



Avaron Emerging Europe Smaller Companies Fund MASF

SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2023
UNAUDITED

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FUND FACTS

Avaron Emerging Europe Smaller Companies Fund MASF 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 Smaller Companies Fund MASF
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 https://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	5 January 2021
Start of the Fund's activities	9 December 2022
Reporting period	1 January 2023 – 30 June 2023

INVESTMENT MANAGERS' REPORT

Avaron Emerging Europe Smaller Companies Fund MASF (hereinafter the Fund) invests in listed equities of Emerging Europe region with focus on small and mid-cap companies. 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. Avaron adheres to the UN Principles for Responsible Investment. By implementing Avaron's investment process the Fund aims to outperform the market.

The Fund was registered at the Estonian Financial Supervisory Authority on January 21st, 2021. The Fund was launched on December 9th, 2022. During the first half of 2023 the Fund was in the investment phase and built up the portfolio. During the first six months of 2023 the Fund NAV gained 5.2%. The Fund's net asset value was 0,3 mEUR and 84.6% of Fund's assets was invested in equities. Active sales activities of the Fund have not yet been started and the Fund investor is Avaron and its group entities. The Fund's investor launch will be in September 2023



31 August 2023
Kristel Kivinurm-Priisalm
Member of the Management Board

CONFIRMATION OF SEMI-ANNUAL FINANCIAL STATEMENTS OF 2023

The Management Board of the Fund Management Company has prepared the semi-annual Financial Statements of Avaron Emerging Europe Smaller Companies Fund MASF on August 31st, 2023.

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

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

The semi-annual Financial Statements of Avaron Emerging Europe Smaller Companies Fund MASF 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	31/08/2023	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company / Investment Manager	31/08/2023	/Signed digitally/
Peter Priisalm Investment Manager	31/08/2023	/Signed digitally/
Rain Leesi Investment Manager	31/08/2023	/Signed digitally/

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

ASSETS	Note	30/06/2023	31/12/2022
Cash and cash equivalents	3	48,525	277,888
Financial assets at fair value through profit or loss:			
Shares and units	4	266,187	21,387
Receivables and prepayments	4; 6	968	0
TOTAL ASSETS		315,680	299,275
LIABILITIES			
Other financial liabilities			
Payables to the management company	4	0	153
Payables to the depository	4	1,061	76
TOTAL LIABILITIES		1,061	229
NET ASSETS ATTRIBUTABLE TO HOLDERS		314,619	299,046

STATEMENT OF INCOME AND EXPENSES

In EUR

	Note	01/01/2023- 30/06/2023	01/01/2022- 31/12/2022
INCOME			
Interest income		281	10
From deposits		281	10
Dividend income		3,110	0
From shares and units		3,110	0
Net gain/loss from financial assets at fair value through profit or loss		15,206	-418
From shares and units	5	15,206	-418
Net gain/loss from foreign exchange		1,378	-262
TOTAL INCOME		19,975	-670
OPERATING EXPENSES			
Management fees	7	0	153
Custodian fees		3,568	6
Transaction fees		646	115
Other operating expenses		188	21
TOTAL OPERATING EXPENSES		4,402	295
NET INCOME		15,573	-965

STATEMENT OF CHANGES IN NET ASSETS

In EUR

	01/01/2023- 30/06/2023	01/01/2022- 31/12/2022
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	299,046	125,011
Cash received for fund shares issued	0	175,000
Net result of the Fund	15,573	-965
NET ASSET VALUE AT THE END OF THE PERIOD	314,619	299,046
	30/06/2023	30/06/2022
NUMBER OF SHARES IN CIRCULATION AT THE END OF REPORTING PERIOD		
Number of A shares in circulation:	15,000.000	15,000.000
Number of B shares in circulation:	15,000.000	15,000.000
NET ASSET VALUE OF A SHARE AT THE END OF REPORTING PERIOD		
Net asset value of the A share:	10.4882	9.9690
Net asset value of the B share:	10.4864	9.9674
TOTAL NET ASSET VALUE OF THE FUND SHARES		
Total net asset value of the A shares:	157,323	149,534
Total net asset value of the B shares:	157,296	149,512
TOTAL NET ASSET VALUE	314,619	299,046

STATEMENT OF CASH FLOWS

In EUR

	01/01/2023- 30/06/2023	01/01/2022- 31/12/2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	281	10
Dividends received	2,136	0
Net result from foreign exchange	-35	-105
Sale of investments	10,155	0
Purchase of investments	-238,361	-21,863
Operating expenses paid	-3,570	-66
	-229,394	-22,024
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	0	175,000
Payments on redemption of shares	0	0
	0	175,000
TOTAL CASH FLOWS	-229,394	152,976
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	277,888	125,011
Effect of exchange rate fluctuations on cash and cash equivalents	31	-99
Cash and cash equivalents at the end of the period	48,525	277,888

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Emerging Europe Smaller Companies Fund MASF for 2023 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:

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

Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” (effective for annual periods beginning on or after 1 January 2023). 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 IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2024).

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:

- Amendments to IAS 21 “The Effects of Change in Foreign Exchange Rates.” (effective for annual periods beginning on or after 1 January 2025),

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

Use of estimates and judgements

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

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

Foreign currency transactions

Foreign currency transactions are recorded using the last bid rate established by the 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 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 share holders for redeemed shares. 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 shares

The Fund has two classes of shares which are redeemable at demand of the share holder. Different rights are attached to different share classes. All the share classes are reported as financial liabilities. Share shall be issued on every banking day, redeemed and switched once a month according to the articles of association and prospectus of the Fund. The redemption price of a share is equal to the net asset value of the share as of the trade date from which the redemption fee may be deducted.

The net asset value of a share is determined by dividing the total net asset value of a class of shares by the number of shares of that class that have been issued and not redeemed (adjusted by the number of shares from unsettled subscription and redemption orders that have been received by the Management Company). The income of the Fund shall not be distributed to share holders but shall be reinvested. A share holder's profit or loss is reflected in the share'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 shares, transaction fees and other operating expenses stated in the Fund rules. Transaction fees related to security purchase and sales transactions are recorded under "Transaction fees" in the statement of income and expenses. ✓

Related parties

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

NOTE 2. RISK MANAGEMENT

Short Overview of Investment and Risk Management Techniques

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

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

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

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

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

Credit risk

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

The Fund's assets can be invested in bonds that are liquid and transferable. The credit risk of the issuer shall be thoroughly analysis shall be conducted using the financial data of the company and terms of the issue (prospectus).

The Fund had no investments in bonds as at 30 June 2023 nor 31 December 2022.

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 26/06/2023 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 28/06/2023 (Standard & Poor's).

	30/06/23	% of NAV	31/12/22	% of NAV
Cash and cash equivalents	48,525	15.42%	277,888	92.92%
Receivables and prepayments	968	0.31%	0	0.02%
TOTAL	49,493	15.73%	277,888	92.94%

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.

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

	Up to 1 month	
	30/06/23	31/12/22
Payables to the management company	-	153
Payables to the depository	1,061	76
TOTAL	1,061	229

Market risk

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

Currency risk

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

	30/06/23	% of Fund's assets	31/12/22	% of Fund's assets
EUR	154,059	48.80%	231,244	77.27%
PLN	81,350	25.77%	23,934	8.00%
RON	48,133	15.25%	44,097	14.73%
GBP	12,280	3.89%	-	-
BGN	10,634	3.37%	-	-
HUF	9,224	2.92%	-	-
TOTAL	315,680	100.00%	299,275	100.00%

Instrument's price risk

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

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

	30/06/23	% of NAV	31/12/22	% of NAV
Consumer Discretionary	56,835	18.06%	-	-
IT	44,885	14.27%	-	-
Industrial	37,582	11.95%	15,458	5.17%
Communication Services	29,736	9.45%	-	-
Financials	24,288	7.72%	-	-
Utilities	19,143	6.08%	-	-
Energy	18,347	5.83%	5,929	1.98%
Materials	13,867	4.41%	-	-
Consumer Staples	12,280	3.90%	-	-
Health Care	9,224	2.93%	-	-
TOTAL	266,187	84.61%	21,387	7.15%

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

	30/06/23	% of NAV	31/12/22	% of NAV
Poland	72,031	22.89%	5,929	1.98%
Greece	64,725	20.57%	-	-
Romania	37,162	11.81%	-	-
Estonia	28,980	9.22%	15,458	5.17%
Slovenia	24,288	7.73%	-	-
Lithuania	19,143	6.08%	-	-
Bulgaria	10,634	3.38%	-	-
Hungary	9,224	2.93%	-	-
TOTAL	266,187	84.61%	21,387	7.15%

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by credit institution and currency

	30/06/23	% of NAV, converted into EUR	31/12/22	% of NAV, converted into EUR
Swedbank AS		15.41%		82.41%
EUR	37,524	11.93%	199,969	66.82%
PLN	-	-	84,459	6.34%
RON	54,411	3.49%	141,621	9.25%
AS SEB Pank		0.02%		10.44%
EUR	31	0.02%	31,262	10.44%
TOTAL		15.43%		92.85%

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 26/06/2023 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 28/06/2023 (Standard & Poor's).

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

In EUR
30/06/23

	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	-	-	-	48,525	-	-	-	-	-
Shares and units	266,187	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	968	-	-	-	-
LIABILITIES									
Payables to the depository	-	-	-	-	-	-	-	1,061	-
TOTAL	266,187	-	-	48,524	968	-	-	1,061	-

* 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
31/12/22

	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	-	-	-	277,888	-	-	-	-	-
Shares and units	21,387	-	-	-	-	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	153	-
Payables to the depository	-	-	-	-	-	-	-	70	-
Other liabilities*	-	-	-	-	-	-	-	6	-
TOTAL	21,387	-	-	277,888	-	-	-	229	-

* 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

	01/01/2023- 30/06/2023	01/01/2022- 31/12/2022
Net gain/loss from financial assets at fair value through profit or loss		
From shares and units		
Sales profit/(-loss)	61	0
Unrealised profit /(-loss)	15,145	-418
Total net gain/(-loss)	15,206	-418

NOTE 6. RECEIVABLES AND PREPAYMENTS

In EUR

	30/06/23	31/12/22
Dividend receivable	968	0
TOTAL	968	0

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:

	01/01/2023- 30/06/2023	01/01/2022- 31/12/2022
Fund Management Company		
Shares bought	0	175,000
TOTAL	0	175,000

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

	30/06/23	31/12/22
Fund Management Company		
Management and performance fee payable	0	153

The market value of Avaron Emerging Europe Smaller Companies Fund MASF shares owned by the Fund Management Company amounted to 131,091 EUR as of 30/06/2023 (31/12/2022: 124,603 EUR). The value of the Fund shares belonging to other group entity amounted to 183,528 EUR as of 30/06/2023 (31/12/2022: 174,444 EUR).

STATEMENT OF INVESTMENTS

In EUR as of 30/06/2023

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:										
NOVA LJUBLJANSKA BANKA DD	SI0021117344	SI	S&P	BBB	EUR	72.07	23,784	73.60	24,288	7.72%
TALLINK GRUPP	EE3100004466	EE			EUR	0.57	21,597	0.59	22,572	7.17%
WIRTUALNA POLSKA HOLDING SA	PLWRTPL00027	PL			PLN	23.40	18,724	25.93	20,746	6.59%
IGNITIS GRUPE AB	LT0000115768	LT	S&P	BBB+	EUR	20.84	19,795	20.15	19,143	6.08%
FOURLIS SA	GRS096003009	GR			EUR	3.91	15,631	4.66	18,640	5.92%
OMV PETROM SA (RON)	ROSNPPACNOR9	RO			RON	0.09	15,917	0.10	18,347	5.83%
EPSILON NET SA	GRS498003003	GR			EUR	7.21	12,706	8.08	14,245	4.53%
GRUPA KETY SA	PLKETY000011	PL			PLN	129.76	12,976	138.67	13,867	4.41%
COCA-COLA HBC AG	CH0198251305	GR	S&P	BBB+	GBP	27.53	12,389	27.29	12,280	3.90%
ALTERKO AD	BG1100003166	BG			BGN	11.61	9,289	13.29	10,634	3.38%
AUTO PARTNER SA	PLATPRT00018	PL			PLN	4.12	9,479	4.46	10,262	3.26%
ENTERSOFT SA SOFTWARE DEVELO	GRS503003014	GR			EUR	4.49	8,989	5.12	10,240	3.25%
SPHERA FRANCHISE GROUP SA	ROSFPGACNOR4	RO			RON	3.48	9,407	3.64	9,826	3.12%
ASSECO SOUTH EASTERN EUROPE SA	PLASSEE00014	PL			PLN	10.98	9,882	10.85	9,765	3.10%
AMREST HOLDINGS SE	ES0105375002	ES			PLN	5.29	9,527	5.18	9,320	2.96%
RICHTER GEDEON NYRT	HU0000123096	HU			HUF	22.88	9,382	22.50	9,224	2.93%
DIGI COMMUNICATIONS NV	NL0012294474	RO	S&P	BB-	RON	7.36	9,562	6.92	8,990	2.86%
FABRYKI MEBLI FORTE SA	PLFORTE00012	PL			PLN	5.73	9,168	5.49	8,788	2.79%
GRUPA PRACUJ SA	PLGRPRC00015	PL			PLN	8.74	5,942	12.65	8,603	2.73%
TALLINNA SADAM AKTSIA	EE3100021635	EE			EUR	1.41	6,327	1.42	6,408	2.04%
SHARES TOTAL							250,473		266,187	84.61%

Statement of investments as of 30/06/2023 (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
CASH										
CURRENT ACCOUNT		EE	SEB	EUR			31		31	0.01%
CURRENT ACCOUNT		EE	Swedbank	EUR			37,524		37,524	11.93%
CURRENT ACCOUNT		EE	Swedbank	RON			10,970		10,970	3.50%
CURRENT ACCOUNT TOTAL							48,525		48,525	15.42%
INVESTMENTS TOTAL							299,000		314,712	100.03%
OTHER ASSETS										
DIVIDEND RECEIVABLE				EUR					968	0.31%
OTHER ASSETS TOTAL									968	0.31%
TOTAL ASSETS OF THE FUND									315,680	100.34%
LIABILITIES									-1,061	-0.34%
NET ASSETS OF THE FUND									314,619	100.00%

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
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SHARES

SHARES LISTED ON STOCK EXCHANGE:

GRUPA PRACUJ SA	PLGRPRC0015	PL			PLN	8.74	5,942	8.72	5,929	1.98%
OMV PETROM SA	ROSNPPACNOR9	RO			RON	0.09	15,917	0.08	15,458	5.17%
SHARES TOTAL							21,859		21,387	7.15%

Name	ISIN	Credit Institution's country	Credit Institution	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
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CASH

CURRENT ACCOUNT		EE	Swedbank	PLN		18,005		18,005	6.02%	
CURRENT ACCOUNT		EE	Swedbank	EUR		231,244		231,244	77.33%	
CURRENT ACCOUNT		EE	Swedbank	RON		28,639		28,639	9.58%	
CURRENT ACCOUNT TOTAL							277,888		277,888	92.93%

INVESTMENTS TOTAL

									299,275	100.08%
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TOTAL ASSETS OF THE FUND

									0	299,275	100.08%
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LIABILITIES										-229	-0.08%
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NET ASSETS OF THE FUND										299,046	100.00%
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STATEMENT OF COMMISSIONS

In EUR

01/01/2023-30/06/2023

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Santander Biuro Maklerskie	7	69,870	42	0.06%
Interkapital vrijednosni papiri d.o.o.	6	63,015	94	0.15%
SEB Pank AS	5	47,719	71	0.15%
Wood and Company Financial Services a.s.	3	34,385	28	0.08%
Eurobank Equities Investment Firm S.A	3	24,620	25	0.10%
Patria Finance A.S.	1	9,403	5	0.05%
TOTAL	25	249,012	265	0.11%

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

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				
Swiss Capital S.A	1	15,934	32	0.20%
Santander Biuro Maklerskie	1	5,966	4	0.06%
TOTAL	2	21,900	35	0.16%

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