

# Key Information Document

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

<b>Product</b>	<b>Avaron Emerging Europe Smaller Companies Fund MASF, A Share</b>
<b>ISIN</b>	EE3600001772
<b>Fund Management Company</b>	AS Avaron Asset Management
<b>Contacts</b>	<a href="https://avaron.com/">https://avaron.com/</a> , e-mail: <a href="mailto:avaron@avaron.com">avaron@avaron.com</a> , tel. +372 6644 205

The Fund and Fund Management Company are authorized in Estonia and their activity is under a supervision of the Estonian Financial Supervision and Resolution Authority.

This key information was last updated on May 22, 2023

## What is this product?

<b>Type</b>	UCITS fund
<b>Objectives</b>	<p>The Fund invests primarily in attractively valued, privately owned and well-managed fast growing public small and mid-cap companies in Emerging Europe ex-Russia region with an objective to deliver positive alpha over the period of five years. As stock exchanges in these markets are dominated by banking sector companies and state-owned enterprises, the Fund aims to limit investing into these segments, and focus on stock-picking mainly among privately owned, well-managed and fast growing smaller companies. Benchmark agnostic, the Fund aims to find the optimal balance between highest upside to internally set target prices and the risk level perceived by the Management Company, considering among others company quality, ESG factors, liquidity and FX outlook. The Fund performs sectorial ESG (Environmental, Social and Governance) exclusions but does not promote environmental and social characteristics and does not have a sustainable investment as its main objective. By implementing Avaron's investment process the Fund aims to outperform the market.</p> <p>Fund shares shall be issued on every banking day, settlement at T+3, and redeemed once a month. The switching of shares with the units/shares of other funds managed by the Management Company is allowed.</p> <p>Proceeds from the Fund's investments shall be reinvested, no distributions shall be made to the investors. The shareholder's return on their investment into the Fund is reflected in the increase or decrease of the net asset value of the share.</p> <p>More information about Fund's investment policy and restrictions is available in Fund's prospectus.</p>
<b>Intended retail investor</b>	<p>Fund is intended for an investor</p> <ul style="list-style-type: none"> <li>• who seeks to invest into a stock-picking portfolio in Emerging Europe as a diversifier in his/her global equity portfolio and understands the higher risks involved in investing in Emerging Europe equities;</li> <li>• with high risk tolerance and who plans to hold the investment for at least 5 years;</li> <li>• who understands that the money invested in the Fund may both increase and decrease in value and that it is not certain that the entire capital invested can be returned;</li> <li>• who has prior experience with investing into investment products or knowledge of the functioning of the financial markets.</li> </ul>
<b>Maturity</b>	<p>The Fund is open-ended and has no maturity. The Fund may be terminated with the resolution of the Fund's Supervisory Board, or pursuant to the imperative provisions of the Applicable Law subject to the prior approval of the Financial Supervision Authority. More information about liquidation of the Fund is available in Fund's articles of association.</p>
<b>Other information</b>	<p>Fund's depository is <b>Swedbank AS</b> (registry code 10060701).</p> <p>Fund <b>articles of association and prospectus, annual and/or semi-annual reports</b> are available at the Management Company's website: <a href="https://avaron.com/documents/">https://avaron.com/documents/</a> or obtainable free of charge on request from the Management Company.</p> <p>Fund NAV is calculated daily and published at: <a href="https://avaron.com/our-products/smc/">https://avaron.com/our-products/smc/</a></p>

## What are the risks and what could I get in return?

### Summary risk indicator



**The risk indicator assumes that you keep the product for 5 years.**

The actual risk can vary significantly if you cash in at an early stage and you may get back less. The summary risk indicator provides an indication of the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets.

We have classified this product as 5 out of 7 which is a medium-high risk class. This means that the fund has a medium-high risk of increases and decreases in the share value. The indicator primarily reflects the increase and decrease in the value of the securities in which the fund has invested. The category may change over time.

Risks that are not captured by the summary risk indicator are emerging market risk, liquidity risk, risk of investing in small and mid-cap companies.

### Performance scenarios

The figures shown include all the costs of the Fund itself. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What you will get from this Fund depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted.

Recommended holding period:	5 years		
Investment example:	10,000 EUR		
Scenarios		1 year	5 years
<b>Minimum</b>	<b>There is no minimum guaranteed return. You could lose some or all of your investment.</b>		
<b>Stress</b>	<b>What you might get back after costs</b>	<b>30 EUR</b>	<b>1,980 EUR</b>
	Average return each year	-99.7%	-27.7%
<b>Unfavourable</b>	<b>What you might get back after costs</b>	<b>6,410 EUR</b>	<b>5,950 EUR</b>
	Average return each year	-35.9%	-9.9%
<b>Moderate</b>	<b>What you might get back after costs</b>	<b>9,610 EUR</b>	<b>8,530 EUR</b>
	Average return each year	-3.9%	-3.1%
<b>Favourable</b>	<b>What you might get back after costs</b>	<b>15,840 EUR</b>	<b>11,300 EUR</b>
	Average return each year	58.4%	2.5%

The unfavourable, moderate, and favourable scenarios shown are illustrations using the worst, average, and best performance of MSCI EFM EUROPE + CIS (E+C) ex Russia Index over the last 10 years.

The stress scenario shows what you might get back in extreme market circumstances. This type of scenarios occurred for MSCI EFM EUROPE + CIS (E+C) ex Russia Index between the following time periods:

**Unfavourable:** March 2015 - March 2020

**Moderate:** August 2013 - August 2018

**Favourable:** August 2016 - August 2021

## What happens if AS Avaron Asset Management is unable to pay out?

By law, the fund's assets must be held separate from the assets of the Fund Management Company. The Fund has a depositary who is responsible for safekeeping the assets of the Fund. In the event of the bankruptcy of the Fund Management Company, the management of the Fund is taken over by the depositary Swedbank AS. There is no compensation or guarantee scheme in place for investors in the Fund.

## What are the costs?

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the Fund and how well the Fund performs. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

## Costs over time

### We have assumed:

- In the first year you would get back the amount that you invested (0 % annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario.
- EUR 10,000 is invested

	If you exit after 1 year	If you exit after 5 years (recommended holding period)
<b>Total costs</b>	202 EUR	853 EUR
<b>Annual cost impact*</b>	2.0%	2.0% each year

\* This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be -3.1% before costs and -5.1% after costs. The Fund does not have sufficient history, the estimates are based on the actual costs of a similar fund.

## Composition of costs (amounts in euro are based on an investment of 10,000 euro)

One-off costs upon entry or exit		
Entry costs	No entry fee	0 EUR
Exit costs	No exit fee	0 EUR
Ongoing costs		
Management fees and other administrative or operating costs	1.3% of the value of your investment per year. This is an estimate based on actual costs over the last year of a similar fund.	126 EUR
Transaction costs	0.03% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	3 EUR
Incidental costs taken under specific conditions		
Performance fee	0.7%. Performance fee is 15% of return over benchmark index MSCI EFM Europe + CIS ex Russia Net Return EUR Index. Performance fee shall be charged also in case of negative performance of the Fund. The crystallisation period is calendar year and measurement period is up to 5 years. The actual amount will vary depending on how well your investment performs. The Fund does not have sufficient history and the aggregated cost estimation above includes the average over the last 5 years of a similar fund.	73 EUR

## How long should I hold it and can I take my money out early?

### Recommended holding period: 5 years

The fund has no minimum required holding period. However, since the Fund invests in equities, it is suitable for a long investment horizon. You should be prepared to hold the Fund for at least 5 years. You have the option to sell your Fund shares any time with prior notice by the 6<sup>th</sup> calendar day of each month.

## How can I complain?

If you wish to make a complaint about the Fund you may turn to the Fund Management Company by phone +372 6644 205 or via e-mail [avaron@avaron.com](mailto:avaron@avaron.com). Handling Client Complaints Policy is available on Fund Management Company's website <https://avaron.com/documents/>. You can also contact the Estonian Financial Supervision and Resolution Authority (address Sakala 4, Tallinn 15030, <https://www.fi.ee/en>) for advice and explanations.

## Other relevant information

Complete information about the Fund is available in Fund's prospectus and articles of association. Prospectus and articles of association, the current version of this key information document, the Fund's annual and/or semi-annual reports are available at <https://avaron.com/documents/> or may be obtained free of charge from the Fund Management Company.

**Past performance:** Information about the past 10 calendar year performance of the Fund shall be available on Fund's prospectus. As of the date of this KID the Fund does not have historical performance.

**Historical performance scenarios:** Previously published performance scenarios are available at <https://avaron.com/our-products/smc/>

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<b>Fund Management Company</b>	AS Avaron Asset Management
<b>Contacts</b>	<a href="https://avaron.com/">https://avaron.com/</a> , e-mail: <a href="mailto:avaron@avaron.com">avaron@avaron.com</a> , tel. +372 6644 205

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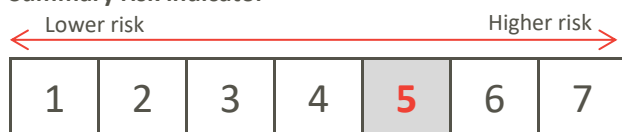
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<b>Recommended holding period:</b>	<b>5 years</b>		
<b>Investment example:</b>	<b>10,000 EUR</b>		
<b>Scenarios</b>		<b>1 year</b>	<b>5 years</b>
<b>Minimum</b>	<b>There is no minimum guaranteed return. You could lose some or all of your investment.</b>		
<b>Stress</b>	<b>What you might get back after costs</b>	<b>30 EUR</b>	<b>1,980 EUR</b>
	Average return each year	-99.7%	-27.7%
<b>Unfavourable</b>	<b>What you might get back after costs</b>	<b>6,410 EUR</b>	<b>5,950 EUR</b>
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<b>Favourable</b>	<b>What you might get back after costs</b>	<b>15,840 EUR</b>	<b>11,300 EUR</b>
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## Costs over time

### We have assumed:

- In the first year you would get back the amount that you invested (0 % annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario.
- EUR 10,000 is invested

	If you exit after 1 year	If you exit after 5 years (recommended holding period)
<b>Total costs</b>	159 EUR	679 EUR
<b>Annual cost impact*</b>	1.6%	1.6% each year

\* This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be -3.1% before costs and -4.7% after costs. The Fund does not have sufficient history, the estimates are based on the actual costs of a similar fund.

## Composition of costs (amounts in euro are based on an investment of 10,000 euro)

One-off costs upon entry or exit		
Entry costs	No entry fee	0 EUR
Exit costs	No exit fee	0 EUR
Ongoing costs		
Management fees and other administrative or operating costs	1.6% of the value of your investment per year. This is an estimate based on actual costs over the last year of a similar fund.	156 EUR
Transaction costs	0.03% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	3 EUR
Incidental costs taken under specific conditions		
Performance fee	No performance fee	0 EUR

## How long should I hold it and can I take my money out early?

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