

Investment Objectives & Approach

The Fund invests actively in listed equities of European Union new member states and 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 maximise 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.

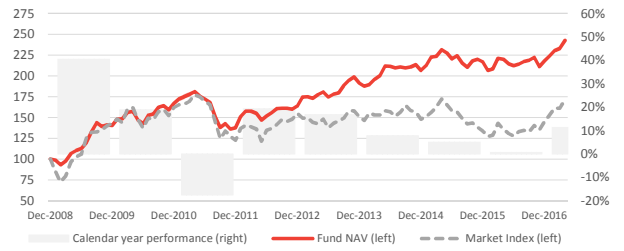
Fund Manager's Comment, April 2017

Global equities delivered solid returns in April as MSCI World was up 1.3% in \$. In euro terms the performance was negative as the euro gained on the dollar amid favourable outcome of the first round of French presidential elections (USD lost 2.2% to euro). Emerging Market equities continued to head north, up 2.0% in April in \$. Emerging Europe equities (MSCI EFM CEEC ex-RU) outperformed led by the surge in Polish equities on increased flows into blue-chip banks amid improving macro outlook. Turkish stocks also posted strong gains after the constitutional referendum that resulted in a narrow victory for the approval of the amendments. Emerging Europe currencies were largely stable in April except the Hungarian forint which weakened amid the Orban-Soros clash over the status of the Central European University.

Avaron Emerging Europe Fund gained 4.1% in April. We maintain our constructive view on Turkey despite uncertainty on the economic and currency outlook, while the valuations of certain companies are appealing and already reflect economic slowdown risks. Similarly, we hold our conviction towards Romanian investments on solid valuations and optimistic macro outlook. In Poland we are invested predominantly in financials, while among Austrian-listed companies we hold Emerging Europe real estate companies, which offer attractive valuations and high liquidity. The selection of companies in the Fund portfolio trade at 12.0x 2017f P/E, 5.6x EV/EBITDA and have sustainable dividend yield of around 4-5% on average payout rate of 73%.

To receive portfolio managers' detailed monthly report please send a request to info@avaron.com.

Performance

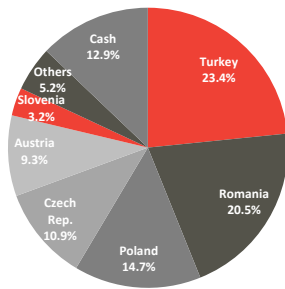


Past performance is not a guarantee or indicative of future results. The Fund was launched in 2007 as a small cap fund. From 2009 it operates as an all cap fund with small and mid-cap bias.

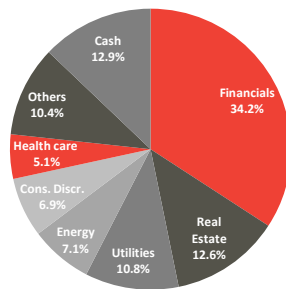
| Perf overview | Fund net return | Index return* | Calendar year return | | | |
|---------------|-----------------|---------------|-------------------------------|--------|--------|--------|
| | | | Year | Gross | Net | Index* |
| 1 month | 4.1% | 6.6% | 2016 | 2.1% | 0.6% | 8.2% |
| YTD | 11.3% | 18.8% | 2015 | 6.7% | 5.0% | -9.6% |
| 3 months | 8.4% | 12.2% | 2014 | 9.4% | 7.8% | -2.1% |
| 6 months | 9.3% | 22.7% | 2013 | 18.5% | 16.7% | -2.4% |
| 1 year | 10.4% | 26.6% | 2012 | 21.1% | 19.2% | 26.5% |
| 2 years | 4.9% | -0.1% | 2011 | -16.3% | -17.6% | -24.3% |
| 3 years | 21.2% | 12.5% | 2010 | 20.8% | 18.9% | 13.4% |
| 4 years | 36.5% | 20.8% | 2009 | 42.6% | 40.4% | 42.6% |
| 5 years | 56.7% | 26.4% | CAGR of calendar years | | | |
| 7 years | 54.4% | 6.2% | Years | Fund | Index* | |
| | | | 2015-2016 | 2.8% | -1.1% | |
| | | | 2014-2016 | 4.4% | -1.4% | |
| | | | 2012-2016 | 9.7% | 3.4% | |

* MSCI EFM Central and Eastern Europe & CIS ex Russia

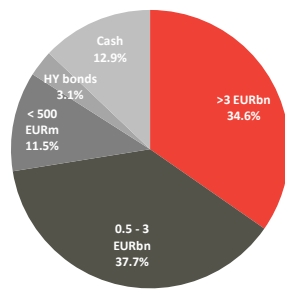
Geographic breakdown



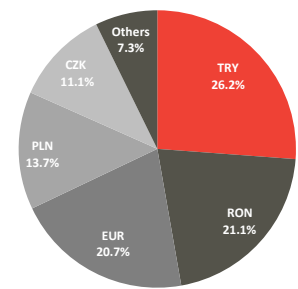
Sector breakdown



Market Cap breakdown



Net currency breakdown



Country allocation

| | Apr-17 | Change | | | | | Contribution analysis | | | | |
|------------|--------|--------|-------|-------|---------|---------|-----------------------|------|-------|------|---------|
| | | 1 mo | 3 mo | 12 mo | 3 years | 5 years | 1 mo | 3 mo | 12 mo | YTD | 3 years |
| Turkey | 23.4% | 0.3% | 2.0% | 6.7% | -2.0% | 18.6% | 1.7% | 2.9% | -1.8% | 6.3% | 12.4% |
| Romania | 20.5% | -0.2% | 2.4% | 6.8% | 4.8% | 2.9% | 0.4% | 1.6% | 5.8% | 3.2% | 6.8% |
| Poland | 14.7% | 2.6% | 3.2% | 3.6% | 10.7% | 5.2% | 0.8% | 1.3% | 2.8% | 2.5% | 3.9% |
| Czech Rep. | 10.9% | -0.3% | 0.3% | 1.6% | 3.6% | -6.2% | 0.5% | 0.9% | 0.6% | 1.1% | 1.8% |
| Austria | 9.3% | -3.0% | -6.7% | -7.2% | -0.5% | 3.3% | 0.7% | 1.2% | 4.0% | 1.2% | 5.0% |
| Slovenia | 3.2% | -0.2% | -0.1% | 0.4% | -0.6% | -0.8% | 0.0% | 0.0% | -0.4% | 0.0% | -0.5% |
| Baltics | 1.6% | -0.1% | -0.1% | -0.6% | -3.6% | -2.1% | 0.0% | 0.0% | 0.1% | 0.1% | 1.2% |
| Bulgaria | 1.3% | -0.1% | 0.0% | -0.2% | -0.9% | -9.1% | 0.0% | 0.0% | 0.3% | 0.0% | 0.2% |
| Croatia | 0.8% | 0.0% | 0.0% | 0.8% | 0.8% | -1.1% | 0.0% | 0.0% | 0.2% | 0.1% | 0.2% |
| Others | 1.4% | 2.2% | 2.5% | 2.7% | 7.2% | 13.0% | 0.1% | 0.4% | 0.6% | 0.4% | 2.4% |

Risk metrics

| | 3Y risk* |
|-------------------------------|----------|
| Alpha | 5% |
| Volatility & stand. deviation | 9.8% |
| Beta | 0.43 |
| Sharpe ratio | 0.69 |
| Information ratio | 0.23 |
| Tracking error | 11.4% |

* MSCI EFM Central and Eastern Europe & CIS ex Russia

Sector allocation

| | Apr-17 | Change | | | | | Contribution analysis | | | | | |
|------------------|--------|--------|-------|-------|---------|---------|-----------------------|------|-------|------|---------|---------|
| | | 1 mo | 3 mo | 12 mo | 3 years | 5 years | 1 mo | 3 mo | 12 mo | YTD | 3 years | 5 years |
| Financials | 34.2% | -2.0% | -2.2% | 3.3% | 11.5% | 7.5% | 2.4% | 4.7% | 6.2% | 6.4% | 10.8% | 28.1% |
| Real Estate | 12.6% | -0.1% | 0.0% | -0.6% | 1.7% | 3.6% | 0.5% | 0.5% | -0.2% | 0.1% | 1.3% | 9.5% |
| Utilities | 10.8% | -0.6% | -0.9% | -0.4% | -3.6% | -0.5% | 0.0% | 0.6% | 2.2% | 1.9% | 3.3% | 9.2% |
| Energy | 7.1% | 0.4% | 2.0% | -0.5% | 1.0% | 2.7% | 0.3% | 0.7% | 3.0% | 1.3% | 2.3% | 3.7% |
| Cons. Discr. | 6.9% | 0.0% | 0.3% | 1.8% | -5.5% | -5.7% | 0.4% | 0.6% | 0.5% | 1.0% | 5.5% | 10.5% |
| Health care | 5.1% | -0.1% | 0.0% | 1.4% | -0.9% | 1.1% | 0.2% | 0.3% | 0.0% | 0.2% | 0.4% | 3.3% |
| Consumer Staples | 4.2% | 1.6% | 1.8% | 4.2% | 2.5% | 2.5% | 0.3% | 0.5% | 0.0% | 0.5% | 2.3% | 2.6% |
| Industrial | 2.5% | -0.1% | -0.1% | -0.8% | 2.5% | 0.4% | 0.1% | 0.0% | -0.3% | 0.1% | 0.3% | 1.4% |
| Others | 3.7% | 5.3% | 5.5% | 3.7% | -1.2% | -4.2% | 0.0% | 0.4% | 0.7% | 0.5% | 1.0% | 1.4% |

Fund statistics

| | |
|---------------------------|-------|
| Number of positions | 38 |
| Top10 | 45.8% |
| Top20 | 70.6% |
| Gross exposure | 87.1% |
| Net exposure | 86.8% |
| Concentration coefficient | 33 |
| Median market cap MEUR | 1486 |
| Average market cap MEUR | 2532 |

Style allocation

| | Apr-17 | Change | | | | | Contribution analysis | | | | | |
|-------------------|--------|--------|-------|--------|---------|---------|-----------------------|------|-------|------|---------|---------|
| | | 1 mo | 3 mo | 12 mo | 3 years | 5 years | 1 mo | 3 mo | 12 mo | YTD | 3 years | 5 years |
| Cyclical | 47.5% | -1.6% | 0.7% | 5.6% | 9.9% | 16.8% | 2.8% | 5.0% | 7.5% | 7.2% | 14.7% | 25.9% |
| Non-cyclical | 18.1% | 1.0% | 1.8% | 4.5% | -6.2% | -6.1% | 0.7% | 1.7% | 1.8% | 2.5% | 5.8% | 10.5% |
| Asset play | 18.1% | -0.3% | 2.3% | 3.4% | 6.8% | -2.2% | 0.6% | 0.9% | 1.5% | 1.3% | 4.6% | 20.7% |
| Convertible bonds | 0.0% | 0.0% | 0.0% | 0.0% | -6.3% | -4.1% | 0.0% | 0.0% | 0.0% | 0.0% | -0.7% | 7.1% |
| High yield bonds | 3.1% | -0.1% | -4.0% | -2.0% | 3.1% | -6.1% | 0.1% | 0.4% | 1.0% | 0.5% | 2.5% | 4.5% |
| FX Derivatives | 0.3% | 0.0% | 0.3% | 0.3% | 0.3% | 0.3% | 0.0% | 0.3% | 0.3% | 0.3% | 0.4% | 1.0% |
| Cash | 12.9% | 1.0% | -1.2% | -11.8% | -7.6% | 1.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Turnover

| | FY | Adj* |
|---------|-------|--------|
| FY 2016 | 17.7% | -13.0% |
| FY 2015 | 22.2% | -10.5% |
| FY 2014 | 47.9% | 28.0% |

* Adjusted for fund flows

| Liquidity analysis* | | 20% | 50% |
|---------------------|-------|-------|-----|
| 3 days | 66.3% | 78.0% | |
| 2 weeks | 83.2% | 96.7% | |
| 4 weeks | 94.6% | 98.8% | |

* Proportion of portfolio that can be turned into cash based on past 6 month average trading volume if Fund accounted for 20% & 50% of trading volume

Fund Facts - Avaron Emerging Europe Fund

| | |
|---------------------------|----------------------------|
| Investment Manager | AS Avaron Asset Management |
| Fund type | Open-ended, UCITS-IV |
| Launch date | April 23, 2007 |
| Domicile | Estonia |
| Currency | EUR |
| Dividends | reinvested |
| Fund size, MEUR | 66.8 |
| Total AUM, MEUR | 450+ |

TER 2016 0.28% (excluding management and performance fees)

| | ISIN Code | NAV 30-Apr 2017 |
|---------------|------------------|------------------------|
| A unit | EE3600090049 | 4.6909 EUR |
| B unit | EE3600090056 | 4.9556 EUR |
| C unit | EE3600102901 | 16.8995 EUR |
| D unit | EE3600108866 | 14.1824 EUR |
| E unit | EE3600108874 | 14.0115 EUR |

A & B units only for investors who owned units as of May 30, 2009
C, D & E units for all investors

| | |
|--|--|
| Cut-off | 10am CET |
| NAV frequency | Daily dealing, T+3 |
| Public offering | France, Switzerland, Germany, Finland, Sweden, Estonia, Latvia |
| Morningstar rating | Yes, five stars (3 years & 5 years) |
| Tax transparency | Germany |
| Supervised by | Estonian FSA |
| Custodian | Swedbank AS |
| Transfer agent | Swedbank AS |
| NAV calculation | Swedbank AS |
| External auditor | Deloitte |
| Internal auditor | PWC |
| Fund documents & prospectus | www.avaron.com/documents |

| Unit class | D (Retail) | C (Institutional) | E (Institutional) |
|-------------------------------------|-------------------|--------------------------------|--|
| Min. initial investment | - | 125,000 EUR | 1M EUR |
| Front-end load | 2% | - | - |
| Management fee | 2% | 1.25% | 0.85% |
| Performance fee (unit based) | - | 10% over 12-month EURIBOR, HWM | 15% over MSCI EFM CEEC ex-Russia Index, annual reset (June 30) |
| Back-end load | - | - | - |

Bloomberg tickers

A unit: AVAEESA
 B unit: AVAEESB
 C unit: AVAEESC
 D unit: AVEMEUD
 E unit: AVEMEUE

See Lipper, TK Valoren tickers:
www.avaron.com/fundfacts_aef

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About Avaron Asset Management

Avaron Asset Management is an independent management-owned asset manager with a clear focus on Emerging Europe listed equities and fixed income. Our 8 investment professionals, in Estonia and Poland, focus on active investment management. In total 14 professionals are employed by Avaron.

We combine top down macroeconomic and sector analysis with bottom-up research. We source investment ideas through in-house proprietary research on approximately 300 companies, backed by regular visits and meetings. We seek inefficiencies in the valuation of companies' equity and debt with the aim to invest in well managed companies with leading market positions, highly motivated and dynamic management teams and competitive edge. Our preference goes to investments with attractive risk/return.

We adhere to the *UN Principles for Responsible Investment* (PRI) and are supervised by the Estonian Financial Supervision Authority.



Kristel Kivnurm-Priisalm
 Managing Partner,
 CEO & COO



Peter Priisalm
 Partner, co-CIO,
 Investment Manager



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 Partner, co-CIO,
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