

Investment Objectives & Approach

The Fund invests actively in listed equities of European Union new member states and accession countries (Emerging Europe, ex Russia). 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 maximise upside to internally set target prices, taking into account company quality, liquidity and FX outlook. By implementing our investment process we aim to outperform the market with lower volatility.

The Fund typically invests in 30-40 regional companies, who generally demonstrate a competitive advantage or attractive risk/return features.

It adheres to the UN Principles for Responsible Investment. Suitable for investors seeking a stock picking portfolio in Emerging Europe, it acts as medium to long term diversifier in a global Emerging Markets, European or Global Equity portfolio.

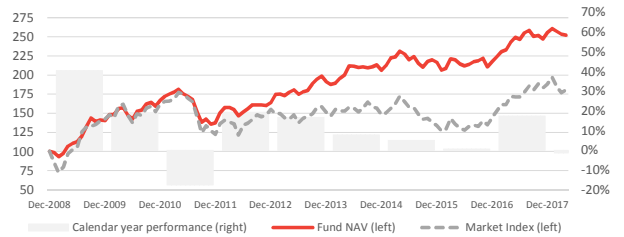
Fund Manager's Comment, April 2018

Global stocks rebounded in April on the back of strong performance of European equities. Stellar Q1 earnings have supported the stock market, however, rising worries over increasing inflation and interest rates continue to weigh on investor sentiment. Emerging Europe stocks (MSCI EFM CEEC ex-RU) rallied in unison with European equities, gaining 2.2% in April led by a rebound in Poland (+2.1%) and Hungary (+2.4%). The Turkish market suffered (down 9.8%) as investors worry about overheating and high inflation, while the domestic political outlook remains uncertain despite the announcement on early elections to be held in June. Greek stocks on the other hand strongly outperformed (+10%) as the CEO of the second-largest lender National Bank of Greece mid-month made a statement that local banks will successfully pass the European Central Bank's stress test.

Avaron Emerging Europe Fund lost 0.4% in April, underperforming the benchmark due 1.0ppt negative contribution from off-benchmark Turkish holdings and strong underweight in Poland. YTD the Fund is down 1.4% compared to -4.1% of the benchmark. The selection of companies in the Fund portfolio trade at 9.8x 1YR FWD P/E. We favour companies with strong balance sheets, and solid and sustainable free cash flow generation. We currently run 30% cash position due to limited attractive value opportunities and become more constructive on the market in case of 10%+ drop in stock prices.

To receive portfolio managers' detailed monthly report please send a request to info@avaron.com.

Performance



Past performance is not a guarantee or indicative of future results. The Fund was launched in 2007 as a small cap fund. From 2009 it operates as an all cap fund with small and mid-cap bias.

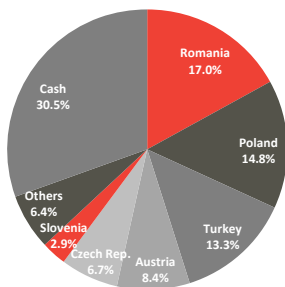
Perf overview	Fund net return	Index return*
1 month	-0.4%	2.2%
YTD	-1.4%	-4.1%
3 months	-3.3%	-8.4%
6 months	0.2%	-4.1%
1 year	3.9%	5.1%
3 years	9.0%	4.9%
5 years	41.9%	27.0%
7 years	39.2%	1.9%
10 years	6.7%	-3.6%

Year	Calendar year return		
	Gross	Net	Index*
2017	19.2%	17.3%	30.1%
2016	2.1%	0.6%	8.2%
2015	6.7%	5.0%	-9.6%
2014	9.4%	7.8%	-2.1%
2013	18.5%	16.7%	-2.4%
2012	21.1%	19.2%	26.5%
2011	-16.3%	-17.6%	-24.3%
2010	20.8%	18.9%	13.4%

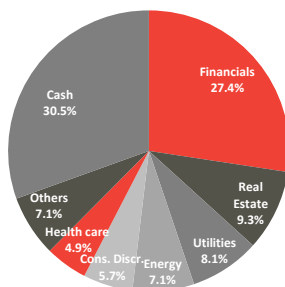
* MSCI EFM Central and Eastern Europe & CIS ex Russia

Years	CAGR of calendar years	
	Fund	Index*
2016-2017	8.6%	18.6%
2015-2017	7.4%	8.4%
2013-2017	9.3%	4.0%

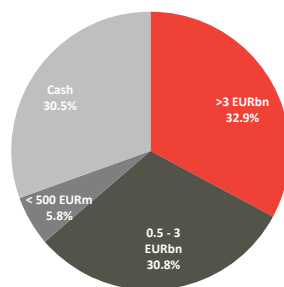
Geographic breakdown



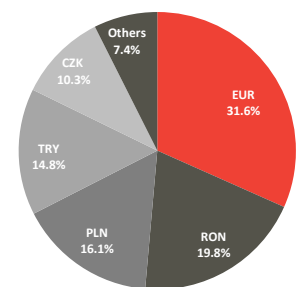
Sector breakdown



Market Cap breakdown



Net currency breakdown



Country allocation

	Apr-18	Change					Contribution analysis					
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12 mo	YTD	3 years	5 years
Romania	17.0%	0.9%	0.8%	-3.5%	0.3%	-2.4%	0.5%	1.1%	2.9%	2.1%	6.1%	15.8%
Poland	14.8%	0.2%	-1.4%	0.2%	3.9%	11.3%	-0.1%	-1.6%	1.6%	-1.0%	2.4%	6.8%
Turkey	13.3%	-1.2%	-2.8%	-10.1%	4.0%	8.7%	-1.0%	-2.1%	-2.2%	-2.0%	-1.1%	6.2%
Austria	8.4%	0.4%	0.6%	-0.9%	-15.6%	-5.8%	0.2%	0.4%	1.6%	0.1%	3.7%	8.0%
Czech Rep.	6.7%	-0.4%	-0.2%	-4.1%	-2.7%	-2.6%	0.1%	0.2%	1.5%	0.4%	1.4%	4.4%
Slovenia	2.9%	0.1%	0.1%	-0.3%	-0.4%	-3.0%	0.0%	0.0%	0.5%	0.0%	-0.4%	1.5%
Hungary	2.0%	0.0%	1.4%	1.2%	0.9%	-9.8%	0.0%	-0.2%	-0.2%	-0.2%	0.7%	5.0%
Croatia	1.6%	0.1%	0.1%	0.8%	1.6%	-2.5%	0.0%	0.0%	0.0%	0.0%	0.2%	-0.2%
Baltics	1.5%	0.0%	-0.2%	-0.2%	-2.6%	-5.8%	0.0%	-0.3%	0.3%	-0.3%	1.0%	1.4%
Others	1.4%	2.2%	2.3%	2.4%	3.9%	12.0%	0.1%	0.0%	-0.1%	0.0%	0.8%	4.8%

Risk metrics

Alpha	2%
Volatility & stand. deviation	9.5%
Beta	0.42
Sharpe ratio	0.34
Information ratio	0.11
Tracking error	11.4%

* MSCI EFM Central and Eastern Europe & CIS ex Russia

Sector allocation

	Apr-18	Change					Contribution analysis					
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12 mo	YTD	3 years	5 years
Financials	27.4%	-0.9%	-4.1%	-6.8%	-4.2%	-0.5%	-0.8%	-2.5%	0.2%	-1.5%	5.9%	21.5%
Real Estate	9.3%	0.4%	0.6%	-3.3%	-4.2%	-6.9%	0.2%	0.3%	1.4%	0.1%	0.0%	4.4%
Utilities	8.1%	0.4%	-0.8%	-2.7%	-7.2%	-5.5%	0.2%	0.2%	1.3%	0.6%	0.6%	8.5%
Energy	7.1%	0.5%	1.0%	-0.1%	-2.0%	2.3%	0.3%	0.6%	1.1%	1.2%	2.8%	3.1%
Cons. Discr.	5.7%	1.1%	2.6%	-1.2%	1.9%	-0.7%	0.0%	-0.4%	1.0%	-0.4%	3.7%	8.4%
Health care	4.9%	0.1%	1.6%	-0.3%	0.5%	-2.3%	0.0%	-0.3%	0.4%	-0.2%	0.3%	3.9%
Consumer Staples	2.4%	0.0%	-0.1%	-1.8%	-0.2%	0.3%	-0.1%	-0.3%	0.9%	-0.2%	1.0%	3.1%
Telecom	1.9%	-0.1%	-0.1%	0.8%	1.5%	-4.4%	-0.1%	-0.1%	-0.2%	-0.1%	0.0%	-0.2%
Others	2.8%	3.8%	3.3%	2.5%	1.8%	-0.9%	-0.1%	-0.2%	-0.3%	-0.2%	0.4%	0.9%

Fund statistics

Number of positions	38
Top10	37.6%
Top20	56.2%
Gross exposure	69.5%
Net exposure	69.5%
Concentration coefficient	50
Median market cap MEUR	1901
Average market cap MEUR	2923

Style allocation

	Apr-18	Change					Contribution analysis					
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12 mo	YTD	3 years	5 years
Cyclical	41.4%	-0.9%	-4.3%	-6.2%	6.2%	13.4%	-0.6%	-2.5%	1.7%	-1.0%	9.8%	21.9%
Non-cyclical	14.6%	0.3%	3.2%	-3.5%	-6.6%	-10.1%	0.1%	-0.6%	2.9%	-0.3%	1.9%	12.9%
Asset play	13.6%	0.6%	-0.3%	-4.6%	-3.5%	-7.4%	0.3%	0.5%	1.8%	0.5%	1.6%	12.9%
Convertible bonds	0.0%	0.0%	0.0%	0.0%	-1.6%	-16.5%	0.0%	0.0%	0.0%	0.0%	-0.1%	2.9%
High yield bonds	0.0%	0.0%	0.0%	-3.1%	-6.6%	-2.0%	0.0%	0.0%	-0.2%	0.0%	1.5%	2.5%
FX Derivatives	0.0%	0.0%	0.0%	-0.3%	0.0%	-0.1%	0.0%	0.0%	-0.3%	0.0%	0.0%	0.6%
Cash	30.5%	-0.1%	1.5%	17.6%	12.1%	22.7%	0.0%	0.0%	-0.3%	0.0%	-0.2%	-0.2%

Turnover

	Adj*
FY 2017	28.5%
FY 2016	17.7%
FY 2015	22.2%

* Adjusted for fund flows

Liquidity analysis*

	20%	50%
3 days	70.0%	80.9%
2 weeks	84.7%	95.4%
4 weeks	93.0%	98.7%

* Proportion of portfolio that can be turned into cash based on past 6 month average trading volume if Fund accounted for 20% & 50% of tradina volume