

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.

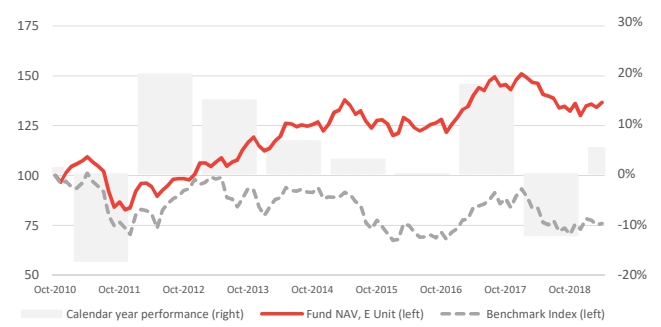
Fund Manager's Comment, April 2019

Rally in global equities continued for the 4th consecutive month as investors shrug off the deteriorating economic fundamentals amid prevailing belief that central banks will come to the rescue if needed. Emerging Europe (MSCI EFM EUROPE + CIS (E+C) ex Russia) underperformed once again gaining only 0.9% in € terms in April (MSCI World +3.4%, MSCI Global Emerging Markets +2%). Although equity prices in Turkey rose 1.7% in April, the Turkish lira dropped 6.6%, pushing euro-returns of the equity market to -4.9%. Investors fear that the already fragile lira could face a new bout of volatility should the central bank embark on a policy easing path.

Avaron Emerging Europe Fund gained 1.8% in April, outperforming the benchmark due to overweight position in Romania (+5.3%). Year-to-date the Fund is up 5.2% compared to 4.0% of the benchmark. Positioning of the Fund is conservative as we have around 15% of cash in the portfolio and are underweight compared to the benchmark in the high beta Turkish equities. Our portfolio construction process is benchmark agnostic and fully bottom-up. In comparison to the benchmark the Fund is currently strongly overweight in Romania, and underweight in Poland, Turkey, Greece and Hungary. The Fund companies trade at 10.3x 1YR FWD P/E and offer 5%+ dividend yield on an average pay-out rate of 59%.

To receive detailed fund manager comment please send a request to info@avaron.com.

Performance, E Unit



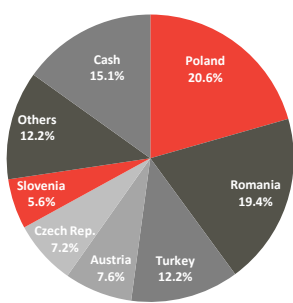
Past performance is not a guarantee or indicative of future results.

Perf overview	Net return E Unit	Index return*
1 month	1.8%	0.9%
YTD	5.2%	4.0%
3 months	1.3%	-3.0%
6 months	3.3%	7.7%
1 year	-6.5%	-9.4%
3 years	7.4%	1.3%
5 years	14.2%	-14.5%
7 years	44.7%	-5.9%
8 years	24.9%	-24.9%

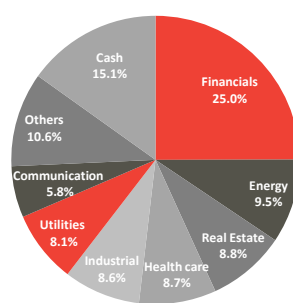
Year	Calendar year return, E Unit		
	Gross	Net	Index*
2018	-10.9%	-12.2%	-18.6%
2017	19.2%	17.7%	25.3%
2016	2.1%	-0.1%	1.2%
2015	6.7%	2.9%	-20.0%
2014	9.4%	6.5%	4.7%
2013	18.5%	14.6%	-13.9%
2012	21.1%	19.7%	39.3%
2011	-16.3%	-17.3%	-27.5%

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

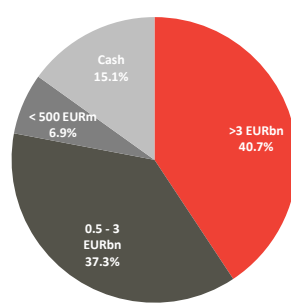
Geographic breakdown



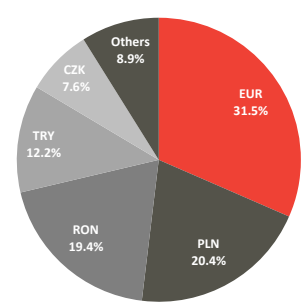
Sector breakdown



Market Cap breakdown



Net currency breakdown



Country allocation

	Apr-19	Change					Contribution analysis					
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12 mo	YTD	3 years	5 years
Poland	20.6%	0.3%	0.2%	5.7%	9.5%	16.6%	0.7%	0.8%	-0.1%	1.7%	4.3%	5.4%
Romania	19.4%	0.8%	3.4%	2.4%	5.7%	3.7%	1.1%	3.1%	1.1%	2.6%	9.7%	10.6%
Turkey	12.2%	0.1%	-1.2%	-1.1%	-4.5%	-13.2%	-0.5%	-2.1%	-7.4%	-0.5%	-11.3%	-3.2%
Austria	7.6%	0.1%	0.0%	-0.7%	-8.9%	-2.2%	0.3%	0.1%	0.3%	0.7%	5.8%	6.8%
Czech Rep.	7.2%	-0.6%	-0.5%	0.5%	-2.0%	-0.1%	-0.1%	0.0%	0.0%	0.4%	2.0%	3.2%
Slovenia	5.6%	0.3%	0.4%	2.8%	2.8%	1.8%	0.0%	0.0%	0.4%	0.0%	0.4%	0.4%
Hungary	4.8%	0.2%	-0.2%	2.8%	3.9%	1.3%	0.2%	-0.2%	0.5%	0.3%	0.5%	1.4%
Baltics	3.1%	0.0%	0.0%	1.6%	0.8%	-2.2%	0.1%	0.0%	0.4%	0.2%	0.7%	1.9%
Croatia	1.9%	0.0%	0.1%	0.3%	1.9%	1.9%	0.1%	0.1%	-0.2%	0.1%	0.0%	0.0%
Others	2.5%	1.0%	1.3%	1.1%	0.4%	-2.3%	0.1%	0.1%	0.1%	0.1%	0.6%	1.5%

Risk metrics

Alpha	4%
Volatility & stand. deviation	9.2%
Beta	0.46
Sharpe ratio	0.32
Information ratio	0.55
Tracking error	10.4%

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

Sector allocation

	Apr-19	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	25.0%	-0.3%	0.5%	-2.4%	-5.9%	2.3%	0.2%	0.8%	-5.0%	0.8%	1.4%	6.1%
Energy	9.5%	0.4%	1.4%	2.4%	1.8%	3.3%	0.5%	1.3%	1.0%	1.7%	5.0%	4.3%
Real Estate	8.8%	0.1%	0.0%	-0.6%	-4.5%	-2.2%	0.2%	0.1%	0.3%	0.7%	1.4%	2.9%
Health care	8.7%	0.2%	-0.1%	3.8%	5.0%	2.6%	0.3%	-0.2%	0.7%	0.3%	1.1%	1.5%
Industrial	8.6%	1.5%	1.4%	8.3%	5.3%	8.6%	-0.2%	-0.9%	-0.1%	0.3%	0.1%	0.7%
Utilities	8.1%	0.2%	0.8%	0.0%	-3.1%	-6.3%	0.4%	0.8%	0.5%	0.4%	3.9%	5.1%
Communication	5.8%	0.0%	0.3%	1.2%	5.4%	0.5%	0.2%	0.6%	0.2%	0.8%	0.4%	0.6%
Consumer Staples	5.4%	0.2%	-0.2%	3.0%	5.4%	3.7%	0.2%	-0.2%	-0.3%	0.4%	0.6%	2.8%
Others	5.2%	-0.1%	-0.5%	-0.3%	0.2%	-7.2%	0.1%	-0.2%	-1.9%	0.3%	-1.1%	4.1%

Fund statistics

Number of positions	37
Top10	47.4%
Top20	70.0%
Gross exposure	84.9%
Net exposure	84.9%
Concentration coefficient	33
Median market cap MEUR	1870
Average market cap MEUR	2914

Style allocation

	Apr-19	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	49.9%	1.5%	2.9%	8.5%	7.9%	12.2%	0.6%	1.1%	-6.0%	3.2%	3.1%	10.4%
Non-cyclical	20.7%	0.3%	-0.2%	6.1%	7.0%	-3.6%	0.6%	0.0%	0.5%	1.3%	5.0%	9.0%
Asset play	14.3%	0.4%	1.0%	0.8%	-0.4%	3.0%	0.6%	1.0%	0.6%	1.1%	3.9%	7.0%
Convertible bonds	0.0%	0.0%	0.0%	0.0%	0.0%	-6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%
High yield bonds	0.0%	0.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	2.3%
FX Derivatives	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Cash	15.1%	-2.2%	-3.7%	-15.4%	-9.6%	-5.3%	0.0%	0.1%	-0.3%	-0.1%	-0.5%	-0.5%

Turnover

	FY	Adj*
FY 2018	20.7%	2.6%
FY 2017	28.5%	29.1%
FY 2016	17.7%	-13.0%

* Adjusted for fund flows

Liquidity analysis*	20%	50%
3 days	64.4%	74.3%
2 weeks	78.2%	92.6%
4 weeks	88.8%	96.7%

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

Fund Facts - Avaron Emerging Europe Fund

Investment Manager	AS Avaron Asset Management
Fund type	UCITS V, public common investment fund
Launch date	April 23, 2007
Domicile	Estonia
Currency	EUR
Dividends	reinvested
Fund size, MEUR	62.8
Total AUM, MEUR	375+

TER 2018 0.37% (excluding management and performance fees)

	NAV	TER 2018	TER 2018
	30-Apr-2019	excl. perf fee	incl. perf fee
B unit	4.8089 EUR		
C unit	16.2770 EUR	1.58%*	1.67%*
D unit	13.5509 EUR	2.37%	2.37%
E unit	13.6636 EUR	1.22%	1.46%

* C unit management fee lowered to 1.15% and performance fee cancelled as of 06.09.2018

Cut-off	10am CET
NAV frequency	Daily dealing, T+3
Public offering	France, Switzerland, Germany, United Kingdom, Finland, Sweden, Estonia, Latvia
Morningstar rating	Yes, three stars (5 years)
Tax transparency	Germany, Switzerland
Supervised by	Estonian FSA
Custodian	Swedbank AS
Transfer agent	Swedbank AS
NAV calculation	Swedbank AS
External auditor	KPMG
Internal auditor	PWC
Fund documents & prospectus	www.avaron.com/documents

	ISIN code	WKN code	Bloomberg ticker	Reuters RIC	Telekurs ID
C unit	EE3600102901	A0PEFO	AVAEESC ET	LP68063797	CH10799792
D unit	EE3600108866	A1W7P0	AVEMEUD ET	LP68083763	CH12407332
E unit	EE3600108874	A113GN	AVEMEUE ET	LP68083764	CH12414216

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, annual reset (June 30)
Back-end load	-	-	-

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About Avaron Asset Management

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 250 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 20 professionals (including 11 in the investment team), based in Estonia and Poland, takes care of around 400 million 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.



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Partner, co-CIO,
Investment Manager



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