2.04	1,145,179	1.42	795,904	1.80%
OTP BANK SHARE	HU0000061726	HU	100.00	HUF	41,520	16.95	703,770	18.97	787,457	1.78%
ENERGA SA	PLENERG00022	PL	10.92	PLN	235,080	3.09	726,709	2.96	696,044	1.58%
YAPI VE KREDI BANKASI SHARE	TRAYKBNK91N6	TR	1.00	TRY	636,310	1.20	766,463	1.04	660,272	1.49%
RICHTER GEDEON NYRT	HU0000123096	HU	100.00	HUF	33,564	12.35	414,683	17.38	583,307	1.32%
PEGAS NONWOVENS CZK	LU0275164910	LU	1.24	CZK	17,822	19.50	347,541	27.02	481,480	1.09%
FORD OTOMOTIV SANAYI AS	TRAOTOSN91H6	TR	1.00	TRY	48,800	8.46	412,995	9.55	466,052	1.05%
TURK TRAKTOR VE ZIRAAT MAKIN	TRETRK00010	TR	1.00	TRY	20,555	21.99	452,083	21.94	450,893	1.02%
PRIME CAR MANAGEMENT SA	PLPRMCM00048	PL	2.00	PLN	42,827	10.44	446,972	8.78	376,203	0.85%
BANK ZACHODNI WBK SA	PLBZ00000044	PL	10.00	PLN	4,722	60.17	284,131	66.53	314,136	0.71%
TELEKOM SPRSKE AD BANJA LUKA	BA100TLKMRA2	BA	1.00	BAM	233,608	0.74	172,174	0.82	192,301	0.44%
AIK BANKA AD	RS AIKBE79302	RS	1,900.00	RSD	10,973	34.94	383,438	15.11	165,763	0.38%
KOMERCIJALNA BANKA AD SKOPJE S	MKKMBS101019	MK	1,000.00	MKD	3,286	62.23	204,491	37.53	123,313	0.28%
SHARES TOTAL							34,517,731		34,068,905	77.09%

Statement of investments as of 31/12/2015 (continued)

Name	ISIN	Country	Nominal value	Fund Management Company	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
REAL ESTATE FUNDS											
ADVANCE TERRAFUND SHARE	BG1100025052	BG	1.00	KAROLL FINANCE	BGN	319,964	0.56	179,926	1.06	338,629	0.77%
BULGARIA REAL ESTATE FUND	BG1100001053	BG	1.00	BULGARIA REAL ESTATE FUND	BGN	1,087,946	0.17	189,792	0.27	288,688	0.65%
REAL ESTATE FUNDS TOTAL								369,718		627,317	1.42%
FUNDS TOTAL								369,718		627,317	1.42%

Name	ISIN	Country	Nominal value	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
BONDS*													
RAIFFEISEN BK 6.625% 18.05.21	XS0619437147	AT	100,000.00	18/05/2021	6.625%	Ba2	EUR	1,600,000	93.95	1,503,200	102.53	1,706,175	3.86%
RAIFFEISEN BK 6.000% 16.10.23	XS0981632804	AT	100,000.00	16/10/2023	6.000%	Ba2	EUR	700,000	82.40	576,800	91.86	651,728	1.48%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE	1,000.00	29/10/2025	6.500%		EUR	124,000	100.00	124,000	107.50	134,688	0.30%
BONDS TOTAL										2,204,000		2,492,591	5.64%

* Accrued interest in the amount of 75,852.58 EUR has been added to the value of bonds.

Name	ISIN	Country	Starting date	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
CASH													
CURRENT ACCOUNT		EE					EUR			7,208,227		7,208,227	16.31%
CURRENT ACCOUNT		EE					HUF			429,777		429,777	0.98%
CURRENT ACCOUNT		EE					BGN			49,077		49,077	0.11%
CURRENT ACCOUNT TOTAL										7,687,081		7,687,081	17.40%
INVESTMENT TOTAL										44,778,530		44,875,894	101.55%

Statement of investments as of 31/12/2015 (continued)

Name	ISIN	Country	Starting date	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
OTHER ASSETS													
RECEIVABLES FOR UNITS SUBSCRIBED												10,725	0.02%
DIVIDEND RECEIVABLES												10,461	0.02%
DIVIDEND TAX RECLAIMS												5,783	0.01%
OTHER ASSETS TOTAL												26,969	0.06%
TOTAL ASSETS OF THE FUND										44,778,530		44,902,863	101.61%
LIABILITIES												-712,432	-1.61%
NET ASSETS OF THE FUND												44,190,431	100.00%

STATEMENT OF COMMISSIONS

In EUR

01/01/2016 – 30/06/2016

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Teb Yatirim Menkul Degerler A.S.	47	4,810,447	6,249	0.13%
Raiffeisen Centrobank AG	17	1,869,870	3,275	0.18%
Erste Group Bank AG	6	1,783,726	1,796	0.10%
Kepler Cheuvreux	6	1,450,309	1,452	0.10%
PKO Bank Polski	3	793,111	793	0.10%
ING Securities S.A.	4	792,435	792	0.10%
Interkapital Vrijednosni Papiri D.O.O.	9	791,392	1,580	0.20%
BGC Partners Turkey	3	407,170	488	0.12%
Wood And Company Financial Services, A.S.	3	311,988	312	0.10%
<i>Takeover</i>	1	159,757	-	-
AS SEB Pank	4	129,907	-	-
Karoll AD	2	85,253	340	0.40%
<i>Crossing with Avaron Clients</i>	1	8,812	-	-
<i>Stock Split</i>	2	-	-	-
<i>Bonus Issue</i>	1	-	-	-
<i>Stock Dividend</i>	1	-	-	-
TOTAL	110	13,394,178	17,075	0.13%

Fund executes all securities transactions at net price. In acquisition the commission fee is included in the acquisition cost and in disposal the commission is deducted from the sale amount.

01/01/2015 - 30/06/2015

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
KBC SECURITIES NV	7	2,150,966	4,953	0.23%
Erste Group Bank AG	14	1,848,196	1,848	0.10%
Wood and Company Financial Services, a.s.	6	1,710,071	1,830	0.11%
DNB Nord	2	1,573,189	-	-
PKO Bank Polski	4	1,379,371	1,616	0.12%
AS SEB Pank	2	1,264,340	-	-
Swedbank AS	4	999,024	1,501	0.15%
Erste Group Bank AG	2	966,255	967	0.10%
Concorde Securities	1	847,817	678	0.08%
Unicredit Bank AG London	1	429,031	-	-
Raiffeisen Centrobank AG	4	400,779	999	0.25%
TEB Yatirim Menkul Degerler A.S.	2	395,235	514	0.13%
<i>Stock Dividend</i>	1	-	-	-
TOTAL	50	13,964,274	14,905	0.11%

Fund executes all securities transactions at net price. In acquisition the commission fee is included in the acquisition cost and in disposal the commission is deducted from the sale amount.