



Avaron Emerging Europe Fund

SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2022
UNAUDITED

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FUND FACTS

Avaron Emerging Europe Fund is a public common investment fund registered in the Republic of Estonia. The Fund complies with the requirements set out in the Directive 2009/65/EC of the European Parliament and of the Council.

Name of the Fund	Avaron Emerging Europe Fund
Fund Management Company	AS Avaron Asset Management (reg. no. 11341336)
Registered address and contact details of the Fund Management Company	Address: Narva mnt 7d, 10117 Tallinn, Estonia Phone: +372 664 4200 Facsimile: +372 664 4201 E-mail: avaron@avaron.com www.avaron.com
Depository & Custody Bank	Swedbank AS (reg. no. 10060701)
Fund Administration (NAV calculation) & Transfer Agent services	Swedbank AS (reg. no. 10060701)
Auditor	KPMG Baltics OÜ (reg. no. 10096082)
Supervisor	Estonian Financial Supervision Authority
Investment Managers	Valdur Jaht, Peter Priisalm, Rain Leesi
Fund established	3 April 2007
Start of the Fund's activities	23 April 2007
Reporting period	1 January 2022–30 June 2022

INVESTMENT MANAGERS' REPORT

General Information

Avaron Emerging Europe Fund (hereinafter: "the Fund") invests actively in listed equities of Emerging Europe ex-Russia region. 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 maximize upside to internally set target prices, taking into account company Quality Score, in-house ESG Score, liquidity and FX outlook.** By implementing our investment process we aim to outperform the market with lower volatility. The Fund typically invests in 30-45 regional companies, who generally demonstrate a competitive advantage or attractive risk/return features. It adheres to the UN Principles for Responsible Investment.

The Fund is managed by AS Avaron Asset Management (hereinafter: "Avaron"), an independent investment management boutique established in 2007 and fully owned by employees. Avaron's core activity involves investing the assets of our mutual funds and institutional investor managed accounts into Emerging Europe listed equities. We create additional value to our clients by applying active value investing principles while also adhering to the UN Principles of Responsible Investment. As at the end of June 2022 Avaron managed 132 million euros of investor assets. The firm employs 18 investment and finance specialists. Avaron holds a licence from the Estonian Financial Supervision Authority to manage investment portfolios and funds.

The Fund is a UCITS-V and SFDR Article 8 fund, registered for public sale in Estonia, France, Germany, United Kingdom, Finland, Sweden, Norway, Latvia and Lithuania. The Fund's fund administration, custody services and transfer agent services are outsourced to Swedbank AS.

Investment Philosophy: Value Investing, Stock-Picking and Responsible Investing

Our investment philosophy is based on value investing principles. Over time stock prices tend to over or underreact to market news and thus deviate from fundamental value of a company. In order to take advantage of such occurrences our portfolio construction is fully bottom-up, assessing every investment case on a standalone basis. Our idea generation is proprietary, driven predominantly by upside to internally set fair value targets. We tend to have long term holding periods but our upside oriented investment process also allows us to take advantage of short-term market volatility without losing focus of the underlying fundamental value of the company. We search for well managed companies with leading market positions, identifiable competitive advantage(s) and strong recurring revenue based business models that we understand and are able to model ourselves.

Within our investment process **we put strong emphasis on company quality that is assessed by using an internal Quality Score** focusing on management team and business model quality, and financial strength of the company. Besides conventional financial and non-financial aspects **we have integrated in-house ESG Score (environmental, social, governance) into our investment process leveraging upon our bottom-up regional expertise with an aim to identify material ESG risks and value creation opportunities.** Our investment team has been following vast majority of our current listed equity universe over a decade, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe we have taken a strategic decision not to outsource ESG analysis to third party providers but rather to educate our research team and develop the knowhow in-house.

Sustainability at Avaron

Avaron is committed to sustainable business practices, which are embedded into our corporate identity. As an asset management boutique the largest impact we can make is via our investment decision making process. We believe that environmental, social and corporate governance (ESG) issues and stewardship activities are material to delivering strong risk-adjusted investment returns over the long-term and contribute to a more cohesive and fairer society. **Since 2011 Avaron is a signatory of the UN PRI and we have integrated ESG factors into our quantitative and qualitative investment analysis and decision-making processes.** We take an active approach to communicating our views to the companies we invest in and seek improvements where there are shortcomings in performance. From our website's section [Responsible Investment](#) you can download our Responsible Investment Policy, Responsible Investment Report, UN PRI Transparency and Assessment Reports, Voting Policy and Voting Records.

During 2021 we continued to apply our internal ESG analysis process as well as active engagement with our portfolio companies. Since the implementation of the ESG rating system in 2018 the aggregate ESG score of Avaron Emerging Europe Fund has improved by 6% to 3.38. Part of the positive change can be attributed to the rise in ESG quality of the portfolio due to the changes made as the rating system is integrated into investment decision-making. However, improved ESG performance and disclosure among regional issuers has been also visible and an important contributor. We are especially proud of the improved issuer performance as a result of our engagement efforts.

In 2021 we continued to engage with selective portfolio companies on environmental topics.

We engaged individually with 3 companies on climate change and with 8 as lead investors within the scope of CDP Non-Disclosure Campaign. In addition, we conducted a broader themed engagement effort on gender pay gap across all of our portfolio companies. No reactive engagements were launched related to controversies discovered.

A key part of being an active responsible owner of listed equities is using voting rights in an informed way at company meetings. Starting from 2018 we committed to systematically exercise our voting rights on all shareholder meetings. In 2021 we voted in 88% of the shareholders' meetings of the companies we own in all portfolios for which we hold the discretion to exercise voting rights. This compares to 92% and 89% participation rate in 2020 and 2019, respectively. On less than 1% of agenda points we voted against the management proposals and on 2% we abstained. Starting from 2019 we are disclosing all our voting details for our publicly sellable funds, which are available in the Responsible Investment section on our website.

Going into 2022 as an UN PRI signatory **we continue to be committed to the responsible investment principles as we believe that these accompanied with our bottom-up stock picking approach will deliver solid risk adjusted returns. We continue as a signatory of the CDP** as it is one of the largest investor collaborations globally with combined \$110+ trillion in assets, aiming to improve climate change, water usage and deforestation related disclosure, and related risk management of publicly traded companies. Also, **our participation in Climate Action 100+ will continue.** It is a 5-year investor initiative launched in 2018 to engage with 167 global companies that have significant greenhouse gas emissions or are critical to the net-zero emissions transition and to meeting the objectives of the Paris Agreement. As of 2021 signatory assets under management totaled \$65 trillion. Since 2018 we hold a supporting role in the collaboration.

As of 10th of March 2021 disclosure requirements according to the European Sustainable Finance Disclosure Regulation (SFDR) came into effect. **Avaron Emerging Europe Fund qualifies as a financial product subject to Article 8 (light green) as among other characteristics it promotes environmental and social ones but does not have a sustainable investment as its objective.** A sustainability risk in the context of the Fund is an environmental, social or governance event or

condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The consideration and management of ESG issues has been integrated into the investment process of the Fund by undertaking ESG due diligence on all prospective and existing investments. The ESG integration includes negative screening and in-depth ESG analysis of issuers before making investment decisions. Negative screening is applied based on exclusion principles to avoid financing companies that are engaged in activities with clear adverse impact on people and environment. ESG analysis including sustainability risks assessment is carried out using proprietary ESG rating methodology incorporating 17 environmental indicators, 37 social and supply chain indicators, and 42 governance indicators. The assessment of ESG performance of issuers provides basis for exclusion of poor performers, and engagement needs and opportunities. The Fund shall not invest in issuers with a rating below 2.0 in 1.0 to 5.0 scale.

The investments of Avaron Emerging Europe Fund currently do not take into account the EU Taxonomy Regulation criteria for environmentally sustainable economic activities. However, it cannot be excluded that some investments are aligned with the criteria and may contribute to climate change mitigation and/or climate change adaptation. Also, we do not currently consider the principal adverse impacts of our investment decisions regarding this Fund on sustainability factors. A sustainability factor in this context means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. We have opted against doing so, primarily as the regulatory technical standards supplementing SFDR and the EU Taxonomy Regulations (RTS) which will set out the content, methodology and information required in the principal adverse sustainability impact statement remain in draft form and have been delayed. However, once the RTS come into effect we plan to start considering the mandatory principle adverse impacts of investment decisions on sustainability factors. In addition, the delay of the RTS which also underpin the environmental disclosures required by the EU Taxonomy Regulation means there is currently insufficient data available on the Fund's underlying investments to establish or specify the proportion of investments in environmentally sustainable activities under the EU Taxonomy Regulation or details on the proportion of enabling and transitional activities.

Main Developments During the First Half of 2022

In six months 2022 Emerging Europe equities (MSCI EFM EUROPE + CIS (E+C) ex Russia) lost 18.9% in € underperforming Emerging Markets (-11.9% in €) and were almost on par with developed Europe markets (-17.9% in €). The Emerging Europe market index is down 24% from February 2022 highs. **Looking at Emerging Europe's relative valuation we have seen a widening of the discount to global emerging markets and to European equities.** We do not see risks of military conflict widening into our investment region as almost all of the countries are NATO members. Although geopolitical risk sentiment has clearly worsened, the discount at which Emerging Europe trades to Europe or Emerging Markets is unjustified. Our focus on higher quality companies together with value oriented stock picking leads to portfolios that have a low overlap to regional index and offer attractive combination of growth and value opportunities, enabling investors to take regional exposure with even higher potential return in mind than on index basis could be achieved.

	P/E		P/B		ROE %		DY %	
	2022	2023	2022	2023	2022	2023	2022	2023
MSCI ACWI	14.4	13.4	2.33	2.14	12.7	13.1	2.4	2.5
EURO STOXX 50	11.7	11.4	2.03	1.89	14.0	13.4	3.7	3.9
MSCI EM	11.4	10.5	1.54	1.41	12.2	11.9	3.3	3.5
Emerging Europe *	6.5	6.5	1.08	0.95	17.2	14.5	5.4	6.2
vs Global	-55%	-52%	-54%	-56%	35%	11%	128%	143%
vs Europe	-44%	-43%	-47%	-50%	23%	8%	49%	60%
vs EM	-43%	-38%	-30%	-33%	42%	22%	65%	77%

Source: Refinitiv. * MSCI EFM EUROPE + CIS (E+C) ex Russia

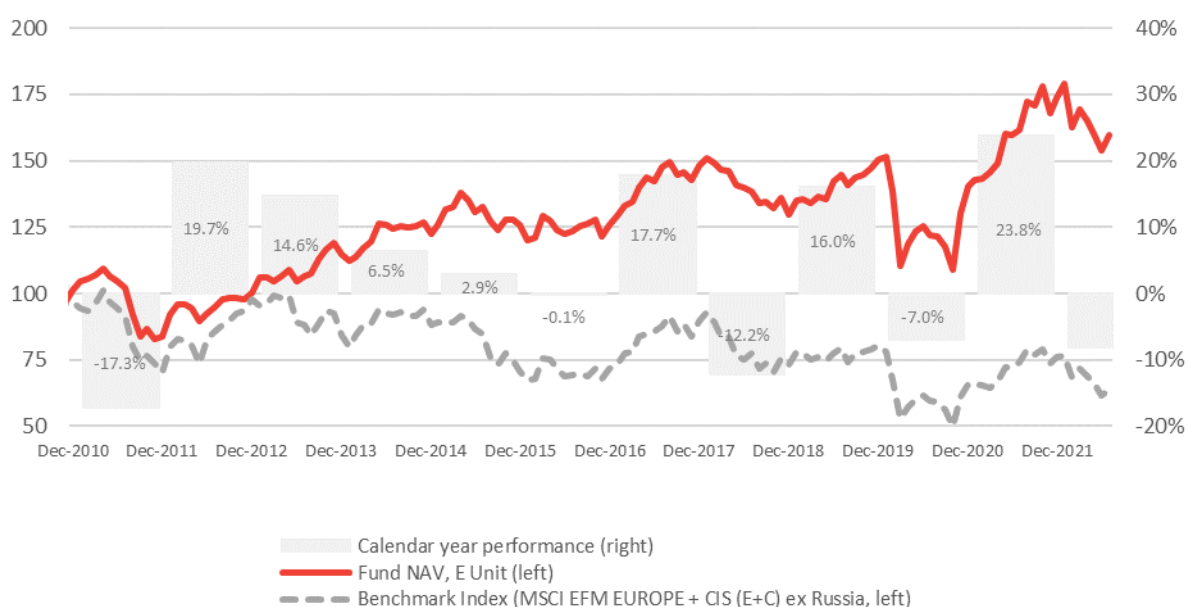
Avaron Emerging Europe Fund lost 10.3%-11.3% (depending upon a share class) in the first half of 2022, outperforming the benchmark MSCI EFM Europe & CIS ex Russia Index (down 18.9%). In 5 years, the Fund has delivered +8.1% return vs. -28.2% for the index, with lower volatility. The Fund’s five year alpha is 5.6%. Total net assets of the Fund decreased from €40.1 million to €32.3 million over the first half of the year.

Table 1. Cumulative rate of net return of Fund’s NAV, in EUR

	2022 HY1	1 year	3 years	5 years	7 years
A unit	-10.6%	-2.6%	10.9%	9.1%	20.7%
B unit	-10.3%	-2.1%	12.6%	11.8%	25.3%
C unit	-10.3%	-2.0%	13.0%	11.7%	24.1%
D unit	-10.7%	-2.9%	10.1%	7.7%	18.6%
E unit	-11.3%	-3.6%	8.3%	8.1%	18.0%
Index*	-18.9%	-14.8%	-20.6%	-28.2%	-29.1%

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

Graph 1. Performance of Fund’s NAV vs. the market (2010-2022 HY1, E unit)



Fund Positioning and Portfolio Valuation

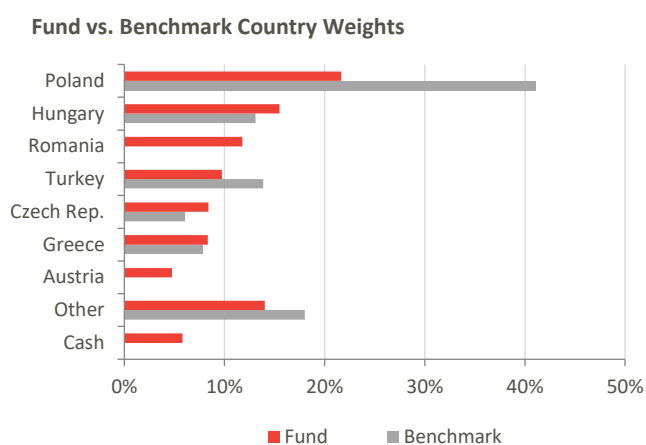
We maintain a tilt towards cyclical companies (65% of the portfolio) as we see superior long-term value there compared to non-cyclicals. 27% of the portfolio is invested in non-cyclicals and 8% is in cash. **Q1** earnings season of portfolio companies was rather positive and prompted us to make slight upward earnings adjustments in spring for 2022, especially in banking sector as the initial positive impact of rate hike cycle is even larger than we anticipated. But this has come at the expense of 2023 estimates as inflation is forcing the central banks to continue to tighten, weighing on growth and credit risk outlook. End-June the aggregate portfolio earnings growth stood at 7% for both years 2022 and 2023. **Valuation wise the portfolio is trading at an undemanding 8.3x 2022f P/E and 7.8x on 2023 basis.**

Table 2. Style Allocation of the Fund

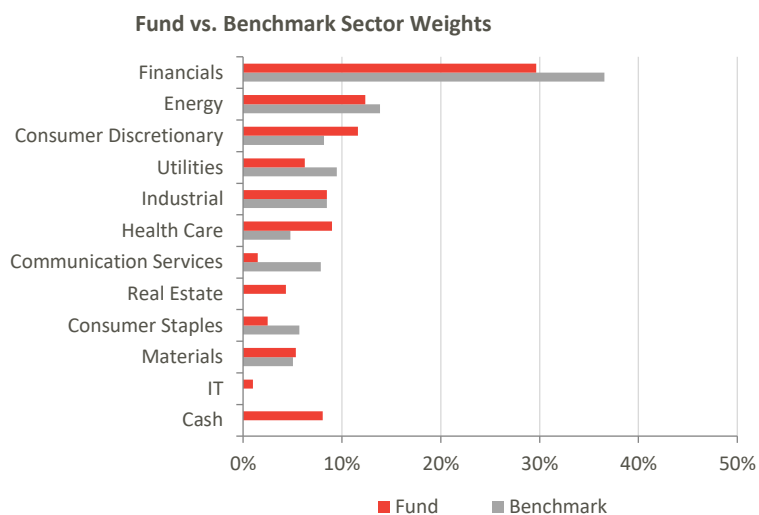
	% of the Fund	P/E adj			growth		EV/EBITDA		yield	P/B
		12M	2022	2023	2022	2023	2022	2023	2021	12M
Cyclical	63.2%	8.5	7.9	7.4	7.6%	6.6%	5.2	4.7	6.6%	1.00
Non-cyclical	27.3%	7.8	9.5	8.7	6.2%	9.6%	5.4	5.0	4.1%	1.46
Asset play	1.5%	-	-	-	-	-	-	-	2.5%	0.75
Total equity	91.9%	8.3	8.3	7.8	7.2%	7.4%	5.3	4.8	5.8%	1.10

Fund’s assets are mainly invested in Greek, Polish, Hungarian and Czech companies. Our portfolio construction process is benchmark agnostic and fully bottom-up. In comparison to the benchmark the Fund is currently overweight in Hungary, the Czech Republic and Greece and strongly underweight in Poland and Turkey and has off-benchmark positions in Romania and Slovenia.

Graph 2. Fund vs. Benchmark Country Weights



Graph 3. Fund vs. Benchmark Sector Weights



Avaron Emerging Europe Fund



30 August 2022

Kristel Kivinurm-Priisalm

Member of the Management Board

CONFIRMATION OF SEMI-ANNUAL FINANCIAL STATEMENTS OF 2022

The Management Board of the Fund Management Company has prepared the semi-annual Financial Statements of Avaron Emerging Europe Fund on 30/08/2022.

The Financial Statements have been prepared in accordance with the requirements stipulated in the regulation no 1606/2002/EU of the European Parliament and of the Council on the application of International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Commission, the Investment Funds Act, Minister of Finance Regulation no 8 of 18/01/2017 "Requirements for the reports of investment funds to be published" and no 11 of 31/01/2017 "Procedure for Determination of Net Asset Value of Investment Funds" as established on the basis of the Investment Funds Act.

It gives a true and fair view of the assets, liabilities, net asset value and performance results of Avaron Emerging Europe Fund. The Management Board considers Avaron Emerging Europe Fund to carry its activities as a going concern.

The semi-annual Financial Statements of Avaron Emerging Europe Fund have been approved by the Fund Management Company and the Investment Managers.

Name	Date	Signature
Kristel Kivinurm-Priisalm Member of the Management Board of the Fund Management Company	30/08/2022	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company / Investment Manager	30/08/2022	/Signed digitally/
Peter Priisalm Investment Manager	30/08/2022	/Signed digitally/
Rain Leesi Investment Manager	30/08/2022	/Signed digitally/

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

ASSETS	Note	30/06/2022	31/12/2021
Cash and cash equivalents	3	2,723,542	4,675,632
Financial assets at fair value through profit or loss:			
Shares and units	4	29,676,279	35,646,630
Receivables and prepayments	4; 6	421,348	7,818
TOTAL ASSETS		32,821,169	40,330,080
LIABILITIES			
Other financial liabilities			
Payables to the management company	4	518,637	206,252
Payables to the depository	4	10,405	12,414
Other liabilities	4	15,720	1,999
TOTAL LIABILITIES		544,762	220,665
NET ASSETS ATTRIBUTABLE TO HOLDERS		32,276,407	40,109,415

STATEMENT OF INCOME AND EXPENSES

In EUR

	Note	01/01/2022- 30/06/2022	01/01/2021- 30/06/2021
INCOME			
Interest income		108	55
From deposits		108	55
 Dividend income		 1,170,603	 590,751
From shares and units		1,170,603	590,751
 Net gain/loss from financial assets at fair value through profit or loss		 -4,268,350	 6,185,265
From shares and units	5	-4,268,360	6,185,265
From derivative instruments	5	10	-
Net gain/loss from foreign exchange		-610,080	-120,808
 TOTAL INCOME		<hr/> -3,707,719	<hr/> 6,655,263
 OPERATING EXPENSES			
Management fees	7	197,054	206,731
Performance fees	7	333,650	349,921
Custodian fees		60,709	71,515
Transaction fees		1,805	1,758
Other operating expenses		31,585	25,016
 TOTAL OPERATING EXPENSES		<hr/> 624,803	<hr/> 654,941
 NET INCOME		 -4,332,522	 6,000,322

STATEMENT OF CHANGES IN NET ASSETS

In EUR

	01/01/2022- 30/06/2022	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	40,109,416	49,585,817	62,143,291
Cash received for fund units issued	898,717	3,784,012	235,621
Cash paid for fund units redeemed	-4,399,204	-13,466,624	-5,987,673
Net result of the Fund	-4,332,522	6,000,322	-10,732,959
NET ASSET VALUE AT THE END OF THE PERIOD	32,276,407	45,903,527	45,658,280
	30/06/2022	30/06/2021	30/06/2020
NUMBER OF THE UNITS IN CIRCULATION AT THE END OF REPORTING PERIOD			
Number of A units in circulation:	111,232.372	111,113.414	108,603.737
Number of B units in circulation:	376,019.916	378,738.309	381,001.689
Number of C units in circulation:	41,090.944	60,756.886	82,522.871
Number of D units in circulation:	328,092.019	188,395.869	235,640.241
Number of E units in circulation:	1,539,115.857	2,437,173.042	3,140,712.588
NET ASSET VALUE OF AN UNIT AT THE END OF REPORTING PERIOD			
Net asset value of the A unit:	5.1942	5.3342	4.1470
Net asset value of the B unit:	5.6322	5.7549	4.4516
Net asset value of the C unit:	19.1256	19.5223	15.0857
Net asset value of the D unit:	15.4949	15.9537	12.4333
Net asset value of the E unit:	15.4057	15.9773	12.5249
TOTAL NET ASSET VALUE OF THE FUND UNITS			
Total net asset value of the A units:	577,762	592,705	450,382
Total net asset value of the B units:	2,117,814	2,179,609	1,696,061
Total net asset value of the C units:	785,891	1,186,117	1,244,912
Total net asset value of the D units:	5,083,761	3,005,609	2,929,796
Total net asset value of the E units:	23,711,179	38,939,487	39,337,129
TOTAL NET ASSET VALUE	32,276,407	45,903,527	45,658,280

STATEMENT OF CASH FLOWS

In EUR

	01/01/2022- 30/06/2022	01/01/2021- 30/06/2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	108	55
Interest paid	-110	-
Dividends received	1,058,839	568,534
Net result from foreign exchange	-24,542	-3,447
Sale of investments	5,749,975	11,834,127
Purchase of investments	-4,921,791	-2,009,496
Operating expenses paid	-300,597	-436,059
	1,561,882	9,953,714
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	898,717	3,783,987
Payments on redemption of units	-4,399,204	-13,466,599
	-3,500,487	-9,682,612
TOTAL CASH FLOWS	-1,938,605	271,102
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	4,675,632	3,138,707
Effect of exchange rate fluctuations on cash and cash equivalents	-13,485	20,925
Cash and cash equivalents at the end of the period	2,723,542	3,430,734

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Emerging Europe Fund for 2022 have been prepared in compliance with the valid Investment Funds Act as supplemented by the regulations of the Minister of Finance. The financial statements have been prepared, as stipulated in the Minister of Finance Regulation 8 of 18/01/2017 “Requirements for the reports of investment funds to be published” in accordance with the accounting policies and information presentation principles of the International Financial Reporting Standards as approved by the European Commission while taking into account the specifications of the regulation and Rules for Calculating Net Asset Value of Funds.

The financial statements have been prepared in EUR, which is also Fund’s functional and presentation currency.

The main accounting principles used when preparing the financial statements have been set out below.

The following standards and interpretations have been used for the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendment to IFRS 3 “Business Combinations” (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 16 “Property, Plant and Equipment” (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (effective for annual periods beginning on or after 1 January 2022),
- Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022).

The adoption of these amendments to the existing standards has not led to any significant changes in the Fund’s accounting policies.

Standards and Interpretations issued by IASB that are adopted by the EU but have not yet been implemented

At present EU has approved the following standards, amendments to the existing standards and interpretations, which were not yet applicable:

- IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 “Income Taxes” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 “Presentation of Financial Statements” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” (effective for annual periods beginning on or after 1 January 2023).

The Fund has not applied the new standards or amendments before deadline. The new standards and amendments listed above may have an impact on Fund’s effective accounting principles. The Fund measures the potential impact on its financial reports.

Standards and interpretations issued by IASB but not yet adopted by the EU

At present, the IFRS' as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at date of publication of the financial statements:

- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2023),

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and semi-annual report.

Use of estimates and judgements

The preparation of the financial statements calls for the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements have been used according to the best knowledge based on prior experience and other factors that the management considers reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Financial instruments are recognized in the balance sheet at fair value taking into account the principles stipulated in the Rules for Calculating Net Asset Value of Funds approved by the Management Board. The fair value of financial instruments quoted on actively traded markets is determined by the quoted prices. If the prices in active markets are not available other valuation models are being used according to the Rules for Calculating Net Asset Value of Funds. Main risks involved with the estimates and judgements that may affect the value of the Fund's assets and liabilities are related to measuring the fair value of financial instruments based on valuation models that use unobservable inputs.

Foreign currency transactions

Foreign currency transactions are recorded using the last bid rate established by the depositary for the funds managed by AS Avaron Asset Management on the transaction date (hereinafter referred to as the depositary bid rate). This rate is based on market inputs. The assets and liabilities quoted in foreign currency are translated into EUR based on the depositary bid rate applicable on the reporting date.

Gains and losses from foreign currency transactions are recorded in the statement of income and expenses under "Gain/ (loss) from transactions in foreign currencies" on a net basis.

Financial instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets include cash, contractual right to receive cash or another financial assets (for example receivables) from another entity, equity instruments of another entity and contractual rights to exchange financial assets with another entity under potentially favourable conditions. Financial liabilities include contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets with another entity under potentially unfavourable conditions.

Financial assets and liabilities are initially recorded at cost, which is the fair value of the consideration paid or received to acquire the financial asset or liability. Financial instruments are later divided into three categories in accordance to the principles of IFRS 9 taking into account the measurement:

1. amortised cost (AC);
2. fair value through other comprehensive income (FVOCI);
3. fair value through profit or loss (FVTPL).

The Fund does not hold financial assets measured at fair value through other comprehensive income.

Classification

On initial recognition, the Fund classifies financial instruments at amortised cost or fair value through profit or loss. A financial instrument is measured at amortised cost if it is not designated as at FVTPL, it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). The classification and subsequent measurement depend on the business model for managing the financial assets and the contractual cash flow characteristics. The classification of financial assets is determined at initial recognition. The Fund has determined the following business models for managing financial assets:

- Held-to-collect business model, which includes financial assets that are held to collect contractual cash flows.
- Other business model, where financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent purchases and sales taking place.

Recognition

In the course of normal business activities investments into shares or units of funds, bonds and derivative instruments are recognised using the trade date accounting principles. Trade date is defined as the date when the Fund takes the obligation to buy or sell the financial instrument. Financial assets and liabilities are initially recognised at acquisition cost, which is the fair value of the consideration paid for the financial asset.

After initial recognition the financial assets and liabilities are measured at fair value in the category “At fair value through profit or loss” or at amortised cost. Gains/ (losses) from the revaluation of securities are recorded in the statement of income and expenses under “Net gain/loss from financial assets at fair value through profit or loss”.

Dividend income from the financial assets at fair value through profit or loss are recorded in the statement of income and expenses under “Dividends” at the moment when the Fund’s right to the dividend is fixed.

Fair value of financial instruments

Fair value is the price that would be received upon selling an asset or paid upon transferring a liability in an orderly transaction in the principal market (or the most advantageous market) (i.e. exit price) between market participants at the measurement date, irrespective if the price is easily traceable or shall be determined using other valuation techniques. According to the fair value hierarchy stipulated in IFRS 13 the financial instruments at fair value shall be divided into three levels depending on the rate of observable inputs used:

- level 1 – unadjusted quoted prices in active market for identical assets or liabilities,

- level 2 – inputs other than quoted prices in level 1 that are observable directly or indirectly,
- level 3 – unobservable inputs for an asset or liability.

Observable inputs are inputs that are determined based on the market data (such as publicly available information about actual events or transactions) and that reflect assumptions which market participants would use when pricing an asset or a liability. When a fair value measurement is developed using inputs from multiple levels of the fair value hierarchy, the fair value measurement of that instrument shall fall entirely into the lowest level from which the inputs have been used.

If an instrument is traded on multiple regulated markets, based on professional judgement, the one that is most liquid and most representative is considered as the principal market.

Measuring the fair value of financial instruments is based on the Rules for Calculating Net Asset Value of Funds approved by the Management Board. General principles are the following:

- The market value of shares traded on a regulated market is determined on the basis of the official closing price on the reporting date. If the closing price is unavailable, the official mid price is used. If the mid price is also unavailable, the last official bid price is used.
- The value of a listed debt security shall be determined on the basis of the last known market quote. Avaron will determine which of the following reflects best the last known market quote representing the fair value of a debt security on the valuation date: last traded price on the regulated market or multilateral trading facility; last reported traded price based on the source of the financial data vendor currently used; mid-market price on the regulated market or multilateral trading facility; bid price on the regulated market or multilateral trading facility; mid-market price provided by sources of the financial data vendor currently used; bid price provided by sources of the financial data vendor currently used. Should market quotes for an instrument not be available or in the opinion of Avaron do not represent the actual value of a listed debt security, its value will be determined on the basis of the yield curve method. If yield curve method cannot be used due to the absence of reliable data or its low sample size, the amortized cost method shall be used.
- The value of options not traded on a regulated market is determined based on the Black & Scholes valuation model. The inputs that are necessary for the calculation are determined by the Fund Management Company after consulting with the counterparty of the option.

Derecognition

Securities are removed from the balance sheet when the Fund has lost control over the corresponding financial assets either as a result of selling them or expiry of their term. FIFO method is used in accounting for the realised gains/ (losses) from securities transactions. The line "Sales profit/ (loss)" in the statement of income and expenses indicates the difference between the sales amount of an instrument and the corresponding acquisition cost.

Offsetting

Financial assets and liabilities are offset only when the Fund has a legal right to offset the amounts and it intends to use the right.

Cash and cash equivalents and cash flows

Cash and cash equivalents comprise of the Fund's current accounts and over-night deposits that are subject to an insignificant risk of changes in their fair value.

Cash flows from operating activities are reported using the direct method.

Deposits

Deposits comprise term deposits of credit institutions given that their maturity is less than 12 months. Deposits are initially recognised at acquisition cost and subsequently measured at amortized cost using the effective interest rate method.

Receivables

Receivables include revenues calculated on the accrual basis but not yet collected, including dividend receivables and other accrued income. Miscellaneous receivables include receivables from unsettled sales transactions.

Receivables are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method from which any possible impairment loss has been deducted.

Other financial liabilities

Other financial liabilities include management fee and performance fee payables to the Fund Management Company; depository fee, safekeeping fee and transaction fee payables to the depository. Liabilities also include payables to Fund unit holders for redeemed units. Miscellaneous liabilities include payables for securities purchase transactions.

Other financial liabilities are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method.

Fund units

The Fund has five classes of units which are redeemable at demand of the unit-holder. Different rights are attached to different unit classes. All the unit classes are reported as financial liabilities. Units shall be issued, redeemed and switched on every banking day according to the Fund rules. The redemption price of a unit is equal to the net asset value of the unit as of the trade date from which the redemption fee and penalty charge may be deducted.

The net asset value of a Unit is determined by dividing the total net asset value of a class of Units by the number of Units of that class that have been issued and not redeemed (adjusted by the number of Units from unsettled subscription and redemption orders that have been received by the Management Company). The income of the Fund shall not be distributed to unit holders but shall be reinvested. A unit holder's profit or loss is reflected in the Unit's net asset value change.

Interest and dividend income

Interest income is recognised on accrual basis using the effective interest rate method. It comprises reported interest from cash and cash equivalents, deposits and debt instruments at fair value through profit or loss.

Received dividends are recorded under "Dividends" at the moment when the shareholder's right to the dividend is fixed.

Operating expenses

The operating expenses of the Fund include the management fee and performance fee payable to the management company, the depository fee payable to the Fund's depository, fund administration fees, fees to the registrar of fund units, transaction fees and other operating expenses stated in the Fund rules. Transaction fees related to security purchase and sales transactions are recorded under "Transaction fees" in the statement of income and expenses. ~

Related parties

Parties that are considered as related parties to the Fund are the Management Company AS Avaron Asset Management, other investment funds managed by the management company, all the group companies, the Management Board of the Fund Management Company and their related parties. According to the Fund rules the Fund pays management fees to the Management Company on a monthly basis.

NOTE 2. RISK MANAGEMENT

Short Overview of Investment and Risk Management Techniques

Avaron focuses on Emerging Europe listed equity asset class with an objective to deliver positive risk adjusted return to our clients over the market cycle. This is achieved by constructing a portfolio of companies that maximises the aggregate upside to internally set target prices of individual companies in our investment universe taking into account the quality and ESG profile of a company, liquidity of an instrument and where relevant also FX outlook.

Our investment philosophy is based on value investing principles. Over time stock prices tend to over or underreact to market news and thus deviate from fundamental value of a company. In order to take advantage of such occurrences our portfolio construction is fully bottom-up, assessing every investment case on a standalone basis. Our idea generation is proprietary, driven predominantly by upside to internally set fair value targets. We tend to have long term holding periods but our upside oriented investment process also allows us to take advantage of short-term market volatility without losing focus of the underlying fundamental value of the company. We search for well managed companies with leading market positions, identifiable competitive advantage(s) and strong recurring revenue based business models that we understand and are able to model ourselves.

Within our investment process we put strong emphasis on company quality that is assessed by using an internal Quality Score focusing on management team and business model quality, and financial strength of the company. Besides conventional financial and non-financial aspects we have integrated ESG analysis into our investment process leveraging upon our bottom-up regional expertise with an aim to identify material ESG risks and value creation opportunities. Our investment team has been following vast majority of our current listed equity universe over a decade, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe we have taken a strategic decision not to outsource ESG analysis to third party providers but rather to educate our research team and add an ESG specific layer within our investment process.

Portfolio liquidity analysis and diversification among sectors, countries, currencies and instruments are the main risk management tools used. In addition, the Fund Management Company may use derivatives to hedge or take directional exposure in currencies. The Fund Management Company actively follows financial results of companies and makes relevant changes in the Fund's portfolio based on the Fund Manager's views of the economy and attractiveness of each financial instrument.

The Fund Management Company has established procedures for internal risk management in order to identify, monitor, measure and hedge the risks associated with the Fund's investments. The Fund Management Company regularly examines that the Fund is in compliance with its investment restrictions.

Credit risk

Credit risk refers to the risk that the issuer of a security where the Fund has invested or the counterparty to a transaction on account of the Fund fails to perform its obligations either fully or partially (e.g. an issuer fails to redeem the issued debt obligations, a counterparty to a trade does not deliver the securities or cash during the settlement, a counterparty defaults on a loan granted by the Fund), causing damage to the Fund.

Maximum exposure to credit risk as of the end of the period in EUR (detailed overview regarding cash and cash equivalents presented in Note 3):

	30/06/2022	% of NAV	31/12/2021	% of NAV
Cash and cash equivalents	2,723,542	8.44%	4,675,632	11.66%
Receivables and prepayments	421,348	1.31%	7,818	0.02%
TOTAL	3,144,890	9.75%	4,683,450	11.68%

The Fund's assets can be invested in bonds that are liquid and transferable. In case of debt securities with investment grade rating by S&P (or Moody's equivalent) of BBB- or higher a basic financial analysis and a study of terms of the issue (prospectus) is conducted. In case of debt securities with no rating / non-investment grade rating, higher due diligence requirements apply.

The Fund had no investments in bonds as at 30 June 2022 nor 31 December 2021.

The Fund's cash and cash equivalents are held with Fund's depository Swedbank AS, which parent company Swedbank AB is rated A+ as of 30/03/2022 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 11/07/2022 (Standard & Poor's).

Liquidity risk

Liquidity risk refers to the risk that due to low liquidity a financial instrument cannot be sold at the desired time, at the desired price or there is no market (buyer) at all. Liquidity risk is particularly relevant in case of investing into small cap companies and instruments not traded on a regulated securities market.

Liquidity risk is managed through regular liquidity analysis and limitations on estimated exit times from positions and analysis of aggregate ownership in share capital and free float. Regular liquidity stress tests are performed to assess the adequacy of the Fund's liquidity profile.

The Fund maintains a credit line of 3,000,000 EUR that can be accessed to meet short-term liquidity needs. These resources have not been used as of 30/06/2022.

Maximum exposure of financial liabilities according to the maturity as of the end of the period in EUR:

	Up to 3 days		Up to 1 month		Over 1 month	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Payables to the management company	-	-	518,637	206,252	-	-
Payables to the depository	-	-	10,405	12,414	-	-
Trade settlement	-	-	-	-	-	-
Other liabilities	-	-	-	-	15,720	1,999
TOTAL	-	-	529,042	218,666	15,720	1,999

Positions that may take more than 11 business days to liquidate based on six months average trading volume (30% of trading volume).

Instrument	Country	Sector	% of NAV	
			30/06/2022	31/12/2021
TITAN CEMENT INTERNATIONAL SA	Belgium	Materials	1.89%	1.83%
SPHERA FRANCHISE GROUP SA	Romania	Consumer Discretionary	1.56%	1.36%
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	1.48%	1.02%
ARENA HOSPITALITY GROUP DD	Croatia	Consumer Discretionary	1.34%	1.30%
TALLINNA SADAM AS	Estonia	Industrial	1.25%	1.32%
FIRST INVESTMENT BANK	Bulgaria	Financials	0.90%	0.61%
MAGYAR TELEKOM RT	Hungary	Communication Services	-	3.69%
ATRIUM EUROPEAN REAL ESTATE	Jersey	Real Estate	-	2.68%
NOVA LJUBLJANSKA BANKA DD	Estonia	Financials	-	2.42%
TOTAL			8.41%	16.24%

Market risk

Market risk refers to the risk of suffering losses due to adverse price movements at a specific securities market or a market for other assets. Adverse price movements may be caused by a country's weak economic indicators, poor financial results of an business sector, volatile securities market, investors' behaviour and psychology and other factors. Diversification among sectors, countries, currencies and instruments are the main risk management tools used by the Fund to address market risk.

Currency risk

The Fund is open to foreign currency risk. Currency breakdown of Fund's assets in EUR:

	% of Fund's		% of Fund's	
	30/06/2022	assets	31/12/2021	assets
EUR	9,967,900	30.37%	14,247,560	35.33%
PLN	5,927,383	18.06%	7,351,614	18.22%
HUF	4,694,546	14.30%	5,714,389	14.17%
CZK	4,037,006	12.30%	5,052,196	12.53%
RON	3,908,101	11.90%	4,026,927	9.98%
GBP	1,725,165	5.26%	552,621	1.37%
TRY	1,360,756	4.15%	2,145,525	5.32%
BGN	768,029	2.34%	719,474	1.78%
HRK	432,283	1.32%	519,774	1.30%
TOTAL	32,821,169	100.00%	40,330,080	100.00%

Currency risk sensitivity analysis

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 30 June 2022. The sensitivity analysis assumes the weakening of foreign currency rates against EUR in the magnitude of the change from the higher to lower value from 2007 onwards. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2021 has been made using the same assumptions.

The impact on net assets attributable to holders and net income:

	30/06/2022			31/12/2021		
	Impact in EUR (-10% weakening)	Maximum annual currency weakening	Currency's % of NAV	Impact in EUR (-10% weakening)	Maximum annual currency weakening	Currency's % of NAV
PLN	-592,738	-35%	18.06%	-735,161	-35%	18.23%
HUF	-469,455	-28%	14.30%	-571,439	-28%	14.17%
CZK	-403,701	-22%	12.30%	-505,220	-22%	12.53%
RON	-390,810	-20%	11.90%	-402,693	-20%	9.98%
GBP	-172,516	-25%	5.26%	-55,262	-25%	1.37%
TRY	-136,076	-55%	4.15%	-214,553	-55%	5.32%
BGN	-76,803	0%	2.34%	-71,947	0%	1.78%
HRK	-43,228	-6%	1.32%	-51,977	-6%	1.30%
TOTAL	-2,285,327		69.63%	-2,608,252		64.68%

Instrument's price risk

Price risk is closely related to market risk but mainly affects a specific security or investment. Price risk is the risk of suffering losses due to adverse price movements of a specific stock or another investment. The price of a specific security is affected by developments in the issuer's financial results, changes in the competitive environment, analyst estimates and commentaries, etc.

Concentration of risk of Fund's investments based on sectors as of the end of the period in EUR:

	30/06/2022	% of NAV	31/12/2021	% of NAV
Financials	9,567,839	29.64%	12,615,621	31.45%
Energy	3,988,640	12.36%	4,500,974	11.22%
Consumer Discretionary	3,751,331	11.62%	3,780,777	9.43%
Utilities	2,901,023	8.99%	2,947,970	7.35%
Health Care	2,731,320	8.46%	3,375,895	8.42%
Industrial	2,016,158	6.25%	2,644,467	6.59%
Consumer Staples	1,717,623	5.32%	552,621	1.38%
Communication Services	1,398,003	4.33%	1,933,592	4.82%
Materials	800,535	2.48%	962,130	2.40%
Real Estate	478,136	1.48%	2,332,583	5.82%
IT	325,671	1.01%	-	-
TOTAL	29,676,279	91.94%	35,646,630	88.88%

Concentration of risk of Fund's investments based on emitent's geographic location as of the end of the period in EUR:

	30/06/2022	% of NAV	31/12/2021	% of NAV
Greece	5,123,301	15.88%	3,404,031	8.50%
Poland	4,761,737	14.75%	6,494,530	16.19%
Hungary	4,329,942	13.40%	5,714,389	14.25%
Czech Rep.	4,037,006	12.51%	4,999,052	12.46%
Romania	3,437,408	10.65%	3,674,835	9.16%
Slovenia	2,303,668	7.14%	2,892,495	7.21%
Turkey	1,230,228	3.81%	2,145,525	5.35%
Estonia	1,158,829	3.59%	1,457,414	3.63%
Belgium	800,535	2.48%	962,130	2.40%
Bulgaria	768,029	2.38%	653,476	1.63%
Luxembourg	612,893	1.90%	405,460	1.01%
Croatia	432,283	1.34%	519,774	1.30%
Lithuania	341,620	1.06%	399,000	1.00%
Austria	338,800	1.05%	848,068	2.11%
Jersey	-	-	1,076,451	2.68%
TOTAL	29,676,279	91.94%	35,646,630	88.88%

Instrument's price risk sensitivity analysis

Sensitivity analysis is based on standard deviation of the Fund since launch, whereas the Fund's risk profile has been calculated based on normal distribution. The analysis assumes that all the other variables remain constant. Analysis as per 31 December 2021 has been made with using the same assumptions.

	probability	+/- possible change of Fund's NAV during year	
		31/12/2022	31/12/2021
σ	68.27%	13.80%	13.23%
2σ	95.45%	27.60%	26.46%
3σ	99.73%	41.40%	39.69%

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by credit institution and currency

	30/06/2022	% of NAV, converted into EUR	31/12/2021	% of NAV, converted into EUR
Swedbank AS		7.81%		6.68%
PLN	2,598,329	1.71%	2,077,649	1.13%
EUR	997,405	3.09%	1,752,908	4.38%
RON	2,329,747	1.46%	1,743,104	0.88%
GBP	6,494	0.02%	-	-
HUF	144,769,481	1.13%	-	-
TRY	2,285,336	0.40%	-	-
BGN	-	-	129,084	0.16%
CZK	-	-	1,322,341	0.13%
AS SEB Pank		0.63%		2.49%
EUR	200,016	0.63%	999,914	2.49%
Luminor Bank AS				2.49%
EUR	-	-	999,951	2.49%
TOTAL		8.44%		11.67%

The Fund's cash and cash equivalents are held with Fund's depository Swedbank AS, which parent company Swedbank AB is rated A+ as of 30/03/2022 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 11/07/2022 (Standard & Poor's).

NOTE 4. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES TO CATEGORIES AND LEVELS

In EUR

30/06/2022

	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	2,723,542	-	-	-	-	-
Shares and units	29,676,279	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	116,900	-	-	-	-
Receivables for securities transactions	-	-	-	-	304,448	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	518,637	-
Payables to the depository	-	-	-	-	-	-	-	10,405	-
Trade settlement payable*	-	-	-	-	-	-	-	-	-
Other liabilities*	-	-	-	-	-	-	-	15,720	-
TOTAL	29,676,279	-	-	2,723,542	421,348	-	-	544,762	-

* Liabilities are carried in the balance sheet under "Other liabilities"

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost amounts approximate fair value.

There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

In EUR
31/12/2021

	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	4,675,632	-	-	-	-	-
Shares and units	35,646,630	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	7,818	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	206,252	-
Payables to the depository	-	-	-	-	-	-	-	12,414	-
Trade settlement payable*	-	-	-	-	-	-	-	-	-
Other liabilities*	-	-	-	-	-	-	-	1,999	-
TOTAL	35,646,630	-	-	4,675,632	7,818	-	-	220,665	-

* Liabilities are carried in the balance sheet under "Other liabilities"

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost amounts approximate fair value.

There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In EUR

	01/01/2022- 30/06/2022	01/01/2021- 30/06/2021
Net gain/loss from financial assets at fair value through profit or loss		
From shares and units		
Sales profit/(-loss)	1,057,980	306,162
Unrealised profit /(-loss)	-5,326,340	5,879,103
From derivative instruments		
Sales profit/(-loss)	10	-
Total net gain/(-loss)	-4,268,350	6,185,265

NOTE 6. RECEIVABLES AND PREPAYMENTS

In EUR

	30/06/2022	31/12/2021
Dividend receivable	116,900	7,818
Receivables for securities transactions	304,448	-
TOTAL	421,348	7,818

NOTE 7. TRANSACTIONS WITH RELATED PARTIES

In addition to the Fund Management Company, companies belonging to the same group, other investment funds managed by the Management Company and shareholders of the management company are considered to be related parties to the Fund.

The transactions with related parties were in EUR as follows:

	01/01/2022- 30/06/2022	01/01/2021- 30/06/2021
Fund Management Company		
Paid management and performance fees	530,704	556,652
TOTAL	530,704	556,652

The balances outstanding with related parties were as follows in EUR:

	30/06/2022	31/12/2021
Fund Management Company		
Management and performance fee payable	518,637	206,252

The market value of Avaron Emerging Europe Fund units owned by the shareholders of the Fund Management Company amounted to 55,292 EUR as of 30/06/2022 (31/12/2021: 61,663 EUR).

NOTE 8. OTHER INFORMATION

Total expense ratio (TER)

The total expense ratios (including management fees, performance fees, depository fees and other fees) of different unit classes are set out below. Total expense ratios are calculated on annual basis.

	TER without performance fees	TER with performance fees
A units	2.22%	2.22%
B units	1.72%	1.72%
C units	1.62%	1.62%
D units	2.47%	2.47%
E units	1.32%	3.23%

Portfolio turnover rate

The Fund's portfolio turnover ratio, which is calculated by taking the lesser of purchases or sales and dividing it by the average value of monthly net assets, amounted to 21.0% on annual basis as of 30/06/2022 (31/12/2021: 13.1%).

$$\text{Portfolio Turnover Rate}\% = \frac{(\text{Total 1 EUR} - \text{Total 2 EUR})}{\text{Average net assets in EUR}} * 100$$

Where

$$\text{Total 1} = \sum \text{securities purchases} + \sum \text{securities sales}$$

$$\text{Total 2} = \sum \text{units issued} + \sum \text{units redeemed}$$

STATEMENT OF INVESTMENTS

In EUR as of 30/06/2022

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
CESTE ENERGETICKE ZAVODY AS	CZ0005112300	CZ	S&P	A-	CZK	21.67	1,291,584	42.95	2,559,403	7.93%
COCA-COLA HBC AG	CH0198251305	CH	S&P	BBB+	GBP	22.45	1,822,261	21.16	1,717,623	5.32%
OMV PETROM SA (RON)	ROSNPPACNOR9	RO			RON	0.07	1,132,922	0.10	1,567,366	4.86%
KOMERCNI BANKA	CZ0008019106	CZ	S&P	A	CZK	31.95	1,763,684	26.77	1,477,603	4.58%
RICHTER GEDEON NYRT	HU0000123096	HU			HUF	15.99	1,292,792	17.20	1,390,477	4.31%
KRKA	SI0031102120	SI			EUR	59.09	841,088	94.20	1,340,843	4.15%
POWSZECHNY ZAKLAD UBEZP SHARE	PLPZU0000011	PL	S&P	A-	PLN	6.04	1,226,836	6.38	1,295,326	4.01%
OTP BANK SHARE	HU0000061726	HU	S&P	BBB	HUF	30.62	1,720,810	21.21	1,192,052	3.69%
MOTOR OIL (HELLAS) SA	GRS426003000	GR			EUR	14.07	849,501	17.65	1,065,566	3.30%
BRD Gr Societe Generale SA RON	ROBRDBACNOR2	RO	Fitch	BBB+	RON	2.36	984,949	2.55	1,061,973	3.29%
JUMBO SA	GRS282183003	GR			EUR	14.73	1,054,351	13.86	992,348	3.07%
MOL HUNGARIAN OIL AND GAS PLC	HU0000153937	HU	S&P	BBB-	HUF	5.64	751,791	7.35	980,175	3.04%
BANK PEKAO SA	PLPEKAO00016	PL	S&P	BBB+	PLN	12.56	578,032	17.35	798,487	2.47%
NOVA LJUBLJANSKA BANKA DD	SI0021117344	SI	S&P	BBB	EUR	52.74	672,788	60.80	775,626	2.40%
MAGYAR TELEKOM RT	HU0000073507	HU			HUF	1.08	1,027,762	0.81	767,239	2.38%
WARSAW STOCK EXCHANGE	PLGPW0000017	PL			PLN	9.40	808,298	7.99	687,006	2.13%
BANK HANDLOWY W WARSZAWIE	PLBH00000012	PL	Fitch	A-	PLN	15.96	895,077	11.96	670,378	2.08%
ALLEGRO.EU SA	LU2237380790	LU			PLN	8.21	991,627	5.07	612,893	1.90%
TITAN CEMENT INTERNATIONAL SA	BE0974338700	BE	S&P	BB	EUR	11.25	623,222	11.00	609,455	1.89%
PKO BANK POLSKI	PLPKO0000016	PL			PLN	8.33	759,640	5.96	543,083	1.68%
SPHERA FRANCHISE GROUP SA	ROSFGPACNOR4	RO			RON	4.89	880,260	2.80	503,397	1.56%
MAVI GIYIM SANAYI VE TICARET A	TREMAVI00037	TR			TRY	2.41	375,570	3.00	466,629	1.45%
TOFAS TURK OTOMOBIL FABRIKA	TRATOASO91H3	TR			TRY	2.94	390,823	3.43	455,781	1.41%
ARENA HOSPITALITY GROUP DD	HRARNTRA0004	HR			HRK	57.97	755,350	33.18	432,283	1.34%
TALLINNA SADAM AKTSIA	EE3100021635	EE			EUR	1.77	503,328	1.42	403,335	1.25%
TALLINK GRUPP	EE3100004466	EE			EUR	0.78	577,812	0.51	379,961	1.18%
AEGEAN AIRLINES S.A.	GRS495003006	GR			EUR	6.39	508,924	4.76	378,493	1.17%
ENEFIT GREEN AKTSIA	EE3100137985	EE			EUR	2.90	276,689	3.94	375,534	1.16%
MYTILINEOS SA	GRS393503008	GR	S&P	BB-	EUR	5.17	131,334	14.00	355,600	1.10%
IGNITIS GRUPE AB	LT0000115768	LT	S&P	BBB+	EUR	21.07	400,317	17.98	341,620	1.06%
ERSTE GROUP BANK AG	AT0000652011	AT	S&P	A+	EUR	27.23	381,158	24.20	338,800	1.05%
WIRTUALNA POLSKA HOLDING SA	PLWRTPL00027	PL			PLN	11.58	171,327	22.04	326,093	1.01%
EPSILON NET SA	GRS498003003	GR			EUR	5.03	293,832	5.58	325,671	1.01%
TAV HAVALIMANLARI HOLDING	TRETAVH00018	TR			TRY	1.89	204,677	2.84	307,818	0.95%

Statement of investments as of 30/06/2022 (continued)

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
DIGI COMMUNICATIONS NV	NL0012294474	NL	S&P	BB-	RON	8.51	340,418	7.62	304,671	0.94%
FIRST INVESTMENT BANK	BG1100106050	BG	Fitch	B	BGN	0.82	244,721	0.97	289,892	0.90%
FOURLIS SA	GRS096003009	GR			EUR	3.8	379,666	2.88	288,000	0.89%
SANTANDER BANK POLSKA SA	PLBZ00000044	PL	Fitch	BBB+	PLN	72.26	365,069	49.57	250,413	0.78%
TITAN CEMENT INTERNATIONAL GR	BE0974338700	BE	S&P	BB	EUR	11.69	198,761	11.24	191,080	0.59%
GRUPA PRACUJ SA	PLGRPRC00015	PL			PLN	11.21	179,317	11.93	190,950	0.59%
SHARES TOTAL							28,843,043		29,198,143	90.46%

Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
FUNDS:										
CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:										
BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.93	375,450	1.19	478,137	1.48%	
CLOSED-END FUNDS TOTAL							375,450		478,137	1.48%
SHARES AND FUNDS TOTAL							29,218,493		29,676,279	91.94%

Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
CASH										
CURRENT ACCOUNT		EE	Swedbank	PLN			552,754		552,754	1.71%
CURRENT ACCOUNT		EE	SEB	EUR			200,016		200,016	0.62%
CURRENT ACCOUNT		EE	Swedbank	EUR			997,405		997,405	3.09%
CURRENT ACCOUNT		EE	Swedbank	RON			470,694		470,694	1.47%
CURRENT ACCOUNT		EE	Swedbank	HUF			364,603		364,603	1.13%
CURRENT ACCOUNT		EE	Swedbank	TRY			130,528		130,528	0.40%
CURRENT ACCOUNT		EE	Swedbank	GBP			7,542		7,542	0.02%
CURRENT ACCOUNT TOTAL							2,723,542		2,723,542	8.44%
DEPOSITS AND CASH TOTAL							3,923,542		2,723,542	8.44%
INVESTMENTS TOTAL							33,142,034		32,399,821	100.38%

Statement of investments as of 30/06/2022 (continued)

Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
OTHER ASSETS										
DIVIDEND RECEIVABLE				EUR					116,900	0.36%
RECEIVABLE SECURITIES TRANSACTIONS				EUR					304,448	0.94%
OTHER ASSETS TOTAL									421,348	1.30%
TOTAL ASSETS OF THE FUND							33,142,034		32,821,169	101.68%
LIABILITIES									-544,762	-1.68%
NET ASSETS OF THE FUND									32,276,407	100.00%

In EUR as of 31/12/2021

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
CESKE ENERGETICKE ZAVODY AS	CZ0005112300	CZ	S&P	A-	CZK	22.29	1,709,505	33.24	2,548,970	6.36%
KOMERCNI BANKA	CZ0008019106	CZ	S&P	A	CZK	32.78	2,137,396	37.58	2,450,082	6.11%
RICHTER GEDEON NYRT	HU0000123096	HU			HUF	15.65	1,124,466	23.61	1,696,283	4.23%
KRKA	SI0031102120	SI			EUR	59.09	841,088	118.00	1,679,612	4.19%
OMV PETROM SA (RON)	ROSNPPACNOR9	RO			RON	0.07	1,100,138	0.10	1,640,636	4.09%
BANK PEKAO SA	PLPEKAO00016	PL	S&P	BBB+	PLN	12.97	752,569	26.52	1,538,976	3.84%
POWSZECHNY ZAKLAD UBEZP SHARE	PLPZU0000011	PL	S&P	A-	PLN	6.36	1,235,431	7.68	1,491,487	3.72%
BRD Gr Societe Generale SA RON	ROBRDBACNOR2	RO	Fitch	BBB+	RON	2.36	984,949	3.58	1,489,125	3.71%
MAGYAR TELEKOM RT	HU0000073507	HU			HUF	1.09	1,441,989	1.11	1,480,102	3.69%
MOL HUNGARIAN OIL AND GAS PLC	HU0000153937	HU	S&P	BBB-	HUF	5.59	1,114,564	6.82	1,360,924	3.39%
OTP BANK SHARE	HU0000061726	HU	S&P	BBB	HUF	28.91	757,370	44.93	1,177,081	2.93%
PKO BANK POLSKI	PLPKO0000016	PL			PLN	8.39	975,122	9.77	1,134,618	2.83%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	JE	Fitch	BB	EUR	3.89	1,164,245	3.60	1,076,451	2.68%
NOVA LJUBLJANSKA BANKA DD	SI0021117344	SI	S&P	BBB-	EUR	52.74	672,788	76.20	972,083	2.42%
JUMBO SA	GRS282183003	GR			EUR	14.73	1,054,351	12.60	902,135	2.25%
IMMOFINANZ AG	AT0000A21KS2	AT	S&P	BBB-	EUR	18.68	702,666	22.54	848,068	2.11%
TAV HAVALIMANLARI HOLDING	TRETAVH00018	TR			TRY	2.06	770,683	2.16	806,116	2.01%
MOTOR OIL (HELLAS) SA	GRS426003000	GR			EUR	14.05	814,725	13.75	797,500	1.99%
WARSAW STOCK EXCHANGE	PLGPW0000017	PL			PLN	9.40	808,298	9.00	774,127	1.93%
TITAN CEMENT INTERNATIONAL SA	BE0974338700	BE	S&P	BB	EUR	11.25	623,222	13.26	734,670	1.83%
BANK HANDLOWY W WARSZAWIE	PLBH00000012	PL	Fitch	A-	PLN	15.96	895,077	12.83	719,122	1.79%
TOFAS TURK OTOMOBIL FABRIKA	TRATOASO91H3	TR			TRY	2.94	390,823	5.00	664,859	1.66%
COCA-COLA HBC AG	CH0198251305	GR	S&P	BBB+	GBP	21.07	383,039	30.40	552,621	1.38%
SPHERA FRANCHISE GROUP SA	ROSFPGPACNOR4	RO			RON	4.89	880,260	3.03	545,074	1.36%
TALLINK GRUPP	EE3100004466	EE			EUR	0.83	758,421	0.59	542,342	1.35%
TALLINNA SADAM AKTSIA	EE3100021635	EE			EUR	1.77	503,328	1.86	529,235	1.32%
ARENA HOSPITALITY GROUP DD	HRARNTRA0004	HR			HRK	57.97	755,350	39.89	519,774	1.30%
WIRTUALNA POLSKA HOLDING SA	PLWRTPL00027	PL			PLN	11.58	171,327	30.65	453,490	1.13%
ALLEGRO.EU SA	LU2237380790	LU			PLN	11.24	539,478	8.45	405,460	1.01%
IGNITIS GRUPE AB	LT0000115768	LT	S&P	BBB+	EUR	21.07	400,317	21.00	399,000	0.99%
NEFIT GREEN AKTSIA	EE3100137985	EE			EUR	2.90	276,689	4.04	385,838	0.96%
FOURLIS SA	GRS096003009	GR			EUR	3.80	379,666	3.85	385,000	0.96%
MYTILINEOS SA	GRS393503008	GR	S&P	BB-	EUR	5.17	131,334	15.13	384,302	0.96%
SANTANDER BANK POLSKA SA	PLBZ00000044	PL	Fitch	BBB+	PLN	72.26	365,069	75.75	382,711	0.95%

Statement of investments as of 31/12/2021 (continued)

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
AEGEAN AIRLINES S.A.	GRS495003006	GR			EUR	6.39	508,924	4.81	382,473	0.95%
MAVI GIYIM SANAYI VE TICARET A	TREMAVI00037	TR			TRY	4.82	375,570	4.60	358,474	0.89%
TUPRAS-TURKIYE PETROL RAFINIER	TRATUPRS91E8	TR	Fitch	B+	TRY	11.57	358,808	10.20	316,076	0.79%
FIRST INVESTMENT BANK	BG1100106050	BG	Fitch	B	BGN	0.82	244,721	0.82	245,411	0.61%
NOVA LJUBLJANSKA BANKA GDR	US66980N2036	SI	S&P	BBB-	EUR	12.17	194,678	15.05	240,800	0.60%
TITAN CEMENT INTERNATIONAL GR	BE0974338700	BE	S&P	BB	EUR	11.69	198,761	13.38	227,460	0.57%
SHARES TOTAL							29,497,203		35,238,565	87.86%

Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
FUNDS:										
CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:										
BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.93	375,450	1.01	408,065	1.02%	
CLOSED-END FUNDS TOTAL							375,450		408,065	1.02%

SHARES AND FUNDS TOTAL							29,872,653		35,646,630	88.88%
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Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
CASH										

CURRENT ACCOUNT		EE	Swedbank	PLN			451,624		451,624	1.13%
CURRENT ACCOUNT		EE	SEB	EUR			999,914		999,914	2.49%
CURRENT ACCOUNT		EE	Swedbank	EUR			1,752,908		1,752,908	4.37%
CURRENT ACCOUNT		EE	Swedbank	RON			352,093		352,093	0.88%
CURRENT ACCOUNT		EE	Swedbank	CZK			53,145		53,145	0.13%
CURRENT ACCOUNT		EE	Swedbank	BGN			65,997		65,997	0.16%
CURRENT ACCOUNT		EE	Luminor	EUR			999,951		999,951	2.49%
CURRENT ACCOUNT TOTAL							4,675,632		4,675,632	11.67%

DEPOSITS AND CASH TOTAL							5,875,632		4,675,632	11.67%
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INVESTMENTS TOTAL							35,748,284		40,322,262	100.53%
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Statement of investments as of 31/12/2021 (continued)

Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
OTHER ASSETS										
DIVIDEND RECEIVABLE				EUR					7,818	0.02%
OTHER ASSETS TOTAL									7,818	0.02%
TOTAL ASSETS OF THE FUND							35,748,284		40,330,080	100.55%
LIABILITIES									-220,665	-0.55%
NET ASSETS OF THE FUND									40,109,415	100.00%

STATEMENT OF COMMISSIONS

In EUR

01/01/2022-30/06/2022

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Patria Finance A.S.	13	2,967,688	1,586	0.05%
Wood and Company Financial Services a.s.	9	2,300,483	1,322	0.06%
Santander Biuro Maklerskie	10	1,767,008	1,060	0.06%
Interkapital vrijednosni papiri d.o.o.	12	720,420	1,153	0.16%
Erste Group Bank AG	2	697,875	836	0.12%
Eurobank Equities Investment Firm S.A	4	328,608	328	0.10%
SEB Pank AS	3	104,092	156	0.15%
Third country securities market transactions				
Shares				
OYAK Yatirim Menkul Degerler A.S.	4	1,172,386	586	0.05%
OTC trades				
Corporate actions	2	907,273		
TOTAL	59	10,965,832	7,028	0.06%

* Contracting Party to the EEA Agreement (European Economic Area countries)

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Patria Finance A.S.	7	2,275,869	1,223	0.05%
Erste Group Bank AG	2	2,196,503	1,539	0.07%
Santander Biuro Maklerskie	7	1,433,147	860	0.06%
Raiffeisen Centrobank AG	6	1,340,503	1,479	0.11%
Swiss Capital S.A.	1	808,387	1,620	0.20%
PKO Bank Polski	2	659,428	660	0.10%
Eurobank Equities Investment Firm S.A	1	598,010	599	0.10%
Wood and Company Financial Services a.s.	2	387,236	271	0.07%
AS SEB Pank	5	258,302	388	0.15%
First Financial Brokerage House	3	244,721	975	0.40%
Interkapital vrijednosni papiri d.o.o.	2	199,574	320	0.16%
Third country securities market transactions				
Shares				
OYAK Yatirim Menkul Degerler A.S.	13	1,846,034	923	0.05%
BGC Partners Turkey	6	817,015	409	0.05%
Is Yatirim Menkul Degerler A.S.	2	500,738	250	0.05%
Wood and Company Financial Services a.s.	1	119,246	60	0.05%
OTC trades				
Shares				
Avaron Flexible Strategies Fund	1	79,728	-	-
Corporate actions				
	3	-	-	-
TOTAL	64	13,764,441	11,576	0.08%

* Contracting Party to the EEA Agreement (European Economic Area countries)