



Avaron Emerging Europe Fund

ANNUAL REPORT FOR THE FINANCIAL YEAR 2022

Translation from Estonian original

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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 2022–31 December 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 Principals of Responsible Investment. As at the end of December 2022 Avaron managed 144 million euros of investor assets. The firm employs 17 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 fundamental company research and investment 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.

Last year we also formalized our view and ambitions regarding climate change in the Climate Change Policy Statement that is also publicly available. We have set a long-term commitment for our core Emerging Europe ex-Russia listed equity strategy, including the Fund, to have net-zero emission investments by 2050 and to achieve 50% portfolio carbon footprint reduction by 2030. These are ambitious targets especially in the context of our core product category, which is geographically and asset class wise significantly constrained, resulting in a narrow investment universe, thus affecting the range of approaches we can implement to deliver on the net-zero commitment. Being bottom-up stock pickers, we shall rely primarily on the transformation of Emerging Europe issuers towards net-zero and use three company business model centric approaches - exclusion, engagement and integration – to achieve the set targets.

In 2022 we took two important steps towards enhancing our ESG analysis process and integration to investment decision-making. Firstly, we implemented a new refined version of our ESG rating methodology that is used to assess the issuers we invest in. The new version increases the ease of use by our investment team as it makes use of Refinitiv's database of raw ESG data. Also, the list and number of indicators used has been refreshed and enhanced to reflect the developments in sustainability regulation in European Union and current focal points in ESG risk management. The switch to the new version started in the 4th quarter of 2022 and shall be finalized in 2023. Since the implementation of the ESG rating system in 2018 the aggregate ESG score of the Fund has improved by 7.2% to 3.43 (1 to 5 scale), reflecting steady improvement. Part of the positive change can be attributed to the improved ESG performance and disclosure among regional issuers. However, ESG integration to the investment process has also been a contributor to the improvement of the Fund rating.

Secondly, to improve the integration of ESG analysis to the investment decision-making we linked individual company ESG ratings to their valuations. Companies with a rating between 2-5 a fair value adjustment factor is applied in the process of establishing their intrinsic value. The adjustment factor ranges from -10% to +10% and is linearly correlated to the ESG rating. For example, the valuation of a company with an ESG Score of 2 is discounted by 10%, while the valuation of a company with a rating of 3.5 remains unaffected and a company with an ESG Score of 5 gets a 10% premium. Companies with the rating below 2 are subject to exclusion.

In 2022 we continued active engagement with the Fund portfolio companies launching 26 separate engagements with 23 issuers. 2 engagements were reactive in nature and related to the discovered ESG controversies, while the rest proactive with an aim to influence the companies to improve their disclosure and sustainability practices. For the 5th consecutive year we participated in the [CDP Non-Disclosure Campaign](#) that pushes issuers globally towards improved climate change, water security and deforestation related disclosure. We took a lead investor role in engaging with 3 portfolio companies that were in the scope of the 2022 campaign.

We are happy to report that 2 companies out of the 3, Hungarian pharmaceuticals producer Richter Gedeon and Greek energy company Motor Oil Hellas, initiated climate change and water security disclosure on the CDP platform. This compares favorably to the overall campaign success rate of 27%.

Also, we launched a themed engagement on CEO excessive pay and gender pay gap topics. On CEO excessive pay we screened the Fund holdings to establish the availability of data and engaged with companies that do not provide proper disclosure in individual remuneration of board members.

Regarding gender pay gap we followed up on our last year's effort, re-engaging with companies that still have not yet started to publish the data. Altogether we contacted 21 companies out of the 40 we held in in the Fund to discuss the possibility of improving their disclosure on these topics. As of end-2022 we had data to calculate excessive pay indicator for 33 issuers. It is calculated by dividing the annual total compensation for the highest remunerated individual to the average annual total remuneration of all employees excluding the highest paid individual. For the companies we had data it ranged from 3.5 to 129.9 with the median of 21.1. The lowest difference was reported by Warsaw Stock Exchange and the highest by Coca-Cola Hellenic Bottling Company. Regarding the gender pay gap we managed to gather data for 26 companies with pay difference ranging from -14% to 38% and a median of 9%. The highest gap was reported by Polish bank Pekao, which very prudently included the whole management remuneration package in the calculation that elevated the gap to 38%. On the other end of the spectrum is Romanian integrated oil & gas company OMV Petrom with a negative gap of 14%. This to some extent is due to the combination of less than 25% female employees and high weight of women in managerial positions. As a reminder, last year we managed to gather data for only 14 companies.

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 have committed to systematically exercising our voting rights on all shareholder meetings. In 2022 we voted in 90% of the shareholders' meetings of the companies we own in the Fund portfolio compared to 86% the year before. Starting from 2019 we are disclosing all our voting details for our publicly sellable funds, including Avaron Emerging Europe Fund, which are available in the [Responsible Investment](#) section on Avaron website.

2022 was an important from the regulatory perspective as the step-by-step implementation of the Sustainable Finance Disclosure Regulation (SFDR) continued. It came into force in March 2021 imposing ESG and reporting requirements on a wide range of financial market participants including asset managers. On 6 April 2022, Regulatory Technical Standards under the SFDR (RTS) were published by the European Commission and provide further detail as to the content, methodologies and presentation of information required to be disclosed under the SFDR, as well as templates for the relevant disclosures. These requirements came into force on 1 January 2023. We have categorized Avaron Emerging Europe Fund as an Article 8 product according to the SFDR. This means that the Fund promotes environmental and/or social characteristics, which is achieved using our internal ESG rating system in the investment decision-making process. The Fund shall also consider principle adverse impacts (PAI) of investment decisions on sustainability factors. For further details on SFDR-related disclosures please refer to annex 9 in this report and annex 3 in the Fund Prospectus

Main Developments During 2022

2022 was a strong year on relative basis for Emerging Europe region and for the Fund portfolio as well. Despite massive outflows from the region following Russia's invasion of Ukraine, Emerging Europe equities (MSCI EFM EUROPE + CIS (E+C) ex Russia) only lost 3.1% in € in 2022, strongly outperforming Emerging Markets (-17.6% in €) and European equities (-9.5% in €). The strongest performers were Greece (+4.1%) and Turkey (+123.8%) while Poland (-18.8%) and Hungary (-20.2%) fell the most. Among FX Romanian leu was flat, the rest weakened against the euro with Hungarian forint falling 7.7% and Turkish lira losing 24.4% of its value.

The Fund outperformed the market in 2022, delivering a marginally better result of -1.2% net of fees. From the geographical perspective the main positive contributors to the Fund performance were Turkey (+5.1pp) and Greece (+2.7pp) while Poland (-2.5pp) and Hungary (-2.2pp) were the

main detractors. Looking at major sectors' contribution the banks (-4.0pp) and communication services (-1.3pp) were the main detractors while consumer discretionary (+3.3pp) and energy (+2.8pp) main contributors.

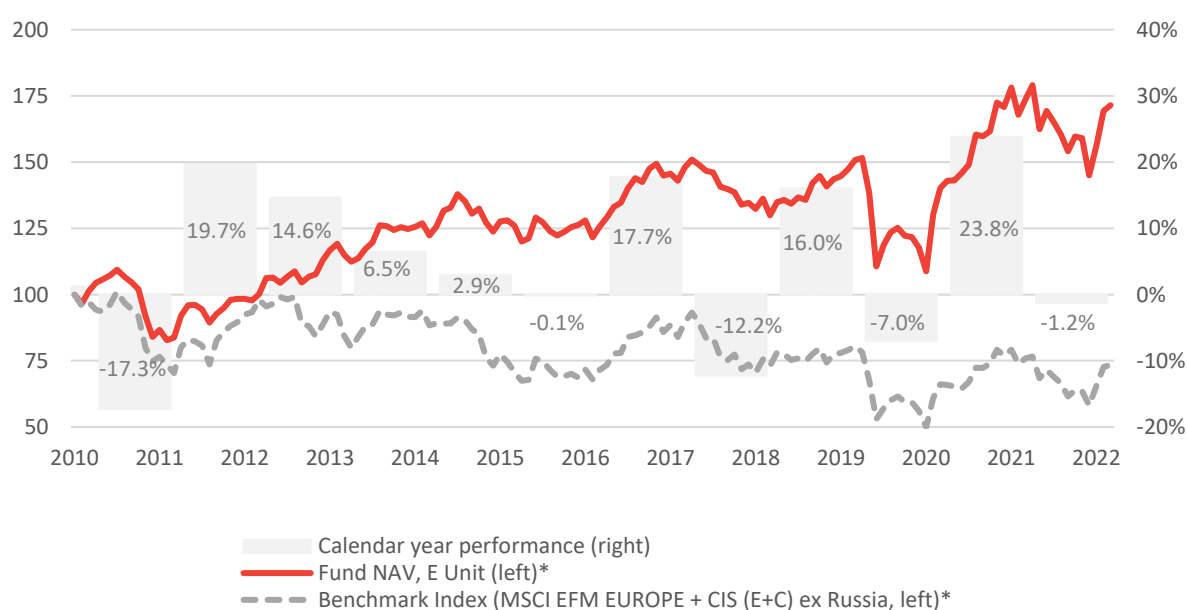
| Instrument | Country | Sector | % of NAV end-2022 | Position change in 2022 | Contribution 2022 | Price change 2022 in € |
|------------------------------|------------|-------------|-------------------|-------------------------|-------------------|------------------------|
| Winners 2022 | | | | | | |
| Mavi Giyim Sanayi Ve Ticaret | Turkey | Cons. Disc. | 2.0% | 1.1% | 2.2% | 190% |
| Motor Oil (Hellas) | Greece | Energy | 3.6% | 1.6% | 1.6% | 69% |
| Tav Havalimanlari Holding | Turkey | Industrial | 1.4% | -0.6% | 1.5% | 115% |
| Tofas Turk Otomobil Fabrika | Turkey | Cons. Disc. | 2.2% | 0.6% | 1.3% | 78% |
| Jumbo | Greece | Cons. Disc. | 3.1% | 0.9% | 0.9% | 37% |
| Losers 2022 | | | | | | |
| OTP Bank | Hungary | Financials | 3.9% | 0.9% | -1.7% | -41% |
| Komercni Banka | Czech Rep. | Financials | 5.6% | -0.5% | -1.2% | -18% |
| Bank Polska Kasa Opieki | Poland | Financials | 2.3% | -1.5% | -1.1% | -26% |
| PKO Bank Polski | Poland | Financials | 1.6% | -1.2% | -0.9% | -29% |
| Magyar Telekom | Hungary | Telecom | 2.2% | -1.5% | -0.8% | -21% |

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

| | 1 year | 2 years | 3 years | 5 years | 10 years |
|---------------|--------|---------|---------|---------|----------|
| A unit | -1.8% | 22.3% | 14.9% | 15.7% | 75.7% |
| B unit | -1.4% | 23.5% | 16.6% | 18.6% | 85.0% |
| C unit | -1.2% | 23.8% | 17.0% | 19.0% | 79.0% |
| D unit | -2.1% | 21.7% | 14.0% | 14.2% | 71.1% |
| E unit | -1.2% | 22.3% | 13.8% | 15.9% | 71.1% |
| Index* | -3.1% | 11.2% | -8.8% | -18.0% | -25.1% |

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

Graph 1. Performance of Fund's NAV vs. the market (November 2010 - December 2022, E unit)



Fund Positioning and Portfolio Valuation

Despite the economic headwinds in the region, **we maintain a tilt towards cyclical companies in our portfolio (66% of the portfolio) as the incoming recession seems to be priced in and in the long-term perspective we see better value creation opportunities there compared to non-cyclicals.** 20% of the portfolio is invested in non-cyclicals and 14% is in cash due to a reduction in one position. Compared to end-March the weight of cyclicals is some 6pp lower, while over the past 12 months ca 6pp higher. We construct our portfolios fully bottom-up, thus the changes between sectors are an outcome of our investment process. We do not make any allocation decisions geographically nor on sector basis but focus on value-oriented stock picking in our aim to deliver above benchmark returns.

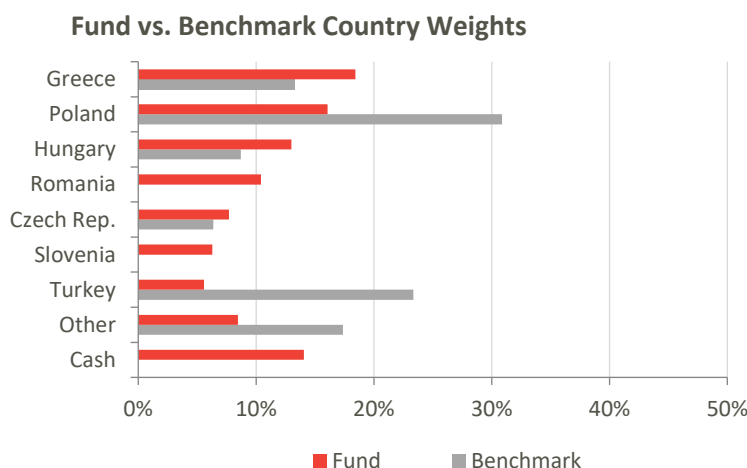
We have had historically similar situations where the portfolio composition may not make sense from the 6–12-month top-down perspective as in our company valuations we go beyond the shorter term cycles and focus on what these companies are worth in normal circumstances. Today we are in a situation where cyclical segment of the market just offers more value in 3+ years horizon compared to non-cyclicals.

Table 2. Style Allocation of the Fund

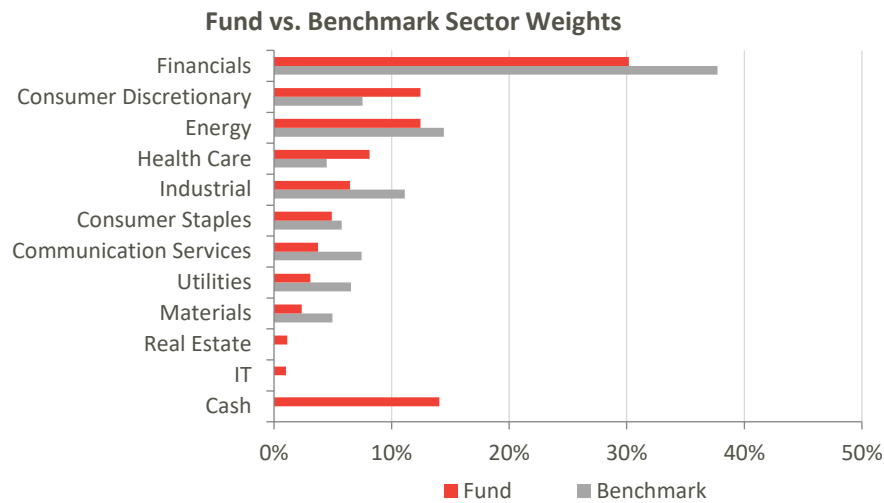
| | % of the Fund | P/E adj | | | EPS adj growth | | EV/EBITDA | | Div yield | P/B |
|--------------|---------------|---------|------|------|----------------|--------|-----------|------|-----------|------|
| | | 12M | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2021 | 12M |
| Cyclical | 64.7% | 5.9 | 5.6 | 7.5 | 68.7% | -24.6% | 3.5 | 4.4 | 7.7% | 0.99 |
| Non-cyclical | 20.2% | 6.6 | 7.0 | 7.6 | 28.2% | -7.0% | 4.8 | 4.5 | 4.1% | 1.28 |
| Asset play | 1.1% | - | - | - | - | - | - | - | 2.9% | 0.61 |
| Total equity | 85.9% | 6.1 | 5.9 | 7.5 | 58.7% | -21.1% | 3.9 | 4.5 | 6.8% | 1.04 |

Fund’s assets are mainly invested in Greek, Polish, Hungarian and Romanian companies. Our portfolio construction process is benchmark agnostic and fully bottom-up. In comparison to the benchmark the Fund is currently overweight in Greece and Hungary 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



Russian invasion to Ukraine and its affects in 2022

After Russia invaded Ukraine, the markets fell across Europe, including Emerging Europe, especially the stocks that had Russian or Ukrainian exposure. Over the year the markets stabilised from the war shock and focus was more directed to the interest rate cycles in the eurozone and Emerging Europe and possible recession lying ahead.

Avaron Emerging Europe Fund is an ex-Russia fund and thus we are directly not affected by the war. However, we see that a number of institutional investors (our target investors for the Fund) are afraid of allocating money into the region until the conflict is solved. Thus, our part of the world remains undervalued compared to Emerging Markets and Europe, offering attractive investment opportunities to early bird investors.



13 April 2023

Kristel Kivinurm-Priisalm
Member of the Management Boar

CONFIRMATION OF ANNUAL FINANCIAL STATEMENTS OF 2022

The Management Board of the Fund Management Company has prepared the annual Financial Statements of Avaron Emerging Europe Fund on 13 April 2023.

The Financial Statements have been prepared in compliance with the requirements stipulated in the the Regulation (EC) No 1606/2002 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 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 | 13/04/2023 | /Signed digitally/ |
| Valdur Jaht Member of the Management Board of the Fund Management Company / Investment manager | 13/04/2023 | /Signed digitally/ |
| Peter Priisalm Investment manager | 13/04/2023 | /Signed digitally/ |
| Rain Leesi Investment manager | 13/04/2023 | /Signed digitally/ |

SUSTAINABILITY-RELATED DISCLOSURE

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

AVARON EMERGING EUROPE FUND (LEI: 5299002W6ED92XBPCX25)

ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Does this financial product have a sustainable investment objective?

Yes **No**

| | |
|---|---|
| <p><input type="checkbox"/> It made sustainable investments with an environmental objective: ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It made sustainable investments with a social objective: ____%</p> | <p><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p> |
|---|---|



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund has contributed to its environmental and social characteristics through making investments in compliance with Avaron Responsible Investment Policy (RI Policy) and favoring investments into corporates with sound ESG practices. All issuers in the Fund portfolio have undergone ESG analysis and assigned an ESG rating using Avaron’s proprietary ESG rating system. Throughout the year all issuers have been subject to controversy monitoring to detect potential ESG-related negligence. All discovered controversies have been acted upon according to engagement principles set in the RI policy. The Fund has followed relevant international sanctions to avoid exposure to controversial jurisdictions, and recommendations to combat money laundering and terrorist financing.

In accordance to the exclusion principles set in the RI Policy the Fund has not made any investments into:

- issuers involved in design, development, production, distribution or overhaul of weapons, weapon systems or components;
- issuers involved in production, publication, printing or distribution of newspapers or magazines or films or videos classified as pornographic;
- issuers involved in production or distribution tobacco or alternative smoking products (e-cigarettes, next-generation tobacco/nicotine products);

- retailers that generate 10%+ revenues from distribution of adult content or tobacco products;
- issuers that generate 10%+ of revenue from production or distribution of alcoholic drinks;
- issuers that generate 10%+ of revenue from gambling or lottery services;
- issuers that generate 20%+ of revenue from the extraction of any kind of coal including lignite;
- issuers that generate 20%+ of revenue from coal-based energy production unless they have set net-zero ambitions in accordance with Science-Based Targets Initiative (SBTi) Net-Zero Standard;
- issuers that have violated norms set in United Nations Global Compact, Universal Declaration of Human Rights, and ILO's International Labour Standards;
- issuers with Avaron's internal ESG rating below 2

● **How did the sustainability indicators perform?**

The primary sustainability indicator of the Fund is its proprietary ESG rating. It is calculated as the weighted average of ratings of issuers in the Fund portfolio excluding cash and cash equivalents. The scale of the rating is from 1 to 5. On issuer level the overall rating comprises separate ratings for environmental, social and governance topics with equal weights of 1/3rd, and a controversy adjustments. At of end 2022 the Fund's overall ESG rating stood at 3.433, the environmental rating at 3.285, social rating at 3.57, governance rating at 3.608 and controversy adjustment at -0.055.

The secondary sustainability indicator is the number of companies restricted as a result of exclusion, which measures the reduction of involvement in controversial activities. In 2022 the ESG blacklist included 25 companies out of the formal investment universe (defined as companies with market capitalization above €100mil and 6-month average daily turnover above €100,000) of 344, implying 7.3% reduction.

● **...and compared to previous periods**

There is no comparing data.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

Principle adverse impacts (PAI) on sustainability factors as outlined in the Regulation are assessed and monitored as part of the routine ESG analysis process the Fund holdings undergo. A separate PAI statement of the Fund for 2022 shall be published by 30 June 2023. The Fund will report on all indicators related to principal adverse impact on sustainability factors as set out in Table 1 of Annex I of the Regulatory Technical Standards of the Regulation. Furthermore, at least one additional indicator related to principal adverse impacts on a climate or other environment related sustainability factor that qualifies as principal as set out in Table 2 of Annex I, as well as at least one additional indicator related to principal adverse impacts on a social, employee, human rights, anti-corruption or anti-bribery sustainability factor that qualifies as principal as set out in Table 3 of Annex I shall be reported on.



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is 31/12/2022

| Largest investments | Sector | % Assets | Country |
|-----------------------------------|------------------------|----------|------------|
| KOMERCNI BANKA AS | Financials | 5.6% | Czech Rep. |
| OMV PETROM SA | Energy | 5.4% | Romania |
| COCA COLA HBC AG | Consumer Staples | 4.9% | Greece |
| RICHTER GEDEON NYRT | Health Care | 4.6% | Hungary |
| POWSZECHNY ZAKLAD UBEZPIECZE | Financials | 4.2% | Poland |
| OTP BANK PLC | Financials | 3.9% | Hungary |
| MOTOR OIL (HELLAS) SA | Energy | 3.6% | Greece |
| KRKA | Health Care | 3.6% | Slovenia |
| JUMBO SA | Consumer Discretionary | 3.1% | Greece |
| BRD-GROUPE SOCIETE GENERALE | Financials | 3.0% | Romania |
| BANK HANDLOWY W WARSZAWIE SA | Financials | 2.5% | Poland |
| MOL HUNGARIAN OIL AND GAS PL | Energy | 2.4% | Hungary |
| BANK PEKAO SA | Financials | 2.3% | Poland |
| TOFAS TURK OTOMOBIL FABRIKA | Consumer Discretionary | 2.2% | Turkey |
| MAGYAR TELEKOM TELECOMMUNICATIONS | Communication Services | 2.2% | Hungary |

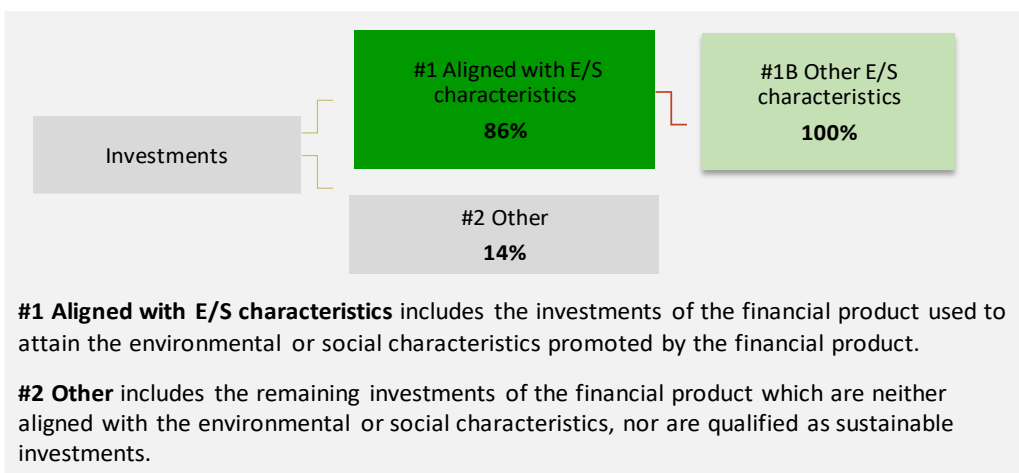


What was the proportion of sustainability-related investments?

The Fund did not hold any sustainable investments but had 86% of the portfolio in investments used to attain the environmental or social characteristics promoted by the Fund. 14% of the Fund assets were held in cash or cash equivalents.

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **In which economic sectors were the investments made?**

| | |
|---------------------------------------|-------|
| Diversified Banks | 22.0% |
| Integrated Oil & Gas | 5.9% |
| Restaurants | 4.9% |
| Integrated Telecommunication Services | 4.9% |
| Diversified REITs | 4.2% |
| Marine Transportation | 3.6% |
| Marine Ports & Services | 3.1% |
| Renewable Electricity | 3.0% |
| Electric Utilities | 4.3% |
| Construction Materials | 4.7% |
| Homefurnishing Retail | 2.2% |
| Oil & Gas Refining & Marketing | 2.2% |
| Industrial Conglomerates | 2.2% |
| Application Software | 2.1% |
| Soft Drinks & Non-alcoholic Beverages | 2.0% |
| Hotels, Resorts & Cruise Lines | 1.8% |
| Pharmaceuticals | 2.2% |
| Passenger Airlines | 1.4% |
| Other Specialty Retail | 1.1% |
| Apparel, Accessories & Luxury Goods | 1.1% |
| Automobile Manufacturers | 1.1% |
| Airport Services | 1.1% |
| Multi-line Insurance | 1.1% |
| Financial Exchanges & Data | 1.1% |
| Broadline Retail | 1.0% |
| Interactive Media & Services | 0.9% |
| Human Resource & Employment Services | 0.8% |



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguard?

The Fund held 14% in cash and cash equivalents. The credit institutions where cash is being held or deposited are obliged financial market participants and/or financial advisers under SFDR. They are not subject to the ESG screening and analysis process by Avaron. However, annual sustainability related check is carried out to assess whether and to what degree the credit institutions are following sustainable business practices.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

All issuers in the Fund were screened according to exclusion principles set in Avaron Responsible Investment Policy, underwent ESG analysis and were assigned an ESG rating using Avaron’s proprietary ESG rating system.

Besides that Avaron follows active engagement and ownership practices in managing the Fund. In 2022 active engagement was continued with Fund portfolio companies with 26 separate engagements launched targeting 23 issuers. 2 engagements were reactive in nature and related to the discovered ESG controversies, while the rest proactive with an aim to influence the companies to improve their disclosure and sustainability practices. For the 5th consecutive year Avaron participated in the CDP Non-Disclosure Campaign that pushes issuers globally towards improved climate change, water security and deforestation related disclosure. We took a lead investor role in engaging with 3 companies in the Fund portfolio that were in the scope of the 2022 campaign. Two companies out of the three, Hungarian pharmaceuticals producer Richter Gedeon and Greek energy company Motor Oil Hellas, initiated climate change and water security disclosure on the CDP platform. This compares favorably to the overall campaign success rate of 27%.

Also, we launched a themed engagement on CEO excessive pay and gender pay gap topics. On CEO excessive pay we screened our Emerging Europe listed equity portfolio companies to establish the availability of data and engaged with companies that do not provide proper disclosure in individual remuneration of board members. Regarding gender pay gap we followed up on our last year's effort, re-engaging with companies that still have not yet started to publish the data. Altogether we contacted 21 companies out of the 40 in the Fund to discuss the possibility of improving their disclosure on these topics. As of end-2022 we had data to calculate excessive pay indicator for 33 issuers. It is calculated by dividing the annual total compensation for the highest remunerated individual to the average annual total remuneration of all employees excluding the highest paid individual. For the companies we had data it ranged from 3.5 to 129.9 with the median of 21.1. The lowest difference was reported by Warsaw Stock Exchange and the highest by Coca-Cola Hellenic Bottling Company. Regarding the gender pay gap we managed to gather data for 26 companies with pay difference ranging from -14% to 38% and a median of 9%. The highest gap was reported by Polish bank Pekao, which very prudently included the whole management remuneration package in the calculation that elevated the gap to 38%. On the other end of the spectrum is Romanian integrated oil & gas company OMV Petrom with a negative gap of 14%. This to some extent is due to the combination of less than 25% female employees and high weight of women in managerial positions. As a reminder, last year we managed to gather data for only 14 companies.

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 have committed to systematically exercising our voting rights on all shareholder meetings. In 2022 we voted in 90% of the shareholders' meetings of the companies we own in the Fund portfolio compares to 86% the year before. Starting from 2019 we are disclosing all our voting details for our publicly sellable funds, including Avaron Emerging Europe Fund, which are available in the Responsible Investment section on Avaron website.

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

| ASSETS | Note | 31/12/2022 | 31/12/2021 |
|--|-------------|-------------------|-------------------|
| Cash and cash equivalents | 3 | 5,431,569 | 4,675,632 |
| Financial assets at fair value through profit or loss: | | | |
| Shares and units | 4 | 31,600,252 | 35,646,630 |
| Receivables and prepayments | 4; 6 | 41,000 | 7,818 |
| TOTAL ASSETS | | 37,072,821 | 40,330,080 |
| LIABILITIES | | | |
| Other financial liabilities | | | |
| Payables to the management company | 4 | 281,231 | 206,252 |
| Payables to the depository | 4 | 18,490 | 12,414 |
| Other liabilities | 4 | 4,769 | 1,999 |
| TOTAL LIABILITIES | | 304,490 | 220,665 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS | | 36,768,331 | 40,109,415 |

STATEMENT OF INCOME AND EXPENSES

In EUR

| | Note | 01/01/2021- 31/12/2021 | 01/01/2021- 31/12/2021 |
|---|------|---------------------------|---------------------------|
| INCOME | | | |
| Interest income | | 142 | 102 |
| From deposits | | 142 | 102 |
| Dividend income | | 2,094,138 | 1,567,983 |
| From shares and units | | 2,094,138 | 1,567,983 |
| Net gain/loss from financial assets at fair value through profit or loss | | -1,606,329 | 11,903,085 |
| From shares and units | 5 | -1,606,339 | 11,903,085 |
| From derivative instruments | 5 | 10 | 0 |
| Net gain/loss from foreign exchange | | -642,957 | -1,683,226 |
| TOTAL INCOME | | <hr/> -155,006 | <hr/> 11,787,944 |
| OPERATING EXPENSES | | | |
| Management fees | 7 | 381,823 | 449,614 |
| Performance fees | 7 | 92,652 | 550,417 |
| Custodian fees | | 115,070 | 149,306 |
| Transaction fees | | 2,167 | 4,252 |
| Other operating expenses | | 28,995 | 62,351 |
| TOTAL OPERATING EXPENSES | | <hr/> 620,707 | <hr/> 1,215,940 |
| NET INCOME | | -775,713 | 10,572,004 |

STATEMENT OF CHANGES IN NET ASSETS

In EUR

| | 01/01/2021- 31/12/2021 | 01/01/2021- 31/12/2021 | 01/01/2020- 31/12/2020 |
|--|---------------------------|---------------------------|---------------------------|
| NET ASSET VALUE AT THE BEGINNING OF THE PERIOD | 40,109,416 | 49,585,817 | 62,143,291 |
| Cash received for fund units issued | 1,951,810 | 9,093,574 | 1,628,622 |
| Cash paid for fund units redeemed | -4,517,182 | -29,141,979 | -8,727,883 |
| Net result of the Fund | -775,713 | 10,572,004 | -5,458,213 |
| NET ASSET VALUE AT THE END OF THE PERIOD | 36,768,331 | 40,109,416 | 49,585,817 |
| NUMBER OF THE UNITS IN CIRCULATION AT THE END OF REPORTING PERIOD | | | |
| Number of A units in circulation: | 110,874.623 | 110,837.658 | 105,574.204 |
| Number of B units in circulation: | 376,084.744 | 388,261.629 | 382,007.878 |
| Number of C units in circulation: | 41,090.944 | 163,357.044 | 87,219.871 |
| Number of D units in circulation: | 384,346.228 | 319,418.361 | 90,986.275 |
| Number of E units in circulation: | 1,540,020.085 | 1,612,539.479 | 3,167,682.019 |
| NET ASSET VALUE OF AN UNIT AT THE END OF REPORTING PERIOD | | | |
| Net asset value of the A unit: | 5.7000 | 5.8071 | 4.6612 |
| Net asset value of the B unit: | 6.1962 | 6.2811 | 5.0162 |
| Net asset value of the C unit: | 21.0515 | 21.3176 | 17.0075 |
| Net asset value of the D unit: | 16.9825 | 17.3450 | 13.9583 |
| Net asset value of the E unit: | 17.1516 | 17.3666 | 14.0242 |
| TOTAL NET ASSET VALUE OF THE FUND UNITS | | | |
| Total net asset value of the A units: | 631,988 | 643,647 | 492,104 |
| Total net asset value of the B units: | 2,330,302 | 2,438,697 | 1,916,220 |
| Total net asset value of the C units: | 865,027 | 3,482,376 | 1,483,396 |
| Total net asset value of the D units: | 6,527,173 | 5,540,326 | 1,270,016 |
| Total net asset value of the E units: | 26,413,841 | 28,004,370 | 44,424,081 |
| TOTAL NET ASSET VALUE | 36,768,331 | 40,109,416 | 49,585,817 |

STATEMENT OF CASH FLOWS

In EUR

| | 01/01/2021- 31/12/2021 | 01/01/2021- 31/12/2021 |
|---|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest received | 142 | 102 |
| Interest paid | -110 | 0 |
| Dividends received | 2,092,094 | 1,596,663 |
| Net result from foreign exchange | -27,529 | -215,170 |
| Sale of investments | 7,838,964 | 27,384,133 |
| Purchase of investments | -6,009,651 | -5,832,429 |
| Operating expenses paid | -571,772 | -1,378,161 |
| | 3,322,138 | 21,555,138 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of units | 1,951,810 | 9,093,549 |
| Payments on redemption of units | -4,517,182 | -29,141,955 |
| | -2,565,372 | -20,048,406 |
| TOTAL CASH FLOWS | 756,766 | 1,506,732 |
| 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 | -829 | 30,193 |
| Cash and cash equivalents at the end of the period | 5,431,569 | 4,675,632 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The 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:

- 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).
- 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)

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 16 "Leases" (applicable from financial years beginning on or after 1 January 2024);

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and 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 depository for the funds managed by AS Avaron Asset Management on the transaction date (hereinafter referred to as the depository bid rate). This rate is based on market inputs. The assets and liabilities quoted in foreign currency are translated into EUR based on the depository 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 the 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 Score 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 and term deposits presented in Note 3):

| | 31/12/2022 | % of NAV | 31/12/2021 | % of NAV |
|-----------------------------|-------------------|-----------------|-------------------|-----------------|
| Cash and cash equivalents | 5,431,569 | 14.77% | 4,675,632 | 11.66% |
| Receivables and prepayments | 41,000 | 0.11% | 7,818 | 0.02% |
| TOTAL | 5,472,569 | 14.88% | 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 31 December 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 31/12/2022.

Maximum exposure to 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 | |
|------------------------------------|---------------------|-------------------|----------------------|-------------------|---------------------|-------------------|
| | 31/12/2022 | 31/12/2021 | 31/12/2022 | 31/12/2021 | 31/12/2022 | 31/12/2021 |
| Payables to the management company | - | - | 281,231 | 206,252 | - | - |
| Payables to the depository | - | - | 18,490 | 12,414 | - | - |
| Trade settlement | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | 4,769 | 1,999 |
| TOTAL | - | - | 299,721 | 218,666 | 4,769 | 1,999 |

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

| Instrument | Country | Sector | % of NAV | |
|-------------------------------|----------|------------------------|---------------|---------------|
| | | | 31/12/2022 | 31/12/2021 |
| BRD-GROUPE SOCIETE GENERALE | Romania | Financials | 2.98% | - |
| SPHERA FRANCHISE GROUP SA | Romania | Consumer Discretionary | 1.39% | 1.36% |
| ARENA HOSPITALITY GROUP DD | Croatia | Consumer Discretionary | 1.12% | 1.30% |
| BULGARIA REAL ESTATE FUND | Bulgaria | Real Estate | 1.12% | 1.02% |
| TALLINNA SADAM AKTSIA | Estonia | Industrial | 1.10% | 1.32% |
| TALLINK GRUPP | Estonia | Industrial | 1.05% | - |
| FIRST INVESTMENT BANK | Bulgaria | Financials | 0.80% | 0.61% |
| DIGI COMMUNICATIONS NV | Romania | Communication Services | 0.69% | - |
| MAGYAR TELEKOM RT | Hungary | Communication Services | - | 3.69% |
| ATRIUM EUROPEAN REAL ESTATE | Jersey | Real Estate | - | 2.68% |
| NOVA LJUBLJANSKA BANKA DD | Slovenia | Financials | - | 2.42% |
| TITAN CEMENT INTERNATIONAL SA | Belgium | Materials | - | 1.83% |
| TOTAL | | | 10.25% | 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 the Fund's assets in EUR:

| | % of Fund's | | % of Fund's | |
|--------------|-------------------|----------------|-------------------|----------------|
| | 31/12/2022 | assets | 31/12/2021 | assets |
| EUR | 11,690,109 | 31.53% | 14,247,560 | 35.33% |
| PLN | 6,697,872 | 18.07% | 7,351,614 | 18.22% |
| HUF | 5,241,065 | 14.14% | 5,714,389 | 14.17% |
| CZK | 3,744,977 | 10.10% | 5,052,196 | 12.53% |
| RON | 4,142,246 | 11.17% | 4,026,927 | 9.98% |
| GBP | 1,817,902 | 4.90% | 552,621 | 1.37% |
| TRY | 2,609,934 | 7.04% | 2,145,525 | 5.32% |
| BGN | 717,401 | 1.94% | 719,474 | 1.78% |
| HRK | 411,315 | 1.11% | 519,774 | 1.30% |
| TOTAL | 37,072,821 | 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 31 December 2022. The sensitivity analysis assumes the weakening of foreign currency rates 10% against EUR. Below table illustrates the maximum weakening of foreign currency in the magnitude of the change from the higher to lower value since the launch of the fund on April 23, 2007. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2021 has been made using the same assumptions.

Derivatives contracts have been taken into account and net open positions as per foreign currency were used. The impact on net assets attributable to holders and net income:

| | 31/12/2022 | | | 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 | -669,787 | -35% | 18.07% | -735,161 | -35% | 18.23% |
| HUF | -524,107 | -28% | 14.14% | -571,439 | -28% | 14.17% |
| CZK | -374,498 | -22% | 10.10% | -505,220 | -22% | 12.53% |
| RON | -414,225 | -20% | 11.17% | -402,693 | -20% | 9.98% |
| GBP | -181,790 | -25% | 4.90% | -55,262 | -25% | 1.37% |
| TRY | -260,993 | -55% | 7.04% | -214,553 | -55% | 5.32% |
| BGN | -71,740 | 0% | 1.94% | -71,947 | 0% | 1.78% |
| HRK | -41,132 | -6% | 1.11% | -51,977 | -6% | 1.30% |
| TOTAL | -2,538,271 | | 68.48% | -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 the Fund's investments based on sectors as of the end of the period in EUR:

| | 31/12/2022 | % of NAV | 31/12/2021 | % of NAV |
|------------------------|-------------------|---------------|-------------------|---------------|
| Financials | 11,099,841 | 30.19% | 12,615,621 | 31.45% |
| Energy | 4,575,031 | 12.44% | 4,500,974 | 11.22% |
| Consumer Discretionary | 4,580,904 | 12.46% | 3,780,777 | 9.43% |
| Utilities | 1,132,113 | 3.08% | 2,947,970 | 7.35% |
| Health Care | 2,988,787 | 8.13% | 3,375,895 | 8.42% |
| Industrial | 2,373,952 | 6.45% | 2,644,467 | 6.59% |
| Consumer Staples | 1,810,561 | 4.92% | 552,621 | 1.38% |
| Communication Services | 1,381,132 | 3.76% | 1,933,592 | 4.82% |
| Materials | 869,880 | 2.37% | 962,130 | 2.40% |
| Real Estate | 412,187 | 1.12% | 2,332,583 | 5.82% |
| IT | 375,864 | 1.02% | - | - |
| TOTAL | 31,600,252 | 85.94% | 35,646,630 | 88.88% |

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

| | 31/12/2022 | % of NAV | 31/12/2021 | % of NAV |
|--------------|-------------------|-----------------|-------------------|-----------------|
| Greece | 7,880,982 | 21.44% | 3,404,031 | 8.50% |
| Poland | 4,944,822 | 13.45% | 6,494,530 | 16.19% |
| Hungary | 4,777,703 | 12.97% | 5,714,389 | 14.25% |
| Czech Rep. | 2,835,902 | 7.71% | 4,999,052 | 12.46% |
| Slovenia | 2,307,965 | 6.28% | 2,892,495 | 7.21% |
| Romania | 2,177,674 | 5.92% | 3,674,835 | 9.16% |
| Turkey | 2,050,106 | 5.59% | 2,145,525 | 5.35% |
| Estonia | 1,209,192 | 3.29% | 1,457,414 | 3.63% |
| Belgium | 869,880 | 2.37% | 962,130 | 2.40% |
| Bulgaria | 707,447 | 1.92% | 653,476 | 1.63% |
| Luxembourg | 647,284 | 1.76% | 405,460 | 1.01% |
| Austria | 418,600 | 1.14% | 848,068 | 2.11% |
| Croatia | 411,315 | 1.12% | 519,774 | 1.30% |
| Lithuania | 361,380 | 0.98% | 399,000 | 1.00% |
| Jersey | - | - | 1,076,451 | 2.68% |
| TOTAL | 31,600,252 | 85.94% | 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 2022 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% | 13.75% | 13.23% |
| 2σ | 95.45% | 27.51% | 26.46% |
| 3σ | 99.73% | 41.26% | 39.69% |

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents (incl. overnight deposits) by credit institution and currency

| | 31/12/2022 | % of NAV, converted into EUR | 31/12/2021 | % of NAV, converted into EUR |
|------------------------|-------------------|---|-------------------|---|
| Swedbank AS | | 12.66% | | 6.68% |
| EUR | 1,606,582 | 4.37% | 1,752,908 | 4.38% |
| CZK | 21,970,528 | 2.47% | 1,322,341 | 0.13% |
| PLN | 3,692,521 | 2.14% | 2,077,649 | 1.13% |
| TRY | 11,198,379 | 1.52% | - | - |
| HUF | 185,131,424 | 1.26% | - | - |
| RON | 1,541,592 | 0.85% | 1,743,104 | 0.88% |
| BGN | 19,469 | 0.03% | 129,084 | 0.16% |
| GBP | 6,494 | 0.02% | - | - |
| AS SEB Pank | | 2.12% | | 2.49% |
| EUR | 776,494 | 2.12% | 999,914 | 2.49% |
| Luminor Bank AS | | | | 2.49% |
| EUR | - | - | 999,951 | 2.49% |
| TOTAL | | 14.78% | | 11.66% |

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

31/12/2022

| | 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 | - | - | - | 5,431,569 | - | - | - | - | - |
| Shares and units | 31,600,252 | - | - | - | - | - | - | - | - |
| Dividend receivable | - | - | - | - | 6,000 | - | - | - | - |
| Other Receivable | - | - | - | - | 35,000 | - | - | - | - |
| LIABILITIES | | | | | | | | | |
| Payables to the management company | - | - | - | - | - | - | - | 281,231 | - |
| Payables to the depository | - | - | - | - | - | - | - | 18,490 | - |
| Other liabilities* | - | - | - | - | - | - | - | 4,769 | - |
| TOTAL | 31,600,252 | - | - | 5,431,569 | 41,000 | - | - | 304,490 | - |

* 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

| | 01/01/2021- 31/12/2021 | 01/01/2021- 31/12/2021 |
|---|---------------------------|---------------------------|
| Net gain/loss from financial assets at fair value through profit or loss | | |
| From shares and units | | |
| Sales profit/(-loss) | 1,920,322 | 4,810,877 |
| Unrealised profit /(-loss) | -3,526,661 | 7,092,208 |
| From derivative instruments | | |
| Sales profit/(-loss) | 10 | 0 |
| Total net gain/(-loss) | <u>-1,606,329</u> | <u>11,903,085</u> |

NOTE 6. RECEIVABLES AND PREPAYMENTS

In EUR

| | 31/12/2022 | 31/12/2021 |
|---------------------|---------------|--------------|
| Dividend receivable | 6,000 | 7,818 |
| Other receivables | 35,000 | - |
| TOTAL | <u>41,000</u> | <u>7,818</u> |

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:

| | 01/01/2021- 31/12/2021 | 01/01/2021- 31/12/2021 |
|--------------------------------------|---------------------------|---------------------------|
| Fund Management Company | | |
| Paid management and performance fees | 474,475 | 1,000,031 |
| TOTAL | <u>474,475</u> | <u>1,000,031</u> |

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

| | 31/12/2022 | 31/12/2021 |
|--|-------------------|-------------------|
| Fund Management Company | | |
| Management and performance fee payable | 281,231 | 206,252 |

The market value of Avaron Emerging Europe Fund units owned by the shareholders of the Fund Management Company amounted to 60,829 EUR as of 31/12/2022 (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 | 2.16% | 2.16% |
| B units | 1.66% | 1.66% |
| C units | 1.56% | 1.56% |
| D units | 2.41% | 2.41% |
| E units | 1.26% | 2.38% |

Portfolio turnover ratio

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 17.4% in 2022 (13.1% in 2021).

$$\text{Portfolio Turnover Ratio}\% = \frac{\text{Minimum of securities bought or sold}}{\text{Average net assets in EUR}} * 100$$

STATEMENT OF INVESTMENTS

In EUR as of 31/12/2022

| 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: | | | | | | | | | | |
| KOMERCNI BANKA | CZ0008019106 | CZ | S&P | A | CZK | 30.59 | 2,330,829 | 27.10 | 2,065,169 | 5.62% |
| OMV PETROM SA (RON) | ROSNPPACNOR9 | RO | | | RON | 0.07 | 1,660,767 | 0.08 | 1,971,405 | 5.36% |
| COCA-COLA HBC AG | CH0198251305 | GR | S&P | BBB+ | GBP | 22.45 | 1,822,261 | 22.30 | 1,810,561 | 4.92% |
| RICHTER GEDEON NYRT | HU0000123096 | HU | | | HUF | 15.99 | 1,292,792 | 20.77 | 1,679,259 | 4.57% |
| POWSZECHNY ZAKLAD UBEZP SHARE | PLPZU0000011 | PL | S&P | A- | PLN | 6.04 | 1,226,836 | 7.55 | 1,533,598 | 4.17% |
| OTP BANK SHARE | HU0000061726 | HU | S&P | BBB | HUF | 30.62 | 1,720,810 | 25.30 | 1,422,091 | 3.87% |
| MOTOR OIL (HELLAS) SA | GRS426003000 | GR | | | EUR | 14.07 | 849,501 | 21.82 | 1,317,317 | 3.58% |
| KRKA | SI0031102120 | SI | | | EUR | 59.09 | 841,088 | 92.00 | 1,309,528 | 3.56% |
| JUMBO SA | GRS282183003 | GR | | | EUR | 14.73 | 1,054,351 | 15.98 | 1,144,136 | 3.11% |
| BRD Gr Societe Generale SA RON | ROBRDBACNOR2 | RO | Fitch | BBB+ | RON | 2.36 | 984,949 | 2.63 | 1,094,968 | 2.98% |
| BANK HANDLOWY W WARSZAWIE | PLBH00000012 | PL | Fitch | A- | PLN | 15.96 | 895,077 | 16.12 | 903,693 | 2.46% |
| MOL HUNGARIAN OIL AND GAS PLC | HU0000153937 | HU | S&P | BBB- | HUF | 5.64 | 751,791 | 6.51 | 868,604 | 2.36% |
| BANK PEKAO SA | PLPEKAO00016 | PL | S&P | BBB+ | PLN | 12.56 | 578,032 | 18.44 | 848,846 | 2.31% |
| TOFAS TURK OTOMOBIL FABRIKA | TRATOASO91H3 | TR | | | TRY | 2.91 | 285,378 | 8.28 | 811,800 | 2.21% |
| MAGYAR TELEKOM RT | HU0000073507 | HU | | | HUF | 1.08 | 1,027,762 | 0.85 | 807,749 | 2.20% |
| NOVA LJUBLJANSKA BANKA DD | SI0021117344 | SI | S&P | BBB | EUR | 52.74 | 672,788 | 62.40 | 796,037 | 2.17% |
| CESKE ENERGETICKE ZAVODY AS | CZ0005112300 | CZ | S&P | A- | CZK | 22.33 | 540,151 | 31.86 | 770,733 | 2.10% |
| MAVI GIYIM SANAYI VE TICARET A | TREMAVIO0037 | TR | | | TRY | 2.38 | 263,968 | 6.61 | 732,046 | 1.99% |
| TITAN CEMENT INTERNATIONAL SA | BE0974338700 | BE | S&P | BB | EUR | 11.25 | 623,222 | 12.00 | 664,860 | 1.81% |
| WARSAW STOCK EXCHANGE | PLGPW0000017 | PL | | | PLN | 9.40 | 808,298 | 7.57 | 651,064 | 1.77% |
| ALLEGRO.EU SA | LU2237380790 | LU | | | PLN | 8.21 | 991,627 | 5.36 | 647,284 | 1.76% |
| PKO BANK POLSKI | PLPKO0000016 | PL | | | PLN | 8.33 | 759,640 | 6.46 | 588,740 | 1.60% |
| MYTILINEOS SA | GRS393503008 | GR | S&P | BB- | EUR | 5.17 | 131,334 | 20.30 | 515,620 | 1.40% |
| SPHERA FRANCHISE GROUP SA | ROSGFPACNOR4 | RO | | | RON | 4.89 | 880,260 | 2.83 | 509,323 | 1.39% |
| TAV HAVALIMANLARI HOLDING | TRETAVH00018 | TR | | | TRY | 1.89 | 204,677 | 4.67 | 506,259 | 1.38% |
| AEGEAN AIRLINES S.A. | GRS495003006 | GR | | | EUR | 6.39 | 508,924 | 5.29 | 421,079 | 1.15% |
| ERSTE GROUP BANK AG | AT0000652011 | AT | S&P | A+ | EUR | 27.23 | 381,158 | 29.90 | 418,600 | 1.14% |
| ENEFIT GREEN AKTSIA | EE3100137985 | EE | | | EUR | 2.90 | 276,689 | 4.38 | 417,705 | 1.14% |
| ARENA HOSPITALITY GROUP DD | HRARNTRA0004 | HR | | | HRK | 57.97 | 755,350 | 31.57 | 411,315 | 1.12% |
| TALLINNA SADAM AKTSIA | EE3100021635 | EE | | | EUR | 1.77 | 503,328 | 1.42 | 405,613 | 1.10% |
| TALLINK GRUPP | EE3100004466 | EE | | | EUR | 0.78 | 577,812 | 0.52 | 385,874 | 1.05% |
| EPSILON NET SA | GRS498003003 | GR | | | EUR | 5.03 | 293,832 | 6.44 | 375,864 | 1.02% |
| IGNITIS GRUPE AB | LT0000115768 | LT | S&P | BBB+ | EUR | 21.07 | 400,317 | 19.02 | 361,380 | 0.98% |
| FOURLIS SA | GRS096003009 | GR | | | EUR | 3.80 | 379,666 | 3.25 | 325,000 | 0.88% |
| WIRTUALNA POLSKA HOLDING SA | PLWRTPLO0027 | PL | | | PLN | 11.58 | 171,327 | 21.53 | 318,580 | 0.87% |
| FIRST INVESTMENT BANK | BG1100106050 | BG | Fitch | B | BGN | 0.82 | 244,721 | 0.98 | 295,261 | 0.80% |
| SANTANDER BANK POLSKA SA | PLB200000044 | PL | Fitch | BBB+ | PLN | 72.26 | 365,069 | 55.30 | 279,374 | 0.76% |
| DIGI COMMUNICATIONS NV | NL0012294474 | RO | S&P | BB- | RON | 8.51 | 340,418 | 6.37 | 254,803 | 0.69% |
| TITAN CEMENT INTERNATIONAL GRE | BE0974338700 | BE | S&P | BB | EUR | 11.69 | 198,761 | 12.06 | 205,020 | 0.56% |
| NOVA LJUBLJANSKA BANKA GDR | US66980N2036 | SI | S&P | BBB | EUR | 12.17 | 194,678 | 12.65 | 202,400 | 0.55% |
| GRUPA PRACUJ SA | PLGRPRC00015 | PL | | | PLN | 11.21 | 179,317 | 8.72 | 139,507 | 0.38% |
| SHARES TOTAL | | | | | | | 28,969,554 | | 31,188,065 | 84.82% |

Avaron Emerging Europe Fund

Statement of investments as of 31/12/2022 (continued)

| 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 | 1.02 | 412,187 | 1.12% |
|---------------------------|--------------|----|----------------------------|-----|------|---------|------|---------|-------|

| | | | | | | | | | |
|-------------------------------|--|--|--|--|--|----------------|--|----------------|--------------|
| CLOSED-END FUNDS TOTAL | | | | | | 375,450 | | 412,187 | 1.12% |
|-------------------------------|--|--|--|--|--|----------------|--|----------------|--------------|

| | | | | | | | | | |
|-------------------------------|--|--|--|--|--|-------------------|--|-------------------|---------------|
| SHARES AND FUNDS TOTAL | | | | | | 29,345,004 | | 31,600,252 | 85.94% |
|-------------------------------|--|--|--|--|--|-------------------|--|-------------------|---------------|

| 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 | | | 787,184 | | 787,184 | 2.14% |
| CURRENT ACCOUNT | | EE | SEB | EUR | | | 776,494 | | 776,494 | 2.11% |
| CURRENT ACCOUNT | | EE | Swedbank | EUR | | | 1,606,582 | | 1,606,582 | 4.37% |
| CURRENT ACCOUNT | | EE | Swedbank | RON | | | 311,748 | | 311,748 | 0.86% |
| CURRENT ACCOUNT | | EE | Swedbank | CZK | | | 909,075 | | 909,075 | 2.47% |
| CURRENT ACCOUNT | | EE | Swedbank | BGN | | | 9,954 | | 9,954 | 0.03% |
| CURRENT ACCOUNT | | EE | Swedbank | HUF | | | 463,362 | | 463,362 | 1.26% |
| CURRENT ACCOUNT | | EE | Swedbank | TRY | | | 559,829 | | 559,829 | 1.52% |
| CURRENT ACCOUNT | | EE | Swedbank | GBP | | | 7,341 | | 7,341 | 0.02% |

| | | | | | | | | | | |
|------------------------------|--|--|--|--|--|--|------------------|--|------------------|---------------|
| CURRENT ACCOUNT TOTAL | | | | | | | 5,431,569 | | 5,431,569 | 14.77% |
|------------------------------|--|--|--|--|--|--|------------------|--|------------------|---------------|

| | | | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|------------------|--|------------------|---------------|
| DEPOSITS AND CASH TOTAL | | | | | | | 5,431,569 | | 5,431,569 | 14.77% |
|--------------------------------|--|--|--|--|--|--|------------------|--|------------------|---------------|

| | | | | | | | | | | |
|--------------------------|--|--|--|--|--|--|-------------------|--|-------------------|----------------|
| INVESTMENTS TOTAL | | | | | | | 34,776,573 | | 37,031,821 | 100.71% |
|--------------------------|--|--|--|--|--|--|-------------------|--|-------------------|----------------|

Statement of investments as of 31/12/2022 (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 | | | | 6,000 | 0.02% |
| RECEIVABLE SECURITIES TRANSACTIONS | | | | | EUR | | | | - | 0.00% |
| OTHER RECEIVABLES | | | | | EUR | | | | 35,000 | 0.09% |
| OTHER ASSETS TOTAL | | | | | | | | | 41,000 | 0.11% |
| TOTAL ASSETS OF THE FUND | | | | | | | 34,776,573 | | 37,072,821 | 100.82% |
| LIABILITIES | | | | | | | | | -304,490 | -0.82% |
| NET ASSETS OF THE FUND | | | | | | | | | 36,768,331 | 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% |
| ENEFIT 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% |
|-------------------------------|--|--|--|--|--|--|-------------------|--|-------------------|---------------|

| 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% |
|--------------------------------|--|--|--|--|--|--|------------------|--|------------------|---------------|

| | | | | | | | | | | |
|--------------------------|--|--|--|--|--|--|-------------------|--|-------------------|----------------|
| INVESTMENTS TOTAL | | | | | | | 35,748,284 | | 40,322,262 | 100.53% |
|--------------------------|--|--|--|--|--|--|-------------------|--|-------------------|----------------|

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

01/01/2022-31/12/2022

| | Number of transactions | Volume of transactions | Total commissions paid | Weighted average fee |
|---|---------------------------|---------------------------|------------------------------|----------------------------|
| Regulated securities market transactions* | | | | |
| Shares | | | | |
| Patria Finance A.S. | 17 | 4,765,319 | 1,869 | 0.04% |
| 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% |
| Swiss Capital S.A. | 1 | 494,573 | 987 | 0.20% |
| 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. | 6 | 1,728,648 | 865 | 0.05% |
| OTC trades | | | | |
| Corporate actions | 5 | 940,545 | | |
| TOTAL | 69 | 13,847,570 | 8,577 | 0.06% |

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

In EUR

01/01/2021-31/12/2021

| | Number of transactions | Volume of transactions | Total commissions paid | Weighted average fee |
|---|------------------------|------------------------|------------------------|----------------------|
| Regulated securities market transactions* | | | | |
| Shares | | | | |
| Santander Biuro Maklerskie | 22 | 6,527,900 | 3,919 | 0.06% |
| Patria Finance A.S. | 15 | 4,810,203 | 2,650 | 0.06% |
| Erste Group Bank AG | 5 | 4,184,824 | 4,439 | 0.11% |
| Interkapital vrijednosni papiri d.o.o. | 18 | 2,168,577 | 3,485 | 0.16% |
| Raiffeisen Centrobank AG | 10 | 2,074,153 | 2,582 | 0.12% |
| Eurobank Equities Investment Firm S.A | 15 | 1,910,911 | 1,910 | 0.10% |
| Swiss Capital S.A. | 2 | 1,381,019 | 2,768 | 0.20% |
| SEB Pank AS | 12 | 919,135 | 1,378 | 0.15% |
| PKO Bank Polski | 2 | 659,428 | 660 | 0.10% |
| Wood and Company Financial Services a.s. | 3 | 467,224 | 311 | 0.07% |
| First Financial Brokerage House | 4 | 310,719 | 1,240 | 0.40% |
| AS SEB Pank | 5 | 258,302 | 388 | 0.15% |
| Third country securities market transactions | | | | |
| Shares | | | | |
| OYAK Yatirim Menkul Degerler A.S. | 24 | 4,740,690 | 2,371 | 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 | | | | |
| Swedbank AS | 1 | 123,610 | | |
| Avaroni Privaatportfelli Fond | 1 | 79,728 | | |
| IPO | | | | |
| Swedbank AS | 1 | 554,625 | | |
| Corporate actions | 6 | 435,534 | 1,092 | 0.25% |
| TOTAL | 155 | 33,043,580 | 29,911 | 0.09% |

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

REPORT ON REMUNERATION OF THE FUND MANAGEMENT COMPANY

The remuneration principles of all Avaron employees including investment managers and risk-takers are set in the Company's Remuneration Policy. The remuneration of Avaron employees consists of fixed and variable remuneration. The total remuneration is based on local labour market conditions, and is designed so as to achieve a reasonable balance between the fixed and variable components of the salary.

Avaron employees receive a fixed salary, which reflects relevant professional experience and organisational responsibility as set out in the employee's job description. Variable remuneration depends on the performance of the employee, the business unit concerned and Avaron's overall results. The assessment of the performance is set in a three-year framework, to ensure, that the assessment process is based on longer-term performance taking into account the business cycle of the Company and its business risks. After awarding a bonus to the employees the Company has a three-year period during which it has the right to reduce the bonus, stop the payments of the announced bonus or even require partial or full repayment. The full Remuneration Policy of AS Avaron Asset Management can be downloaded here www.avaron.com/documents.

The Fund Management Company employed 17 specialists as at the end of 2022 (end-2021: 19 specialists). Total remuneration amounted to:

In EUR

| | 2022 | 2020 |
|---|----------------|----------------|
| Wages and salaries | 481,111 | 487,841 |
| Social tax and unemployment insurance contributions | 184,480 | 174,707 |
| Total | 665,591 | 662,548 |
| incl. bonus program cost with applicable taxes | 81,453 | 63,078 |

The Members of the Management Board did not receive extra remuneration for participating in the work of the managing bodies. Independent member of the Supervisory Board was paid, in total with applicable social tax, EUR 2,993 in the financial year 2022 (2021: EUR 11,385).

No remuneration has been paid by the Fund.

INDEPENDENT CERTIFIED AUDITOR'S REPORT

Independent auditor's report is available in Estonian at Avaron's website:
<https://avaron.ee/dokumendid/>