

Investment Objectives & Approach

The Fund invests in public equities of Emerging Europe ex-Russia region with the aim to outperform the market with lower volatility. The Fund creates alpha to investors through active management, stock-picking and responsible investing. The Fund is benchmark agnostic, portfolio is built fully bottom up, and thus the Fund has low position overlap to regional indices. The Fund is run by seasoned investment managers Valdur Jaht and Peter Priisalm who are supported by Avaron's research team. Based on SFDR the Fund is an Article 8 fund. The Fund has been granted LuxFLAG ESG Label.

Fund Manager's Comment, March 2024

Prevailing positive sentiment sent major global equity indices to new record highs in March. **Emerging Europe equities lagged last month as regional performance was mixed and larger markets underperformed.** Romania, up 7.1% in €, was the best performing market in Emerging Europe led by three index heavyweights. The surge in Romanian market was partially driven by increased flows from local 2nd pillar pension funds and positive macro news.

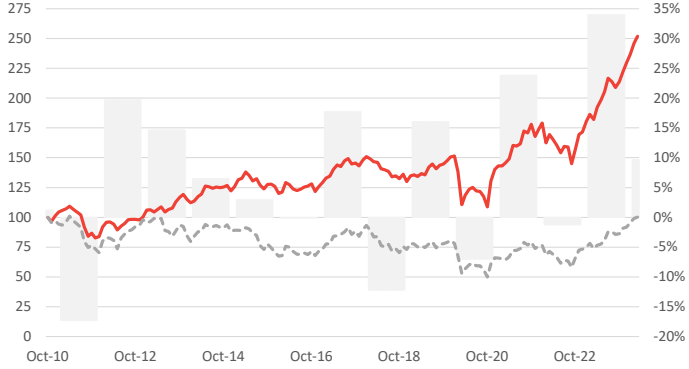
In Q1 Emerging Europe continued to outperform Emerging Markets. On the past 12 months Emerging Europe outperformance has grown to nearly 30 percentage points (Emerging Europe +36% vs Emerging Markets +6%). In Q1 Avaron Emerging Europe Fund delivered +9.6% return net of fees outperforming the benchmark by 0.8pp thanks to strong selection effect that outweighed negative allocation effect.

The Fund gained 2.4% in March, outperforming the benchmark thanks to overweight in Romania and no exposure in Turkey that saw its market index dropping 4.2% in €. Geographically the main contributors were Poland (+0.9pp), Romania (+0.9pp) and Slovenia (+0.7pp) while Hungary detracted 0.4pp. We maintain a tilt towards cyclical companies in our portfolio (72% of the portfolio) despite subdued economic environment as the regional economic outlook is gradually improving. **Our Fund portfolio trades at 8.7x 1YR FWD P/E assuming 17% contraction and flat earnings for the companies in 2024-25.** Current valuation level is 12% below the long-term historical average.

Emerging Europe region trades at a significant discount to Europe, global emerging markets and global market index MSCI ACWI. Although the regional performance has been very strong over the past two years, we have not seen any meaningful re-rating as corporate earnings have grown in line with share prices. We expect a solution to the Ukraine-Russia war, once it happens, to close the gap significantly as investors who are today avoiding the region are expected to return. However, the end of the war is not on the immediate horizon. The conflict seems to be at risk of turning into static warfare if it has not already, making an end to it very hard to predict.

To receive full monthly comment please send your request to funds@avaron.com.

Performance, E Unit



— Fund calendar year performance (right)
— Fund NAV, E Unit (left)*
--- Benchmark Index (MSCI EFM EUROPE + CIS (E+C) ex Russia, left)*
*Rebased (October 2010 = 100)
Past performance is not a guarantee or indicative of future results.

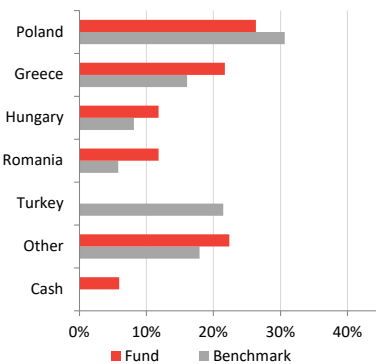


Perf overview	E Unit return	Index return*	Year	E Unit return	Index return*	Excess return
1 month	2.4%	1.1%	2023	34.0%	25.2%	8.8%
3 months	9.6%	8.9%	2022	-1.2%	-3.1%	9.0%
6 months	20.5%	16.8%	2021	23.8%	14.9%	11.0%
YTD	9.6%	8.9%	2020	-7.0%	-18.0%	5.8%
1 year	38.3%	35.6%	2019	16.0%	10.3%	6.4%
3 years	72.8%	55.6%				
5 years	87.7%	33.2%				
7 years	87.2%	28.6%				
10 years	114.8%	14.0%				
12 years	162.1%	21.7%				

CAGR of calendar years		
Years	Fund	Index*
2022-2023	15.0%	10.1%
2021-2023	17.9%	11.7%
2019-2023	12.1%	4.7%

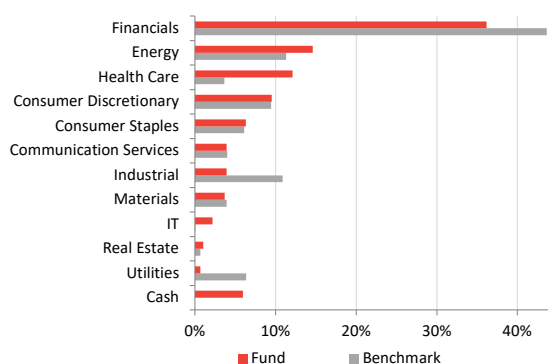
* MSCI EFM EUROPE + CIS (E+C) ex Russia

Country Weights

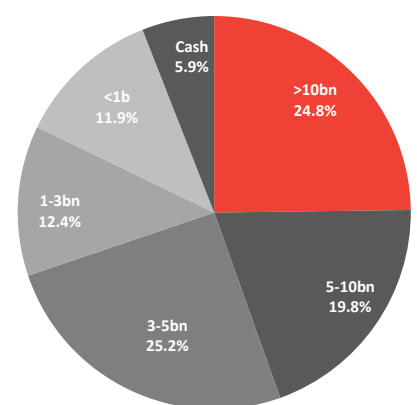


Note: Other for Avaron includes Slovenia, Czech Republic, Austria, Estonia, Bulgaria, Croatia and Lithuania. All but Austria are under Other for index as well.

Sector Weights



Market Cap breakdown



Risk metrics	5Y risk*
Alpha	9%
Volatility & stand. deviation	14.8%
Beta	0.63
Sharpe ratio	0.87
Information ratio	0.89
Tracking error	8.4%

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

Fund statistics	
Number of positions	39
Top10	50.2%
Top20	76.0%
Gross exposure	94.1%
Net exposure	94.1%
Concentration coefficient	29
Median market cap MEUR	2550
Average market cap MEUR	4570

Liquidity analysis*	30%
3 days	75.3%
2 weeks	91.9%
4 weeks	97.8%

* Turning portfolio into cash, based on 6 month average trading volume accounting for 30% of trading volume

Turnover (adjusted for fund flows)	
FY 2023	14.4%
FY 2022	17.4%
FY 2021	13.1%

Fund Facts - Avaron Emerging Europe Fund

Investment Manager	AS Avaron Asset Management	Cut-off	10am CET
Fund type	UCITS V	NAV frequency	Daily dealing, T+3
Launch date	April 23, 2007	Supervised by	Estonian FSA
Domicile	Estonia	Custodian	Swedbank AS
Currency	EUR	Transfer agent	Swedbank AS
Dividends	reinvested	NAV calculation	Swedbank AS
Fund size, MEUR	52.2	External auditor	KPMG
Total AUM, MEUR	240+	Internal auditor	PWC

NAV	31-Mar-2024	ISIN code
B unit	9.2043 EUR	EE3600090056
C unit	31.2905 EUR	EE3600102901
D unit	24.9923 EUR	EE3600108866
E unit	25.1952 EUR	EE3600108874
TER (2023)	0.36% + unit class management fees	

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

	WKN code	Telekurs ID	Bloomberg ticker	Refinitiv RIC
C unit	A0PEFO	CH10799792	AVAEESC ET	LP68063797
D unit	A1W7P0	CH12407332	AVEMEUD ET	LP68083763
E unit	A113GN	CH12414216	AVEMEUE ET	LP68083764

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

Contact Information

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About Avaron Asset Management

Founded in 2007, Avaron Asset Management is an independent management-owned investment manager with a clear focus on stock-picking and responsible investing in Emerging Europe region. We aim to deliver positive risk-adjusted return to our clients over the market cycle. Our portfolios are long-only and invest in listed stocks. Investment ideas are generated through in-house proprietary research of approximately 300 Emerging Europe companies, backed by regular on the ground meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 16 professionals (including 8 in the investment team), based in Estonia and Poland, takes care of 240M+ euros of mainly professional investor assets. We are supervised by the Estonian Financial Supervision Authority. Avaron and our funds are audited by KPMG, internal audit is conducted by PWC.



Kristel Kivnurm-Prisalm
Managing Partner,
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Valdur Jaht
Partner, co-CIO,
Investment Manager



Rain Leesi, CFA
Head of Research,
Investment Manager

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