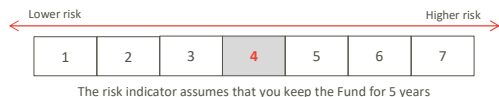


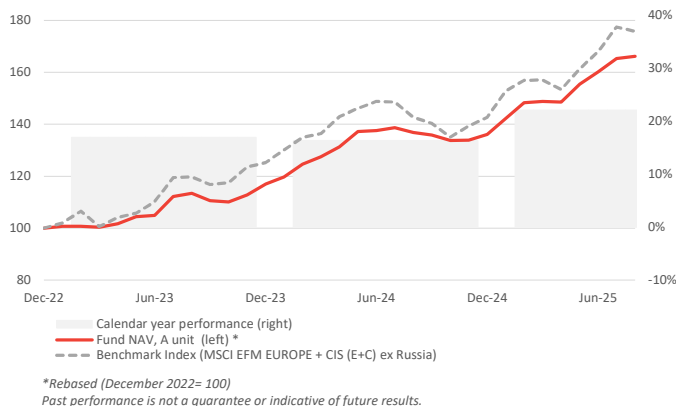
Investment Objectives & Approach

The Fund invests in 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 attractively valued, privately owned, well-managed and fast growing smaller companies. The Fund is benchmark agnostic, portfolio is built fully bottom up, and the Fund has very 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. The Fund is to complement investors' Emerging Markets portfolio.



Top 5 positions	Country	Sector	Market Cap MEUR	% of assets	Return 1 mo	Contr
Noval Property Real Estate Invest	GR	Real Estate	338	5.4%	1.5%	0.0%
Virtualna Polska Holding	PL	Communication	463	5.4%	-10.6%	-0.4%
Span DD	HR	IT	120	5.4%	-9.0%	-0.5%
Atlantic Grupa	HR	Cons. Staples	587	4.9%	-6.4%	-0.3%
Profile Systems & Software SA	GR	IT	180	4.8%	-5.1%	-0.3%
5 largest positions total				25.9%		-1.6%

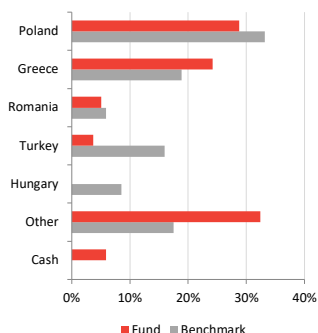
Performance since inception



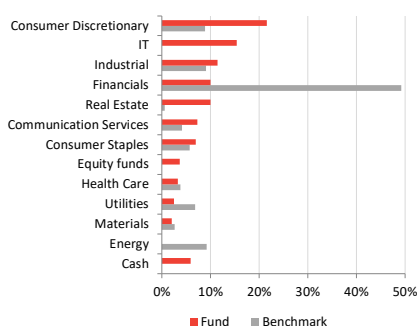
Returns*	Fund	Index	Excess	Returns*	Fund	Index	Excess
1 month	0.5%	-0.9%	1.4%	2025 YTD	22.0%	23.2%	-1.1%
3 months	6.9%	9.0%	-2.1%	2024	16.3%	13.9%	2.4%
6 months	12.0%	12.0%	0.0%	2023	17.3%	25.2%	-7.9%
YTD	22.0%	23.2%	-1.1%				
1 year	21.4%	23.2%	-1.8%				
2 years	46.5%	46.8%	-0.3%				
Since launch	66.1%	82.1%	-15.9%				

* Fund A unit, Index is MSCI EFM EUROPE + CIS (E+C) ex RU

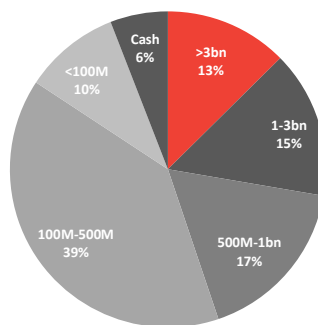
Country Weights



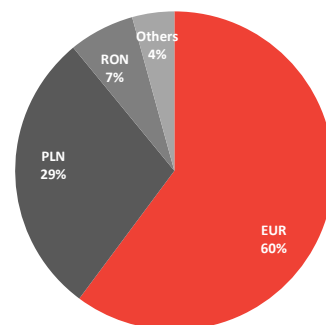
Sector Weights



Market Cap breakdown



Net currency breakdown



Note: Other for Avaron includes Slovenia, Estonia, Lithuania and Bulgaria. All are under Other for index as well.

Country allocation

	Aug-25	1 mo	3 mo	6 mo	12 mo	2 years	1 mo	3 mo	6 mo	12 mo	YTD	2 years
Poland	28.8%	0.1%	-2.0%	4.4%	5.5%	9.5%	0.1%	0.3%	2.1%	3.5%	5.2%	7.0%
Greece	24.2%	5.3%	7.5%	6.9%	7.1%	5.5%	0.6%	3.1%	5.9%	7.5%	7.6%	9.5%
Croatia	11.8%	-1.7%	3.9%	8.9%	11.8%	11.8%	-0.9%	1.3%	1.8%	2.4%	2.4%	2.4%
Estonia	8.9%	2.4%	2.1%	2.2%	1.1%	-0.3%	-0.1%	-0.3%	-0.1%	0.8%	1.0%	0.1%
Romania	5.1%	-0.2%	-0.6%	-9.6%	-11.8%	-6.4%	0.1%	0.3%	0.0%	0.2%	0.3%	12.6%
Bulgaria	4.1%	0.2%	-0.9%	-2.3%	-3.7%	-2.3%	0.5%	0.9%	1.7%	2.2%	2.6%	6.1%
Lithuania	3.9%	-0.1%	-1.8%	0.1%	-3.5%	-3.0%	0.1%	0.1%	0.2%	2.1%	1.1%	2.1%
Turkey	3.7%	-0.2%	1.0%	3.7%	3.7%	3.7%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Slovenia	3.6%	-0.3%	-1.1%	-3.5%	-4.6%	-4.0%	0.0%	0.7%	0.8%	2.2%	1.7%	8.6%
Czech Rep.	0.0%	-1.5%	-1.9%	-3.0%	0.0%	0.0%	0.2%	0.3%	0.2%	1.3%	1.3%	1.3%
Hungary	0.0%	0.0%	0.0%	-1.2%	-1.6%	-1.7%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%

Contribution analysis

Sector allocation

Sector allocation	Change						Contribution analysis					
Cons. Discr.	21.6%	-0.5%	0.9%	3.3%	-1.6%	4.6%	0.8%	2.1%	1.1%	2.1%	2.7%	8.4%
IT	15.4%	-1.5%	-2.9%	-1.1%	2.4%	-2.9%	-0.5%	3.2%	5.7%	7.0%	7.1%	13.3%
Industrial	11.4%	-1.9%	-6.3%	-4.6%	-0.2%	0.0%	0.4%	0.5%	2.6%	5.3%	5.4%	4.6%
Financials	10.0%	2.3%	2.3%	0.4%	-4.1%	2.4%	-0.1%	0.4%	0.7%	3.6%	2.5%	9.5%
Real Estate	10.0%	5.3%	5.3%	6.8%	10.0%	10.0%	0.1%	0.6%	0.5%	0.4%	0.4%	0.4%
Communication	7.3%	0.9%	2.8%	0.4%	-4.1%	-1.3%	-0.5%	-1.1%	-0.5%	-0.9%	-0.3%	3.3%
Consumer Staples	7.0%	-0.4%	4.3%	3.3%	3.0%	3.2%	-0.4%	0.0%	0.5%	1.3%	1.4%	2.6%
Equity funds	3.7%	-0.2%	1.0%	3.7%	3.7%	3.7%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Health care	3.3%	0.1%	0.7%	-1.0%	1.6%	1.6%	0.3%	0.7%	1.6%	2.2%	2.4%	2.6%
Utilities	2.5%	-0.1%	-1.2%	-1.3%	-1.9%	-4.4%	0.1%	0.0%	0.1%	1.0%	0.5%	0.9%
Materials	2.0%	0.0%	-0.8%	-0.1%	-0.6%	-0.5%	0.2%	0.3%	0.4%	0.5%	0.9%	1.7%
Energy	0.0%	0.0%	0.0%	-3.1%	-4.0%	-3.5%	0.0%	0.0%	-0.1%	-0.2%	0.1%	2.4%

Risk metrics

	2Y risk*
Alpha	9%
Volatility & stand. deviation	9.7%
Beta	0.47
Sharpe ratio	1.82
Information ratio	-0.01
Tracking error	10.2%

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

Turnover (adjusted for fund flows)

FY 2024	16.1%
FY 2023	7.0%

Fund statistics

Number of positions	33
Top10	45.8%
Top20	73.3%
Gross exposure	94.1%
Net exposure	94.1%
Concentration coefficient	31
Median market cap MEUR	529
Average market cap MEUR	1652
Share of cyclical companies	64.6%
Share of non-cyclicals	24.1%

Liquidity analysis*

3 days	89.2%
2 weeks	98.1%
4 weeks	98.1%

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

Fund Facts - Avaron Emerging Europe Smaller Companies Fund

Investment Manager	AS Avaron Asset Management
Fund type	UCITS
Launch date	December 09, 2022
Domicile	Estonia
Currency	EUR
Dividends	reinvested
Fund size, MEUR	2.04
Total AUM, MEUR	304.5

Cut-off 10am CET
Shares issued every business day
Shares redeemed once a month

NAV frequency	Daily
Supervised by	Estonian FSA
Custodian	Swedbank AS
Transfer agent	Swedbank AS
NAV calculation	Swedbank AS

External auditor	KPMG
Internal auditor	PWC

Public offering Estonia
Platforms & execution Euroclear FundSettle, Clearstream AFS, IFSAM
Fund documents & prospectus <https://avaron.com/our-products/smc/>

Unit class	A	B
ISIN	EE3600001772	EE3600001780
Min. initial investment	-	-
Front-end load	-	-
Management fee	0.85%	1.15%
Performance fee	15% over MSCI Emerging Europe index	-
Back-end load	-	-
Bloomberg	AVASMCA	AVASMCB
RIC	LP68743380	LP68743381
WKN code	A3ERGX	A3ET9C
NAV as of 31-Aug-2025	16.6116 EUR	16.6124 EUR

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Avaron Asset Management (founded in 2007) is an independent management-owned investment manager with a clear focus on stock-picking (bottom-up) and value investing in Emerging Europe region. We aim to deliver positive risk-adjusted return to our clients over the market cycle. Our portfolios are long-only and invest in listed stocks. Investment ideas are generated through in-house proprietary research of approximately 300 Emerging Europe companies, backed by regular on the ground visits and meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models that we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 18 professionals (including 10 in the investment team), based in Estonia and Poland, takes care of 300M+ euros of mainly professional investor assets. We adhere to the *UN Principles for Responsible Investment* (PRI) and are supervised by the Estonian Financial Supervision Authority.



Kristel Kivimurm-Priisalm
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 Partner, co-CIO,
 Investment Manager



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 Investment Manager

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Overview of the month

Avaron Emerging Europe Smaller Companies Fund NAV rose by 0.5% in August and is up 22% in the first eight months of 2025. Investor interest in the Fund remains strong. In August, we received new inflows, which we deployed both into new holdings and selectively added to existing positions. Altogether, we invested 9.3% of the portfolio during the month.

The strongest contributor in August was the Greek retail company Furlis, whose share price increased by 11%. Furlis operates primarily IKEA and Intersport franchise stores in Greece, Bulgaria, Cyprus, and Romania. Although the company has not yet reported its second-quarter results, another strong tourism season and an improving durable goods sales trend in Greece appear to have boosted investor confidence.

The weakest performer was the Croatian IT company Span, last month's top contributor, whose share price fell by 9% as investors took profits. Following its excellent second-quarter results published in July, there were no new company-specific developments in August. Nevertheless, Span's share price is still up 38% year-to-date.

Emerging Europe has been the best-performing equity region globally in 2025, supported by attractive valuations, strong fundamentals, and the reactivation of the European economy through infrastructure spending and EU funding. Despite the strong rally, valuations in the region remain attractive. **We expect our portfolio companies to deliver earnings growth of +16% in 2025 and +23% in 2026.** At the same time, the portfolio trades at 9.6x 2026f P/E and 5.9x EV/EBITDA. The weighted average return on equity of the portfolio companies is 14%, with a dividend yield of nearly 4%. Thus, investors gain access to high-growth companies at attractive valuation levels through the Fund.

By country, our largest exposures are to Poland (29%) and Greece (24%), markets we see as offering strong macro fundamentals and high-quality companies. By sector, the portfolio is most exposed to consumer discretionary names (22%), IT (15%), and industrials (11%). During the past month we added a Greek real estate company, which more than doubled the real estate sector allocation to 10% of the Fund. Previously, we already held shares in a Romanian luxury residential developer and Poland's leading residential real estate developer. While real estate may not immediately appear as the most exciting sector for high earnings growth, we believe the companies we have selected are well aligned with the Fund's objectives to invest in fast growing companies with dynamic managements.

In August, we invested in the Greek real estate company Noval Property, which accounted for 5.4% of the Fund at month-end. What attracted us to Noval was its strong diversification across asset classes, including office, retail, and residential properties. The company maintains a solid balance sheet with low leverage, enabling it to actively modernize and expand its portfolio. A particularly interesting feature of Noval is its sizeable land bank awaiting development. Noval is part of the large Greek industrial group Viohalco, which transferred many of its former and current industrial and office properties into Noval at its founding. One example is a former cable factory on a more than 7-hectare site less than 4 km from the Acropolis, where Noval plans to develop around 57,000 square meters of mixed-use rental space.

Greece offers a favorable regulatory regime for real estate companies, exempting them from corporate income tax (replaced by a lower levy tied to the ECB base rate) and from dividend and capital gains taxes, while requiring them to distribute 50% of profits as dividends. This creates an investor-friendly environment.

We find the Greek real estate market compelling, as there was little investment in the sector during the decade-long Greek economic crisis. As a result, demand for quality office space currently far exceeds supply. Over the past six years, vacant offices have declined by 4.3 percentage points, while average rents per square meter have surged by 73%. Yields on office properties in Athens remain higher than in Western European capitals such as Lisbon or Rome. The residential property market is in even greater shortage. In 2024, only 13,200 new homes were built in Athens and its surroundings – three times fewer than the annual average during the pre-crisis decade (2000–2009). Only last year did the new home price index in Greece return to its 2007 peak.

Noval's portfolio also includes several shopping centers. Their success is partly due to limited competition, as the shortage of modern retail space allows existing centers to enjoy high occupancy and strong returns. To draw a parallel with Estonia, Greece has just 56 square meters of retail space per 1,000 inhabitants, while the figure in Estonia exceeds 700 square meters.

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