

Investment Objectives & Approach

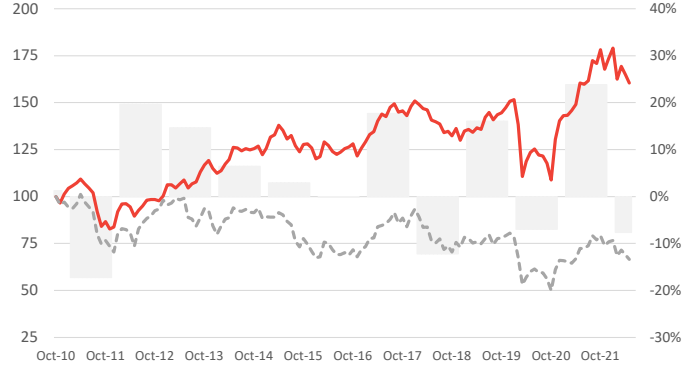
The Fund invests actively in listed equities of European Union new member states and accession countries (Emerging Europe, ex Russia). Benchmark agnostic, it emphasizes bottom-up, value oriented stock picking with a strong small and mid-cap bias. The Fund's investment objective is to maximise upside 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, May 2022

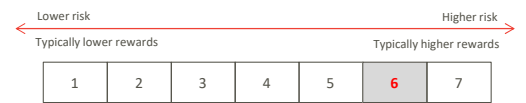
Global equities ended the month of May almost exactly where they started despite elevated volatility in the markets. MSCI World ACWI lost 0.1% in \$, while the drop in the US dollar pushed the return in euros to -1.9%. Eurozone inflation accelerated to an all-time high (May: 8.1%), prompting the ECB to turn more hawkish. Emerging Europe equities lost 3.6% in € driven by the sell-off in Hungary as the recently re-elected Prime Minister Viktor Orban declared state of emergency and announced several new sector-based taxes. Avaron Emerging Europe Fund lost 2.8% in May, outperforming the benchmark thanks to positive contribution from our Czech (+0.5pp) and Polish (+0.6pp) positions. The largest positive contributor (+0.9pp) for the 3rd consecutive month was Czech energy producer CEZ (8.0% of the portfolio) that continues to enjoy the current high electricity price environment. The largest negative contributor was Hungarian OTP Bank (3.7% of the portfolio) with -0.9pp as its share price slumped 22% in € amid the announcement of new banking sector taxation. Emerging Europe economies delivered unexpectedly strong Q1 growth at 6.8% yoy continuing the impressive post-COVID rebound, driven mostly by the build-up of inventories with the manufacturing sector experiencing strong backlogs. Inflation in the region is expected to remain stubbornly high over the coming months and central banks are likely to continue their tightening cycles despite risks to growth and recent substantial tightening. We maintain a tilt towards cyclical companies (68% of the portfolio) as we see superior long-term value there compared to non-cyclicals. Valuation wise the portfolio is trading at an undemanding 8.9x 2022f P/E and 8.1x on 2023 basis. Following the YTD sell-off the aggregate upside for the Fund on a 2-year forward looking basis stands at 48%. Over the past 7 years this has indicated a good entry point, followed by a period of solid returns.

Please send an e-mail to funds@avaron.com to receive a more detailed fund factsheet and portfolio manager comment.

Performance, E Unit



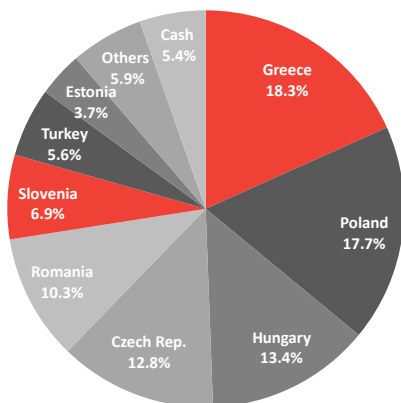
Calendar year performance (right)
Fund NAV, E Unit (left)
Benchmark Index (MSCI EFM EUROPE + CIS (E+C) ex Russia, left)
Past performance is not a guarantee or indicative of future results.



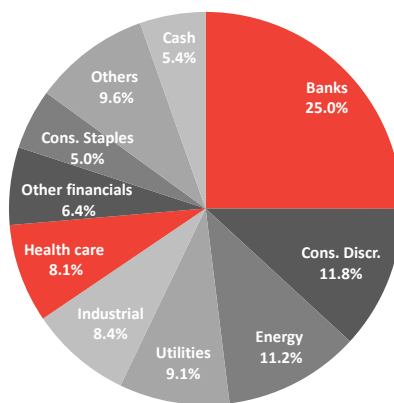
| Perf overview | E Unit return | Index return* | Year | E Unit return | Index return* |
|---------------|---------------|---------------|-------------------------------|---------------|---------------|
| 1 month | -2.8% | -3.6% | 2021 | 23.8% | 14.9% |
| 3 months | -1.3% | -2.9% | 2020 | -7.0% | -18.0% |
| 6 months | -4.4% | -10.0% | 2019 | 16.0% | 10.3% |
| YTD | -7.6% | -12.4% | 2018 | -12.2% | -18.6% |
| 1 year | 0.0% | -8.2% | 2017 | 17.7% | 25.3% |
| 3 years | 18.2% | -11.2% | CAGR of calendar years | | |
| 5 years | 11.4% | -21.5% | Years | Fund | Index* |
| 7 years | 18.6% | -26.4% | 2017-2021 | 6.7% | 1.2% |
| 8 years | 27.1% | -29.3% | 2019-2021 | 10.2% | 1.3% |
| 10 years | 79.3% | -9.7% | 2020-2021 | 7.3% | -2.9% |

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

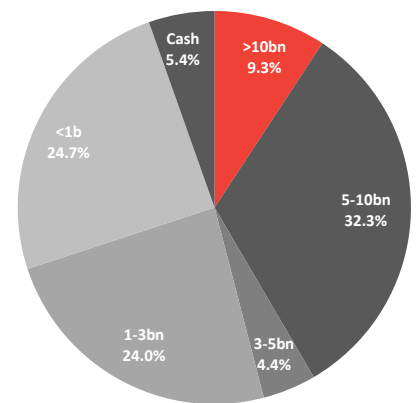
Geographic breakdown



Sector breakdown



Market Cap breakdown



| Risk metrics | 5Y risk* |
|-------------------------------|----------|
| Alpha | 5% |
| Volatility & stand. deviation | 14.1% |
| Beta | 0.60 |
| Sharpe ratio | 0.18 |
| Information ratio | 0.79 |
| Tracking error | 8.7% |

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

| Fund statistics | |
|---------------------------|-------|
| Number of positions | 42 |
| Top10 | 45.1% |
| Top20 | 69.9% |
| Gross exposure | 94.6% |
| Net exposure | 94.6% |
| Concentration coefficient | 32 |
| Median market cap MEUR | 1337 |
| Average market cap MEUR | 3117 |

| Liquidity analysis* | 30% |
|---------------------|-------|
| 3 days | 82.1% |
| 2 weeks | 94.6% |
| 4 weeks | 96.6% |

* Proportion of portfolio that can be turned into cash based on past 6 month average trading volume if Fund accounted for 30% of trading volume

| Turnover | |
|----------|-------|
| FY 2021 | 13.1% |

* Adjusted for fund flows

Fund Facts - Avaron Emerging Europe Fund

| | | | |
|---------------------------|----------------------------|-------------------------|--------------------|
| Investment Manager | AS Avaron Asset Management | Cut-off | 10am CET |
| Fund type | UCITS V | NAV frequency | Daily dealing, T+3 |
| Launch date | April 23, 2007 | Supervised by | Estonian FSA |
| Domicile | Estonia | Custodian | Swedbank AS |
| Currency | EUR | Transfer agent | Swedbank AS |
| Dividends | reinvested | NAV calculation | Swedbank AS |
| Fund size, MEUR | 33.6 | External auditor | KPMG |
| Total AUM, MEUR | 138.7 | Internal auditor | PWC |

| Unit class | D (Retail) | C (Institutional) | E (Institutional) |
|-------------------------------------|------------|-------------------|--|
| Min. initial investment | - | 500,000 EUR | 500,000 EUR |
| Front-end load | - | - | - |
| Management fee | 2% | 1.15% | 0.85% |
| Performance fee (unit based) | - | - | 15% over MSCI EFM EUROPE + CIS (E+C) ex RU index |
| Back-end load | - | - | - |

| NAV | 31-May-2022 | ISIN code | TER 2021 |
|--------|-------------|--------------|------------------------------|
| B unit | 5.8366 EUR | EE3600090056 | 1.72% |
| C unit | 19.8181 EUR | EE3600102901 | 1.62% |
| D unit | 16.0672 EUR | EE3600108866 | 2.47% |
| E unit | 16.0390 EUR | EE3600108874 | 3.23% (incl. Perf fee 1.91%) |

Public offering France, Germany, United Kingdom, Finland, Sweden, Estonia, Latvia, Lithuania, Norway (units C, E)

Tax transparency Germany

Platforms & execution Allfunds, MFEX, Clearstream AFS, SIX SIS AG, RBC Investor Services, IFSAM

Morningstar rating Yes, four stars (3, 5 and 10 years)

SFDR classification Article 8, light green product

Fund documents & prospectus www.avaron.com/documents

| | WKN code | Telekurs ID | Bloomberg ticker | Refinitiv RIC |
|--------|----------|-------------|------------------|---------------|
| C unit | A0PEF0 | CH10799792 | AVAEESC ET | LP68063797 |
| D unit | A1W7P0 | CH12407332 | AVEMEUD ET | LP68083763 |
| E unit | A113GN | CH12414216 | AVEMEUE ET | LP68083764 |

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About Avaron Asset Management

Avaron Asset Management (founded in 2007) is an independent management-owned investment manager with a clear focus on stock-picking (bottom-up) and value investing in Emerging Europe region. We aim to deliver positive risk-adjusted return to our clients over the market cycle. Our portfolios are long-only and invest in listed stocks. Investment ideas are generated through in-house proprietary research of approximately 300 Emerging Europe companies, backed by regular on the ground visits and meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models that we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 20 professionals (including 10 in the investment team), based in Estonia and Poland, takes care of 130M+ euros of mainly professional investor assets. We adhere to the *UN Principles for Responsible Investment* (PRI) and are supervised by the Estonian Financial Supervision Authority.



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CEO & Investor Relations



Peter Priisalm
Partner, co-CIO,
Investment Manager



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Investment Manager



Rain Leesi, CFA
Investment Manager

Signatory of:



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