

**Investment Objectives & Approach**

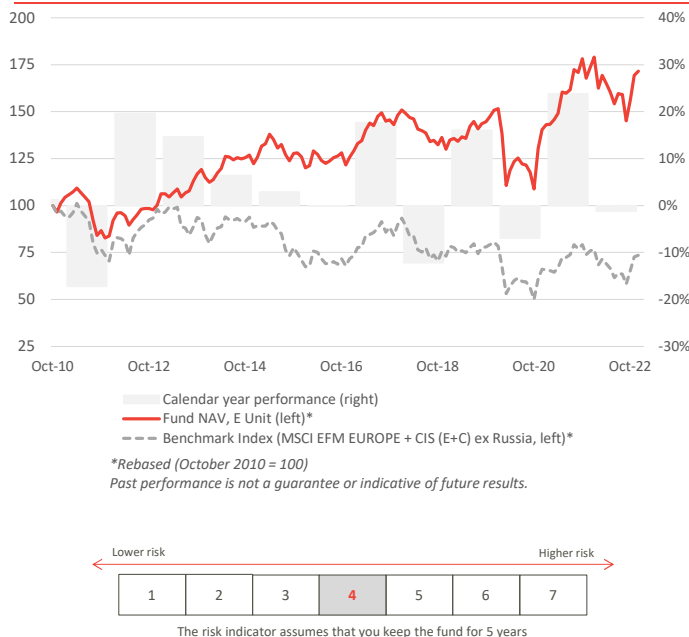
The Fund invests actively in listed equities of European Union new member states and accession countries (Emerging Europe, ex Russia). Benchmark agnostic, it emphasizes bottom-up, value oriented stock picking with a strong small and mid-cap bias. The Fund's investment objective is to maximise upside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

Global equities finished the year on a sour note as MSCI ACWI lost 4% in \$ last month, wrapping up the worst year since 2008. Investors remained concerned that further monetary tightening from central banks around the world will push the economy into a recession. Emerging Europe posted strong performance in December (+1.2% in €) led once again by Turkey. Turkish equities continue to perform extremely well despite continuing foreign outflows suggesting desperate buying from locals that are trying to protect their net worth from soaring inflation (Dec: 64.3%). Avaron Emerging Europe Fund gained 1.3% in December, slightly outperforming the market despite notable underweight in Turkey (5.6% vs 23.3% in the index). 2022 was a strong year on relative basis for Emerging Europe region. Despite massive outflows from the region following Russia's invasion of Ukraine, our regional ex-Russia benchmark managed to end the year down only 3.1% in € (vs. -17.6% for Emerging Markets and -9.5% for Europe). The Fund continued to outperform the market, posting -1.3% return for 2022. Our Fund portfolio trades at 7.5x 1YR FWD P/E assuming 20% earnings contraction for the companies. This is almost 2 standard deviations lower compared to the long-term historical average and only 12% above historic lows. Following the Q4 rally the aggregate upside for the Fund on 2-year forward looking basis stands at 53%, still over 10pp above long-term median level, indicating a continued buy signal to the Fund.

Please send an e-mail to [funds@avaron.com](mailto:funds@avaron.com) to receive a more detailed fund factsheet and portfolio manager comment.

**Performance, E Unit**



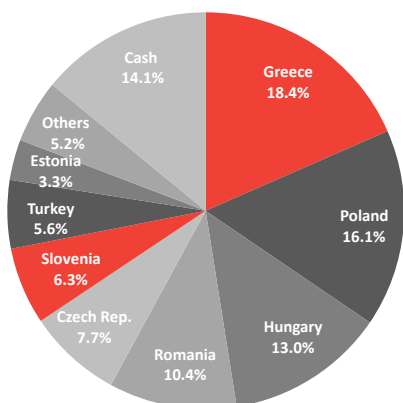
Perf overview	E Unit return	Index return*	Year	E Unit return	Index return*	Excess return
1 month	1.3%	1.2%	2022	-1.2%	-3.1%	1.9%
3 months	18.3%	26.4%	2021	23.8%	14.9%	9.0%
6 months	11.3%	19.4%	2020	-7.0%	-18.0%	11.0%
YTD	-1.2%	-3.1%	2019	16.0%	10.3%	5.8%
1 year	-1.2%	-3.1%	2018	-12.2%	-18.6%	6.4%
3 years	13.8%	-8.8%				
5 years	15.9%	-18.0%				
7 years	36.2%	3.9%				
8 years	40.2%	-16.9%				
10 years	71.1%	-25.1%				

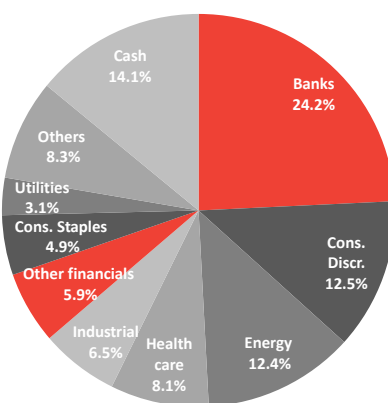
CAGR of calendar years		
Years	Fund	Index*
2021-2022	10.6%	5.5%
2020-2022	4.4%	-3.0%
2018-2022	3.0%	-3.9%

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

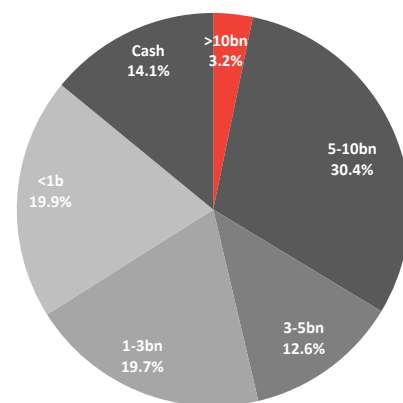
**Geographic breakdown**



**Sector breakdown**



**Market Cap breakdown**



Risk metrics	5Y risk*
Alpha	5%
Volatility & stand. deviation	14.6%
Beta	0.61
Sharpe ratio	0.23
Information ratio	0.78
Tracking error	8.9%

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

Fund statistics	
Number of positions	42
Top10	41.7%
Top20	63.1%
Gross exposure	85.9%
Net exposure	85.9%
Concentration coefficient	39
Median market cap MEUR	1537
Average market cap MEUR	3066

Liquidity analysis*	30%
3 days	79.0%
2 weeks	94.5%
4 weeks	96.5%

\*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 2022	17.4%

\* Adjusted for fund flows

### Fund Facts - Avaron Emerging Europe Fund

<b>Investment Manager</b>	AS Avaron Asset Management	<b>Cut-off</b>	10am CET
<b>Fund type</b>	UCITS V	<b>NAV frequency</b>	Daily dealing, T+3
<b>Launch date</b>	April 23, 2007	<b>Supervised by</b>	Estonian FSA
<b>Domicile</b>	Estonia	<b>Custodian</b>	Swedbank AS
<b>Currency</b>	EUR	<b>Transfer agent</b>	Swedbank AS
<b>Dividends</b>	reinvested	<b>NAV calculation</b>	Swedbank AS
<b>Fund size, MEUR</b>	36.8	<b>External auditor</b>	KPMG
<b>Total AUM, MEUR</b>	144.9	<b>Internal auditor</b>	PWC

<b>NAV</b>	<b>31-Dec-2022</b>	<b>ISIN code</b>
<b>B unit</b>	6.1962 EUR	EE3600090056
<b>C unit</b>	21.0515 EUR	EE3600102901
<b>D unit</b>	16.9825 EUR	EE3600108866
<b>E unit</b>	17.1516 EUR	EE3600108874
<b>TER (2022)</b>	0.41% + unit class management fees	

<b>Public offering</b>	France, Germany, United Kingdom, Finland, Sweden, Estonia, Latvia, Lithuania, Norway (units C, E)
<b>Tax transparency</b>	Germany
<b>Platforms &amp; execution</b>	Euroclear FundSettle, Allfunds, MFEX, Clearstream AFS, SIX SIS AG, RBC Investor Services, IFSAM
<b>Morningstar rating</b>	Yes, four stars (3, 5 and 10 years)
<b>SFDR classification</b>	Article 8, light green product
<b>Fund documents &amp; prospectus</b>	<a href="http://www.avaron.com/documents">www.avaron.com/documents</a>

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

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

### Contact Information

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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 17 professionals (including 8 in the investment team), based in Estonia and Poland, takes care of 140M+ 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.



**Kristel Kivnurm-Priisalm**  
Managing Partner,  
CEO & Investor Relations



**Peter Priisalm**  
Partner, co-CIO,  
Investment Manager



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



**Rain Leesi, CFA**  
Investment Manager

Signatory of:



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**For German Investors:** The German Information Agent is Zeidler Legal Services, Bettinastrasse 48, 60325 Frankfurt, Germany. The Prospectus, the Fund Rules, the Key Investor Information Documents (KIIDs), the financial reports and further information can be obtained free of charge from the Information Agent. The last unit prices can be found on [www.avaron.com](http://www.avaron.com). Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of units.

**For UK Investors:** The United Kingdom Facilities Agent is Zeidler Legal Services (UK) Limited, Aldgate Tower, 4th Floor, 2 Leman Street London E1 8FA, United Kingdom. The Prospectus, the Fund Rules, the Key Investor Information Documents (KIIDs), the financial reports and further information can be obtained free of charge from the Facilities Agent. The last unit prices can be found on [www.avaron.com](http://www.avaron.com), as well by the Facilities Agent. Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of units.