

## Key Investor Information

This document provides you with key investor information about this Fund. It is not a marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

### A Share, Avaron Emerging Europe Smaller Companies Fund

ISIN: EE3600001772

The Fund is managed by AS Avaron Asset Management (hereinafter also Management Company or Avaron)

## Objectives and Investment Policy

The Fund is a UCITS fund which invests in transferable securities with the purpose of spreading investment risks and affording its shareholders the results of the management of its portfolio. Information on the Fund's investment policy and investment restrictions is available in more detail in the Fund prospectus.

**The investment objective of the Fund is to invest primarily in attractively valued listed small and mid-cap companies in Emerging Europe ex-Russia region to strive for long term capital growth.** As stock exchanges in these markets are dominated by banking sector and state-owned companies, the Fund aims to limit investing into these segments, and focus on stock-picking mainly among privately owned smaller companies. **Benchmark agnostic, the Fund emphasizes bottom-up, value-oriented stock picking.** Fund's investment objective is to provide positive risk adjusted return by finding the optimal balance between highest upside to internally set target prices and the risk level perceived by the Management Company, considering among others company quality, ESG factors, liquidity and FX outlook. Avaron adheres to the UN Principles for Responsible Investment. By implementing Avaron's investment process the Fund aims to outperform the market.

The Fund invests in undervalued companies, in companies with high dividend yield and in growth companies. At least 60% of the Fund's net asset value shall be invested in

companies with market capitalisation of less than 3 billion euros while state-controlled companies are capped at 20% and pure banking sector at 20% of the Fund's net asset value. Aside from Emerging Europe ex-Russia region the Fund may invest up to 20% of its assets into listed instruments in Ukraine, Georgia and CIS countries. The allocation of the Fund's assets between different countries and sectors shall be determined by Avaron in exercising active portfolio management strategy.

In addition to equity instruments, from time to time the Fund may invest in other securities like government, corporate and convertible bonds and deposits of credit institutions.

The Fund is permitted to transact with derivative instruments only for hedging exchange rate risks of the Fund's assets. The Fund is not allowed to take any leverage for investment purposes.

The shares of the Fund shall be issued on every banking day and redeemed once a month. Proceeds from the Fund's investments shall be reinvested, no distributions shall be made to the shareholders. The shareholder's return on his or her investment into the Fund is reflected in the increase or decrease of the net asset value of the share.

**Recommendation: this Fund may not be appropriate for investors who plan to withdraw their money within 5 years.**

## Risk and Reward Profile



The risk and reward indicator illustrates the correlation between risk and possible returns of investing in the Fund. The higher the Fund is positioned on this scale, the greater the possible reward but also the greater the risk of losing money. The lowest category does not mean that the investment is risk free. The risk and reward category shown is not guaranteed to remain unchanged and the categorisation of the Fund may shift over time.

The Fund was launched on December 9, 2022 and does not have sufficient data on historical performance yet. The current risk category of the Fund is calculated on a representative portfolio model and simulates the projected volatility. The historical information used may not be a reliable source for assessing the future risk profile of the Fund.

Due to investing in equities in developing markets that carry less liquidity, the risk level of the Fund should be considered

high. Investors should acknowledge that there is no guarantee that the capital invested into the Fund will be preserved or that it will grow. Various risks relate to investing into the Fund that may have a negative effect on the outcome of the investment and are not reflected with the risk and reward indicator.

**Emerging market risk** – the Fund's assets shall be invested in Emerging Europe ex-Russia region which can be subject to legal, social, political and economic instability, possibility of large currency fluctuations, lower liquidity in local markets and higher volatility.

**Risk of investing in small and mid-cap companies** – Fund's assets shall be invested into stocks of smaller and mid-sized companies which are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than the stocks of larger, more established companies.

**Currency risk** – the Fund invests in currencies other than the base currency (EUR) of the Fund that may change in an adverse direction due to fluctuations in exchange rates.

*Liquidity risk* – risk that Fund’s assets may be difficult to sell at a certain time for a certain price.

**More information on risks that may have effect on the outcome of the investment into the Fund is available in Fund’s prospectus in chapter “Risks”.**

## Charges

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The charges you pay are used to pay for the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

*One-off charges taken before or after you invest*

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**Entry charge**        None

**Exit charge**        None

*Charges taken from the Fund over a year*

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**Ongoing charges**    1.32 %

*Charges taken from the Fund under certain specific conditions*

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**Performance fee**        15% of the amount by which the return of A Share exceeds the return of the benchmark index  
MSCI EFM EUROPE + CIS (E+C) ex Russia

The **ongoing charges** figure is an estimate on the expenses for the calendar year. It includes an estimate on the management fee, custody fee, expenses related to keeping the register of the shares, fund administration and accounting fees and expenses related to auditing the Fund. This figure may vary from year to year. Transaction costs are not included in ongoing charges.

The standard **performance fee** The crystallisation period is calendar year and measurement period is up to 5 years.

**The performance fee shall be paid also in case the Fund has outperformed the reference benchmark but had a negative performance.**

More information on charges can be found in the chapter “Fees and expenses” in Fund prospectus.

## Past Performance

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The Fund was registered on January 11, 2021 and A Shares were issued December 9, 2022.

The Fund does not have sufficient data yet available to provide as indication of past performance.

## Practical information

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The depositary of the Fund is **Swedbank AS** (reg.no. 10060701).

Fund articles of association and prospectus, annual and semi-annual reports are available free of charge at the Management Company’s webpage <https://avaron.com/documents/> or by request from the Management Company.

Description of the Management Company’s remuneration policy, including information regarding the principles of calculating and persons responsible for determining the remuneration, is available at the Management Company’s website <https://avaron.com/>. The description of the remuneration policy in form of a paper copy is made available to the investors at the registered office of the Management Company upon request.

The Management Company has outsourced the keeping account of the Fund’s assets, organising the accounting of the Fund and determining the Fund’s net asset value to Swedbank AS (reg.no. 10060701). The calculations of net asset value, subscription and redemption price of a share are done at least once for each banking day on the following banking day no later than 4.30 PM CET. The Management Company verifies calculations and discloses the information at its website <https://avaron.com/>.

If a shareholder is a taxable person, gains from shares may be taxable. The Management Company does not withhold any taxes on gains earned from shares. Declaring such gains in the tax declaration of accounting period is an obligation of a shareholder. The tax system applicable to an investor may depend on the investor’s residence for tax purposes, legal set-up and other circumstances. We advise to consult a professional tax advisor.

**AS Avaron Asset Management may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.**

*Avaron Emerging Europe Smaller Companies Fund MASF and AS Avaron Asset Management are both authorised in Estonia and regulated by Estonian Financial Supervision Authority.*

*This key investor information is accurate as at December 9, 2022*



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## B Share, Avaron Emerging Europe Smaller Companies Fund

ISIN: EE3600001780

The Fund is managed by AS Avaron Asset Management (hereinafter also Management Company or Avaron)

## Objectives and Investment Policy

The Fund is a UCITS fund which invests in transferable securities with the purpose of spreading investment risks and affording its shareholders the results of the management of its portfolio. Information on the Fund's investment policy and investment restrictions is available in more detail in the Fund prospectus.

**The investment objective of the Fund is to invest primarily in attractively valued listed small and mid-cap companies in Emerging Europe ex-Russia region to strive for long term capital growth.** As stock exchanges in these markets are dominated by banking sector and state-owned companies, the Fund aims to limit investing into these segments, and focus on stock-picking mainly among privately owned smaller companies. **Benchmark agnostic, the Fund emphasizes bottom-up, value-oriented stock picking.** Fund's investment objective is to provide positive risk adjusted return by finding the optimal balance between highest upside to internally set target prices and the risk level perceived by the Management Company, considering among others company quality, ESG factors, liquidity and FX outlook. Avaron adheres to the UN Principles for Responsible Investment. By implementing Avaron's investment process the Fund aims to outperform the market.

The Fund invests in undervalued companies, in companies with high dividend yield and in growth companies. At least 60% of the Fund's net asset value shall be invested in

companies with market capitalisation of less than 3 billion euros while state-controlled companies are capped at 20% and pure banking sector at 20% of the Fund's net asset value. Aside from Emerging Europe ex-Russia region the Fund may invest up to 20% of its assets into listed instruments in Ukraine, Georgia and CIS countries. The allocation of the Fund's assets between different countries and sectors shall be determined by Avaron in exercising active portfolio management strategy.

In addition to equity instruments, from time to time the Fund may invest in other securities like government, corporate and convertible bonds and deposits of credit institutions.

The Fund is permitted to transact with derivative instruments only for hedging exchange rate risks of the Fund's assets. The Fund is not allowed to take any leverage for investment purposes.

The shares of the Fund shall be issued on every banking day and redeemed once a month. Proceeds from the Fund's investments shall be reinvested, no distributions shall be made to the investors. The shareholder's return on his or her investment into the Fund is reflected in the increase or decrease of the net asset value of the share.

**Recommendation: this Fund may not be appropriate for investors who plan to withdraw their money within 5 years.**

## Risk and Reward Profile



The risk and reward indicator illustrates the correlation between risk and possible returns of investing in the Fund. The higher the Fund is positioned on this scale, the greater the possible reward but also the greater the risk of losing money. The lowest category does not mean that the investment is risk free. The risk and reward category shown is not guaranteed to remain unchanged and the categorisation of the Fund may shift over time.

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**Emerging market risk** – the Fund's assets shall be invested in Emerging Europe ex-Russia region which can be subject to legal, social, political and economic instability, possibility of large currency fluctuations, lower liquidity in local markets and higher volatility.

**Risk of investing in small and mid-cap companies** – the stocks of smaller and mid-sized companies in turn are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than the stocks of larger, more established companies.

*Currency risk* – the Fund invests in currencies other than the base currency (EUR) of the Fund that may change in an adverse direction due to fluctuations in exchange rates.

*Liquidity risk* – risk that Fund’s assets may be difficult to sell at a certain time for a certain price.

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## Charges

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### *One-off charges taken before or after you invest*

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<b>Entry charge</b>	None
<b>Exit charge</b>	None

### *Charges taken from the Fund over a year*

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**Ongoing charges** 1.62 %

### *Charges taken from the Fund under certain specific conditions*

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<b>Performance fee</b>	None
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The **ongoing charges** figure is an estimate on the expenses for the calendar year. It includes an estimate on the management fee, custody fee, expenses related to keeping the register of the shares, fund administration and accounting fees and expenses related to auditing the Fund. This figure may vary from year to year. Transaction costs are not included in ongoing charges.

More information on charges can be found in the chapter “Fees and expenses” in Fund prospectus.

## Past Performance

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The Fund was registered on January 11, 2021 and A Shares were issued December 9, 2022.

The Fund does not have sufficient data yet available to provide as indication of past performance.

## Practical information

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The depositary of the Fund is **Swedbank AS** (reg.no. 10060701).

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