

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.

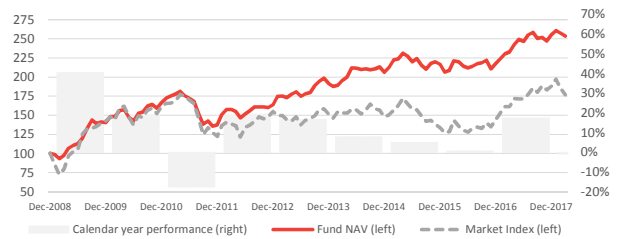
It adheres to the UN Principles for Responsible Investment. Suitable for investors seeking a stock picking portfolio in Emerging Europe, it acts as medium to long term diversifier in a global Emerging Markets, European or Global Equity portfolio.

Fund Manager's Comment, March 2018

Downward trend in global stock markets continued in March with MSCI World down 3.4% in euros, resulting in the negative quarter for the first time since 2015. Emerging Europe stocks (MSCI EFM CEEC ex-RU) lost 4.4% in € in March driven by the continuing sell-off in index-heavy Poland (-6.2%). In Q1 Emerging Europe equities have lost 6.1% in € with Poland and Hungary leading the downturn on negative fund flows. Turkish stocks have fared rather well in local currency terms, while tightening global liquidity alongside rising current account deficit has led to another wave of lira depreciation (-5% to euro in March). The rest of Emerging Europe's currencies were rather stable, with only the Polish zloty weakening slightly against the euro on non-supportive flows. Avaron Emerging Europe Fund lost 1.6% in March, strongly outperforming the benchmark due to low overlap with the index blue chips and above average cash position. Overall earnings' reports of portfolio companies for Q4 have been rather strong (earnings up 29% yoy) and guidance encouraging, although cost-side inflation, especially in wages, is starting to put pressure on margins. The selection of companies in the Fund portfolio trade at 10.1x 1YR FWD P/E, free cash flow yield at 8% and dividend yield close to 5%. Romanian and Turkish companies remain core part of the portfolio on growth and valuation grounds.

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.

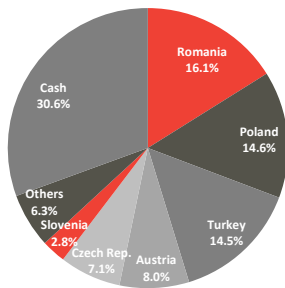
Perf overview	Fund net return	Index return*	Calendar year return			
			Year	Gross	Net	Index*
1 month	-1.6%	-4.4%	2017	19.2%	17.3%	30.1%
YTD	-0.9%	-6.1%	2016	2.1%	0.6%	8.2%
3 months	-0.9%	-6.1%	2015	6.7%	5.0%	-9.6%
6 months	1.1%	-1.9%	2014	9.4%	7.8%	-2.1%
1 year	8.6%	9.7%	2013	18.5%	16.7%	-2.4%
3 years	13.3%	8.8%	2012	21.1%	19.2%	26.5%
5 years	46.4%	22.8%	2011	-16.3%	-17.6%	-24.3%
7 years	42.5%	4.6%	2010	20.8%	18.9%	13.4%
10 years	5.5%	-4.1%				

* MSCI EFM Central and Eastern Europe & CIS ex Russia

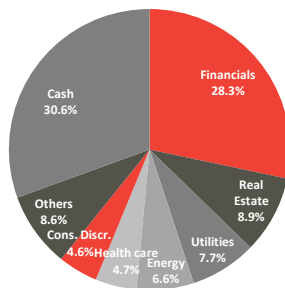
CAGR of calendar years

Years	Fund	Index*
2016-2017	8.6%	18.6%
2015-2017	7.4%	8.4%
2013-2017	9.3%	4.0%

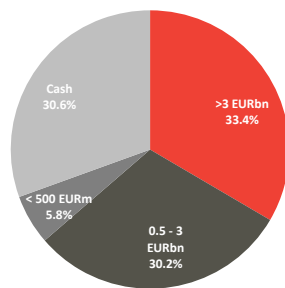
Geographic breakdown



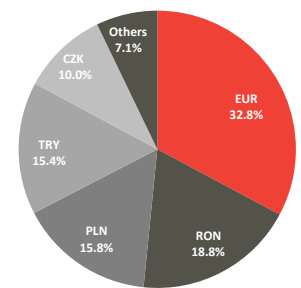
Sector breakdown



Market Cap breakdown



Net currency breakdown



Country allocation

Country	Mar-18	Change					Contribution analysis					
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12 mo	YTD	3 years	5 years
Romania	16.1%	0.6%	0.7%	-4.6%	0.7%	-2.5%	0.3%	1.6%	2.9%	1.6%	6.6%	15.4%
Poland	14.6%	-0.6%	0.1%	2.5%	3.0%	10.9%	-0.8%	-1.0%	2.6%	-1.0%	3.6%	6.8%
Turkey	14.5%	-1.9%	-2.3%	-8.5%	5.2%	10.1%	-1.2%	-0.9%	0.7%	-0.9%	-0.3%	7.7%
Austria	8.0%	0.6%	-0.6%	-4.3%	-15.6%	-5.9%	0.6%	0.0%	2.2%	0.0%	5.1%	8.9%
Czech Rep.	7.1%	0.2%	-0.1%	-4.1%	-2.6%	-2.6%	0.1%	0.3%	1.9%	0.3%	1.6%	4.3%
Slovenia	2.8%	0.0%	-0.2%	-0.6%	-0.2%	-2.9%	-0.1%	0.0%	0.4%	0.0%	0.0%	2.0%
Hungary	2.0%	-0.1%	1.4%	1.2%	1.0%	-8.6%	-0.1%	-0.2%	-0.2%	-0.2%	0.9%	7.5%
Croatia	1.5%	0.0%	-0.1%	0.7%	1.5%	-2.7%	0.0%	-0.1%	0.0%	-0.1%	0.2%	-0.3%
Baltics	1.5%	-0.2%	-0.3%	-0.2%	-2.8%	-5.2%	-0.2%	-0.2%	0.3%	-0.2%	1.0%	1.5%
Others	1.3%	2.2%	2.4%	2.4%	3.9%	12.1%	0.0%	0.0%	-0.2%	0.0%	0.7%	4.8%

Risk metrics

Alpha	3%
Volatility & stand. deviation	9.5%
Beta	0.42
Sharpe ratio	0.48
Information ratio	0.12
Tracking error	11.4%

* MSCI EFM Central and Eastern Europe & CIS ex Russia

Sector allocation

Sector	28.3%	Change					Contribution analysis					
		-1.1%	-2.1%	-7.8%	-2.3%	0.6%	-1.3%	-0.7%	3.5%	-0.7%	8.9%	24.1%
Financials	28.3%	-1.1%	-2.1%	-7.8%	-2.3%	0.6%	-1.3%	-0.7%	3.5%	-0.7%	8.9%	24.1%
Real Estate	8.9%	0.5%	-0.7%	-3.8%	-5.5%	-7.4%	0.5%	-0.1%	1.8%	-0.1%	-0.5%	4.7%
Utilities	7.7%	0.1%	-0.4%	-3.7%	-7.8%	-5.9%	0.0%	0.4%	1.1%	0.4%	0.9%	9.0%
Energy	6.6%	0.2%	0.5%	-0.2%	-0.9%	3.2%	0.1%	0.8%	1.1%	0.8%	3.3%	3.1%
Health care	4.7%	-0.1%	1.2%	-0.5%	0.9%	-2.3%	-0.2%	-0.2%	0.6%	-0.2%	0.8%	4.4%
Cons. Discr.	4.6%	-0.1%	1.2%	-2.3%	0.6%	-1.2%	-0.2%	-0.4%	1.5%	-0.4%	3.7%	8.6%
Consumer Staples	2.4%	-0.2%	-0.3%	-0.2%	-2.1%	0.1%	-0.2%	-0.2%	1.2%	-0.2%	1.4%	3.1%
Telecom	1.9%	0.0%	-0.1%	0.9%	1.5%	-4.5%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Others	4.3%	4.6%	4.3%	4.1%	4.3%	0.6%	-0.1%	-0.1%	-0.1%	-0.1%	0.7%	1.7%

Fund statistics

Number of positions	38
Top10	37.4%
Top20	55.9%
Gross exposure	69.4%
Net exposure	69.4%
Concentration coefficient	50
Median market cap MEUR	1878
Average market cap MEUR	2967

Style allocation

Style	42.2%	Change					Contribution analysis					
		-1.9%	-2.7%	-6.9%	10.4%	14.2%	-1.6%	-0.4%	5.3%	-0.4%	12.9%	22.9%
Cyclical	42.2%	-1.9%	-2.7%	-6.9%	10.4%	14.2%	-1.6%	-0.4%	5.3%	-0.4%	12.9%	22.9%
Non-cyclical	14.2%	-0.2%	2.1%	-2.9%	-8.7%	-9.3%	-0.4%	-0.4%	2.5%	-0.4%	3.3%	13.6%
Asset play	13.0%	0.6%	-0.9%	-5.5%	-4.9%	-8.2%	0.6%	0.3%	3.2%	0.3%	1.3%	13.3%
Convertible bonds	0.0%	0.0%	0.0%	0.0%	-1.6%	-15.2%	0.0%	0.0%	0.0%	0.0%	-0.2%	5.5%
High yield bonds	0.0%	0.0%	0.0%	-3.2%	-6.6%	-1.9%	0.0%	0.0%	-0.1%	0.0%	1.9%	2.7%
FX Derivatives	0.0%	0.0%	0.0%	-0.3%	0.0%	-0.1%	0.0%	0.0%	-0.3%	0.0%	0.0%	0.6%
Cash	30.6%	1.5%	1.5%	18.7%	11.4%	20.6%	0.0%	0.0%	-0.3%	0.0%	-0.2%	-0.2%

Turnover

	Adj*
FY 2017	19.6%
FY 2016	17.7%
FY 2015	22.2%

* Adjusted for fund flows

Liquidity analysis*

20%	20%	50%
3 days	69.7%	81.2%
2 weeks	84.9%	95.0%
4 weeks	92.9%	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	UCITS, public common investment fund
Launch date	April 23, 2007
Domicile	Estonia
Currency	EUR
Dividends	reinvested
Fund size, MEUR	84.5
Total AUM, MEUR	450+

TER 2017 0.22% (excluding management and performance fees)

	ISIN Code	NAV 31-Mar 2018
A unit	EE3600090049	4.8743 EUR
B unit	EE3600090056	5.1731 EUR
C unit	EE3600102901	17.5014 EUR
D unit	EE3600108866	14.7001 EUR
E unit	EE3600108874	14.6746 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, four stars (5 years)
Tax transparency	Germany, Switzerland
Supervised by	Estonian FSA
Custodian	Swedbank AS
Transfer agent	Swedbank AS
NAV calculation	Swedbank AS
External auditor	KPMG
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

Contact Information

Avaron Asset Management
 Narva mnt 7D, 10117 Tallinn
 ESTONIA
 Phone: +372 66 44 205
 Fax: +372 66 44 201
 E-mail: info@avaron.com
www.avaron.com

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 11 investment professionals, in Estonia and Poland, focus on active investment management. In total 17 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



Valdur Jaht
 Partner, co-CIO,
 Investment Manager

Important Legal Information

This material has been drawn up by AS Avaron Asset Management (hereafter: Avaron), a fund management company registered in Estonia which is authorised and supervised by the Estonian Financial Supervision Authority. The contact details of Avaron are as follows: address Narva mnt 7D, 10117 Tallinn, Estonia; phone +372 6644 205; fax +372 6644 201; e-mail info@avaron.com. This material is the copyright property of Avaron, unless noted otherwise, and all rights are reserved.

This material contains data and facts on investments and funds managed by Avaron, which are provided for information purposes only. No investment advice is offered or given by Avaron to persons using this material. This material is complimentary to and not a substitute for independent professional advice from a person qualified to provide it in your home country. Reliance on this material for the purpose of buying the securities to which this material relates may expose a person to a significant risk of losing all of the property or other assets invested. The information herein is, to the best of the knowledge of Avaron, in accordance with the facts. However, Avaron, none of its affiliates, directors or officers accept any liability in respect of the accuracy or completeness of any information herein, or omitted to be included herein, or any information provided, or omitted to be provided, by any third party. All information and expressions of opinion contained in this material are subject to change without notice. This material does not constitute or form part of a distribution or an offer or solicitation to buy or sell any securities (in particular, shares or units in any of Avaron funds) to any person in any jurisdiction in which such distribution, offer or solicitation would be contrary to local law or regulation. In particular, the information herein is not for distribution, and does not constitute an offer to sell or buy, or the solicitation of any offer to sell or buy, any securities in the United States of America or to or for the benefit of United States persons (within the meaning of Regulation S under the Securities Act of 1933). In relation to persons in the United Kingdom, the information herein is directed only at Investment Professionals in the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. This material should not be relied on by persons in the United Kingdom who are not Investment Professionals. Any investment or investment activity to which this material relates is available in the United Kingdom only to Investment Professionals and will be engaged in only with Investment Professionals.

Subscription of Avaron funds should be made on the basis on the funds' prospectus and key investor information, the relevant fund rules and the latest available annual or semi-annual reports. These documents can be obtained from Avaron. Past performance is not indicative of future results. The value of investments and any income derived from the funds may fall as well as rise and investors may not get back the amount invested. An investment in the funds entails risks, some of which are described in the prospectuses of the funds. Investors should be aware of the high risks associated with investments in emerging markets such as Central and Eastern Europe. This material may include forward looking statements which are based on Avaron's current opinions, expectations and projections. We undertake no obligation to update or revise any forward looking statements. Actual results could differ materially from those anticipated in the forward looking statements. Any dispute, controversy or claim arising out of or in connection with the information provided in this material shall be settled in accordance with Estonian law exclusively in Estonian courts.