

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.

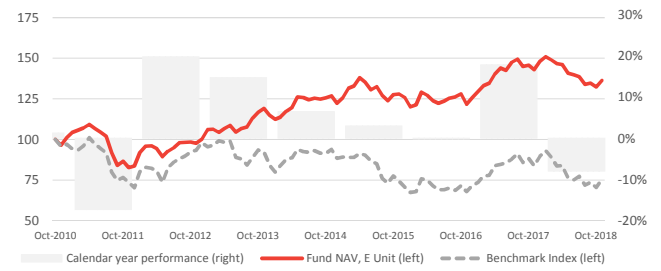
Fund Manager's Comment, November 2018

Global equities marginally recovered in November following the sharp sell-off in October. MSCI World gained 1% in \$ terms (0.9% in €) with easing crude price and hopes of normalization of trade relations between US-China giving investors some ground for optimism. Emerging Markets recovered strongly, up 4.1% in \$ (4% in €). Emerging Markets' currencies strengthened as the 22% dive in crude prices took some pressure off current accounts and inflation. Emerging Europe (MSCI EFM EUROPE + CIS (E+C) ex Russia) gained 7.2% in € in November outperforming the GEM on the back of stronger Turkish lira and the relative strength of constituent frontier markets. Polish blue chips contributed significantly as WIG 20 was up 7.8% in November, ahead of the broader Polish market.

Avaron Emerging Europe Fund gained 2.9% in November, underperforming the benchmark due to UW in Turkey, negative performance of our off-benchmark Vienna listed positions and high cash position. YTD the Fund is down 8% compared to -15.8% of the benchmark. The Fund still holds 16% in cash. In order to become more constructive on regional valuation we would like to see ca 10-15% further correction in the equity prices. Our core positions reported decent results in 3Q18. Portfolio companies trade at 9.9x 2019 P/E offering 6% dividend yield.

To receive full monthly report please send a request to info@avaron.com.

Performance, E Unit



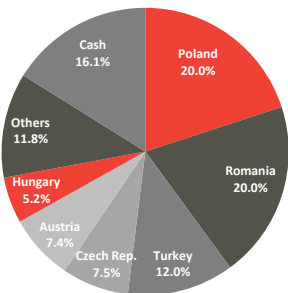
Past performance is not a guarantee or indicative of future results.

The benchmark of the Fund (E Unit) was changed from MSCI EFM CEEC ex Russia (net return) to MSCI EFM EUROPE + CIS (E+C) ex Russia (net return) as of July 2018 to better reflect our internal coverage universe. All historical comparisons refer to the new benchmark.

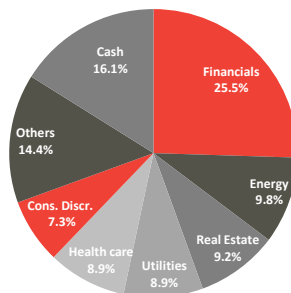
Perf overview	Net return E Unit	Index return*	Calendar year return, E Unit			
			Year	Gross	Net	Index*
1 month	2.9%	7.2%	2017	19.2%	17.7%	25.3%
YTD	-8.0%	-15.8%	2016	2.1%	-0.1%	1.2%
3 months	1.7%	5.2%	2015	6.7%	2.9%	-20.0%
6 months	-3.2%	-1.1%	2014	9.4%	6.5%	4.7%
1 year	-4.8%	-10.1%	2013	18.5%	14.6%	-13.9%
3 years	6.4%	1.4%	2012	21.1%	19.7%	39.3%
5 years	14.2%	-18.2%	2011	-16.3%	-17.3%	-27.5%
7 years	64.6%	2.7%				
8 years	41.0%	38.3%				

* MSCI EFM EUROPE + CIS (E+C) ex Russia

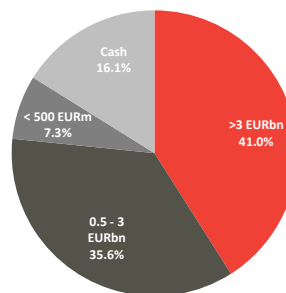
Geographic breakdown



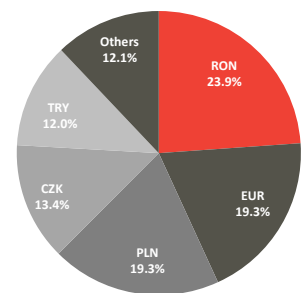
Sector breakdown



Market Cap breakdown



Net currency breakdown



Country allocation

	Nov-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
Poland	20.0%	0.2%	-0.7%	5.7%	13.3%	20.0%	0.8%	-1.4%	-2.2%	-2.9%	3.5%	3.9%
Romania	20.0%	-2.0%	-0.3%	4.0%	1.7%	-0.3%	0.2%	1.0%	3.6%	3.6%	7.7%	10.0%
Turkey	12.0%	0.6%	2.8%	-5.8%	0.5%	-4.7%	0.9%	2.8%	-6.1%	-7.8%	-6.6%	-1.0%
Czech Rep.	7.5%	0.0%	0.0%	0.2%	-1.6%	-1.2%	0.2%	-0.3%	0.4%	0.3%	2.0%	3.2%
Austria	7.4%	-0.3%	-0.3%	-1.0%	-14.0%	-3.9%	-0.1%	-0.3%	0.5%	0.1%	4.0%	5.8%
Hungary	5.2%	0.1%	0.3%	4.6%	1.0%	-1.5%	0.3%	0.2%	0.2%	0.2%	0.3%	1.6%
Slovenia	5.0%	1.3%	1.4%	2.1%	1.8%	0.1%	0.2%	0.0%	0.3%	0.1%	0.0%	0.6%
Baltics	3.2%	0.2%	0.0%	1.5%	0.7%	-4.2%	0.3%	0.3%	0.4%	0.2%	1.3%	1.5%
Croatia	1.8%	-0.1%	0.0%	0.1%	1.8%	1.8%	0.0%	-0.1%	-0.3%	-0.3%	0.0%	0.0%
Others	1.8%	3.8%	3.7%	3.0%	3.7%	7.2%	0.0%	-0.1%	0.2%	0.1%	0.7%	3.3%

Risk metrics

	3Y risk*
Alpha	2%
Volatility & stand. deviation	9.3%
Beta	0.47
Sharpe ratio	0.26
Information ratio	0.16
Tracking error	10.2%

* MSCI EFM EUROPE + CIS (E+C) ex Russia

Sector allocation

		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	25.5%	2.0%	0.8%	-6.2%	-6.4%	-5.2%	1.5%	-0.6%	-4.1%	-6.0%	2.9%	8.2%
Energy	9.8%	-0.4%	1.4%	3.4%	0.0%	5.6%	-0.1%	0.9%	2.1%	2.2%	4.4%	4.1%
Real Estate	9.2%	-0.3%	-0.3%	-0.4%	-4.5%	-2.3%	-0.1%	-0.4%	0.4%	0.0%	0.9%	2.5%
Utilities	8.9%	-1.7%	-0.9%	0.6%	-3.9%	-6.4%	0.2%	0.2%	1.1%	1.0%	2.7%	5.0%
Health care	8.9%	0.1%	0.4%	5.4%	4.2%	5.4%	0.4%	0.1%	0.3%	0.2%	0.6%	1.5%
Cons. Discr.	7.3%	0.1%	0.4%	4.0%	2.9%	-2.4%	0.3%	0.2%	-1.4%	-1.6%	1.4%	5.2%
Industrial	6.1%	0.2%	1.2%	3.8%	4.2%	6.1%	0.3%	1.4%	0.5%	0.1%	1.1%	1.0%
Consumer Staples	5.0%	0.2%	0.7%	2.4%	5.0%	3.5%	0.4%	0.6%	-0.7%	-0.9%	0.2%	2.2%
Others	3.3%	3.5%	3.2%	3.6%	2.9%	-0.3%	0.0%	-0.3%	-1.3%	-1.5%	-1.6%	-0.9%

Fund statistics

Number of positions	36
Top10	48.1%
Top20	70.5%
Gross exposure	83.9%
Net exposure	83.9%
Concentration coefficient	33
Median market cap MEUR	1677
Average market cap MEUR	2798

Style allocation

		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	48.5%	1.8%	3.6%	4.8%	9.4%	17.6%	1.9%	1.8%	-3.4%	-5.9%	6.5%	11.8%
Non-cyclical	20.7%	-1.3%	-0.5%	8.4%	5.0%	0.9%	1.0%	0.5%	-1.0%	-1.2%	2.4%	8.5%
Asset play	14.7%	-0.5%	0.1%	0.8%	-4.0%	-2.7%	0.0%	-0.3%	1.2%	0.7%	2.8%	6.2%
Convertible bonds	0.0%	0.0%	0.0%	0.0%	0.0%	-12.9%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%
High yield bonds	0.0%	0.0%	0.0%	-2.3%	-5.9%	-1.5%	0.0%	0.0%	0.0%	0.0%	1.0%	2.4%
FX Derivatives	0.0%	0.0%	0.0%	0.1%	0.0%	-0.4%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%
Cash	16.1%	0.0%	-3.1%	-11.8%	-4.5%	-0.9%	0.0%	0.0%	-0.3%	-0.3%	-0.5%	-0.5%

Turnover

	Adj*
FY 2017	28.5%
FY 2016	17.7%
FY 2015	22.2%

* Adjusted for fund flows

Liquidity analysis*

	20%	50%
3 days	63.9%	73.8%
2 weeks	78.3%	92.0%
4 weeks	89.5%	96.5%

* 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 V, public common investment fund
Launch date	April 23, 2007
Domicile	Estonia
Currency	EUR
Dividends	reinvested
Fund size, MEUR	62.7
Total AUM, MEUR	400+

TER 2017 0.39% (excluding management and performance fees)

	ISIN Code	WKN code	NAV 30-Nov 2018
A unit	EE3600090049	-	4.5083 EUR
B unit	EE3600090056	-	4.8010 EUR
C unit	EE3600102901	AOPEFO	16.2439 EUR
D unit	EE3600108866	A1W7PO	13.5711 EUR
E unit	EE3600108874	A113GN	13.6188 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, three 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	-	500,000 EUR	500,000 EUR
Front-end load	2%	-	-
Management fee	2%	1.15%	0.85%
Performance fee (unit based)	-	-	15% over MSCI EFM EUROPE + CIS (E+C) ex RU 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 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
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CEO & COO



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Partner, co-CIO,
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Valdur Jaht
Partner, co-CIO,
Investment Manager

Signatory of:



**RESPONSIBLE
BUSINESS INDEX
GOLD LEVEL 2018**

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