



Avaron Emerging Europe Fund

SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2021
UNAUDITED

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FUND FACTS

Avaron Emerging Europe Fund 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 Fund
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 www.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	3 April 2007
Start of the Fund's activities	23 April 2007
Reporting period	1 January 2021–30 June 2021

INVESTMENT MANAGERS' REPORT

General Information

Avaron Emerging Europe Fund (hereinafter: "the Fund") invests actively in listed equities of Emerging Europe ex-Russia region. 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 maximize upside to internally set target prices, taking into account company Quality Score, in-house ESG Score, liquidity and FX outlook.** By implementing our investment process we aim to outperform the market with lower volatility. The Fund typically invests in 30-45 regional companies, who generally demonstrate a competitive advantage or attractive risk/return features. It adheres to the UN Principles for Responsible Investment.

The Fund is managed by AS Avaron Asset Management (hereinafter: "Avaron"), an independent investment management company established in 2007 and fully owned by employees. Avaron's core activity involves investing the assets of our mutual funds and institutional investor managed accounts into Emerging Europe listed equities. We create additional value to our clients by applying active value investing principles while also adhering to the UN Principles of Responsible Investment. As at the end of June 2021 Avaron managed 336 million euros of investor assets. The firm employs 21 investment and finance specialists. Avaron holds a licence from the Estonian Financial Supervision Authority to manage investment portfolios and funds.

The Fund is a UCITS-V fund and registered for public sale in Estonia, France, Germany, United Kingdom, Finland, Sweden, Norway, Latvia and Lithuania. The Fund's fund administration, custody services and transfer agent services are outsourced to Swedbank AS.

Investment Philosophy: Value Investing, Stock-Picking and Responsible Investing

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 in-house ESG Score (environmental, social, governance) 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 develop the knowhow in-house.

Sustainability at Avaron

Avaron as a company is committed to sustainable business practices, which are embedded into our corporate identity. We review sustainability under the categories of People, Community, Environment and Investing. **Avaron as a company can leave the most significant footprint of its activities by investing into companies that follow ESG principles, i.e. care for the environment, pay attention to social aspects and follow corporate governance principles in their activities.** From our website's section [Responsible Investment](#) you can download our Responsible Investment Policy, Sustainability Report, UN PRI Transparency and Assessment Report, Voting Policy and Voting Records.

Since 2011 Avaron is signatory of the UN PRI (www.unpri.org) and we have implemented environmental, social and governance (ESG) factors into our quantitative and qualitative investment analysis and decision-making processes. We take an active approach to communicating our views to the companies we invest in and seek improvements where there are shortcomings in performance, or a company has failed to apply appropriate standards, or to provide adequate disclosure.

Since 2017 Avaron is a member of the Responsible Business Forum in Estonia, a non-profit organization with an aim to inspire and support furthering corporate social responsibility (CSR) in Estonian society through being the centre of competence building and communication on CSR. During 2021 we successfully completed the Estonian Responsible Business Index assessment and retained our gold level quality label for the following 2 years. This quality label is given to organizations that show high performance and systematic approach in responsible activities towards local community, environment, workplace and marketplace.

During 2021 as an UN PRI signatory **we continue to be committed to the responsible investment principles as we believe that these accompanied with our bottom-up stock picking approach will deliver solid risk adjusted returns.**

We also continue to support the Carbon Disclosure Project (CDP) as a signatory. CDP is one of the largest investor collaborations globally with combined \$110tr in assets, aiming to improve climate change, water usage and deforestation related disclosure, and risk management of publicly traded companies. Also, **our participation in Climate Action 100+ will continue.** It is a 5-year investor initiative launched in 2018 to engage with the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change. Within the scope of the engagement we will focus on the companies that operate in Emerging Europe and we also participate as supporting investors in the UN PRI launched oil and gas specific working group.

Main Developments During First Half of 2021

In first half of 2021 Emerging Europe equities (MSCI EFM EUROPE + CIS (E+C) ex Russia) gained 9.4% in €, only slightly underperforming Emerging Markets (+9.7% in €) but significantly underperforming Europe (+16.1% in €) and the global equity market index MSCI ACWI (+17.9% in €). A large part of this underperformance can be attributed to Turkey and the slump in lira as the local market index there has lost 19.3% in € over the past six months. Even with ex-Turkey Emerging Europe has been a notable laggard.

Following several years of underperformance, the valuation gap between Emerging Europe and global equities or emerging markets has widened to a level that is in our view unjustified. Looking at comparatives on index level Emerging Europe is some 2x cheaper than global equities without compromising on expected ROE or earnings' growth. More so, Emerging Europe offers 130% higher

dividend yield on expected 2022 pay-outs. It can be argued that compared to Emerging Europe global emerging markets in general offer better growth and developed markets better quality, but that applies only to index based comparisons. Our focus on higher quality companies together with value-oriented stock picking allows to construct portfolios that have a low overlap to regional index and offer attractive combination of growth and value opportunities. We do not see any specific risks that would make Emerging Europe more vulnerable vis-à-vis the rest of emerging countries while Emerging Europe trades at nearly 70% higher dividend yield compared to global emerging markets, offering 30% discount on P/E and 30% discount on P/B basis while running similar ROEs.

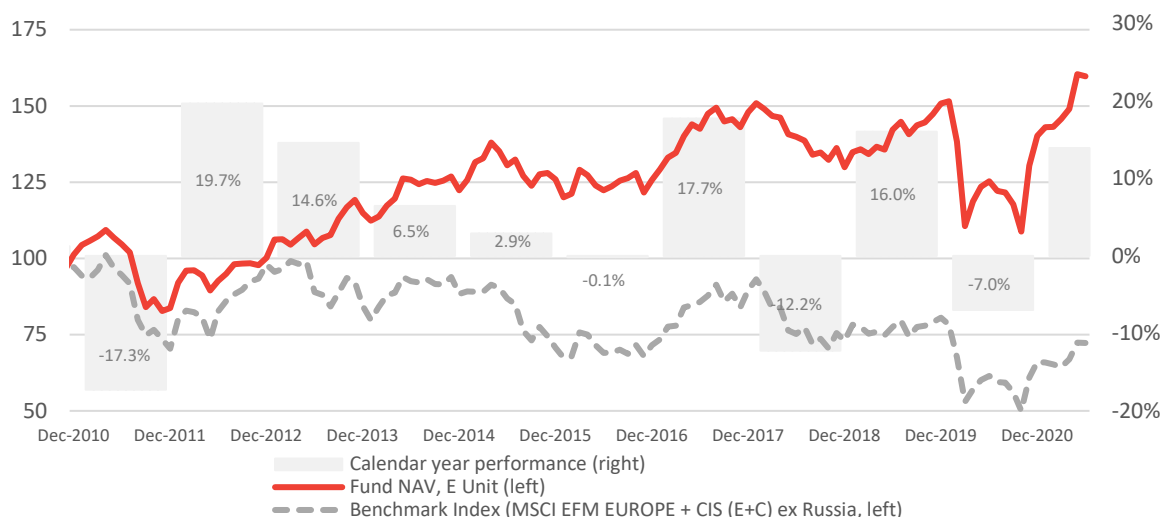
Avaron Emerging Europe Fund gained 13.9%-14.8% (depending upon a share class) in the first half of 2021, strongly outperforming the benchmark MSCI EFM Europe & CIS ex Russia Index (up 9.4%). In 5 years, the Fund has delivered +30.6% return vs. +4.7% for the index, with lower volatility. The Fund’s five year alpha is 5.0%. Total net assets of the Fund decreased from €49.6 million to €45.9 million over the first half of the year.

Table 1. Cumulative rate of net return of Fund’s NAV, in EUR

	2021 HY1	1 year	3 years	5 years	7 years	10 years
A unit	14.4%	28.6%	14.8%	29.3%	28.4%	55.4%
B unit	14.7%	29.3%	16.5%	32.8%	33.3%	63.7%
C unit	14.8%	29.4%	16.8%	31.4%	30.8%	58.4%
D unit	14.3%	28.3%	13.9%	27.6%	26.1%	51.4%
E unit	13.9%	27.6%	14.2%	30.6%	27.0%	52.7%
Index*	9.4%	17.6%	-3.9%	4.7%	-21.9%	-23.5%

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

Graph 1. Performance of Fund’s NAV vs. the market (2010-2021 HY1, E unit)



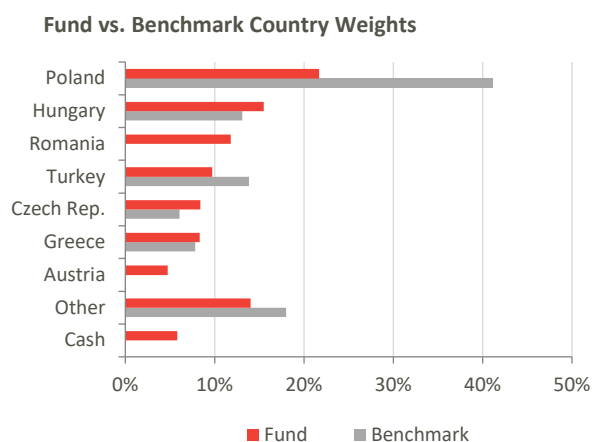
Fund Positioning and Portfolio Valuation

As of end-June 72% of the portfolio is invested in cyclical companies that are geared towards the re-opening rebound following the pandemic recession. Although we do not construct our portfolios top-down the high level of cyclical exposure reflects the long-term value that we see on single stock level. True to our investment style we have selected names with strong balance sheets that should weather the storm should the operating environment get tougher. We still have ample room to reposition should we hit a bout of market volatility, with 22% of the portfolio in stable non-cyclicals and 6% in cash. Fund’s assets are mainly invested in Polish, Hungarian and Romanian

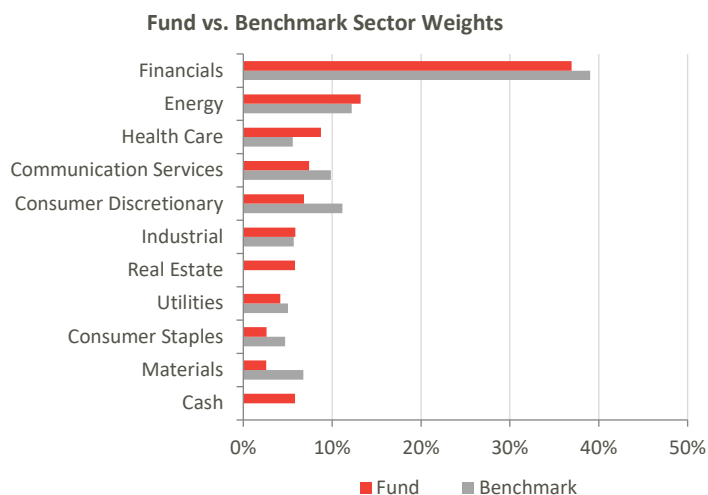
Avaron Emerging Europe Fund

companies. Our portfolio construction process is benchmark agnostic and fully bottom-up. In comparison to the benchmark the Fund is currently overweight in Hungary, the Czech Republic and Greece and strongly underweight in Poland and Turkey and has off-benchmark positions in Romania and Austria.

Graph 2. Fund vs. Benchmark Country Weights



Graph 3. Fund vs. Benchmark Sector Weights



The aggregated Fund portfolio trades at 10.4x 1YR FWD P/E compared to our benchmark which trades at 9.5x 1YR FWD P/E, some 9% below the Fund. This is driven by our lower exposure to Turkey that is trading at low multiples (2022f P/E of 4.8) and especially to the banking sector (2022f P/E of 2.3). The aggregate net gearing (net debt to equity) of our portfolio companies stands at 28% and we expect our portfolio companies to deliver 4%+ dividend yield based on 2021 earnings.

Table 2. Style Allocation of the Fund

	% of the Fund	P/E adj			EPS adj growth		EV/EBITDA		Div yield	P/NA	P/B
		12M	2021	2022	2021	2022	2021	2022	2020	12M	12M
Cyclical	66.3%	18.3	13.5	10.2	61.4%	31.8%	5.5	4.5	3.6%	-	1.03
Non-cyclical	22.1%	12.6	11.6	11.1	5.8%	4.3%	5.2	4.9	4.8%	-	1.42
Asset play	5.8%	-	-	-	-	-	-	-	5.1%	0.69	0.73
Total equity	94.2%	16.4	13.0	10.4	40.8%	24.1%	5.3	4.7	4.0%	-	1.07

Coronavirus and return to normality in 2021 HY1

Coronavirus outbreak in Q1 2020 had still effects on day-to-day lives in the first half of 2021. As the second wave hit Estonia in late 2020 causing a full lockdown from mid-January 2021, most of the Avaron employees were already working from home except some key investment positions and trading desk. This setup proved to be successful during the first wave and enabled us to continue work through Q1 in 2021 without any interruptions and service our clients at the highest level. Avaron's Risk Committee gathered on a weekly basis constantly assessing risks to our business and employees through-out the second wave of pandemic. As the overall virus situation started to ease in early Q2, employees returned to offices. Strict guidelines were in place at first for everyone who wished to return, but from mid-May those restrictions were slowly lifted one by one based on the virus and vaccination situation. As of the date of signing this report all Avaron employees have been either vaccinated against Covid or have recovered from Covid. As over 85% of employees are fully vaccinated we have been able to return to pre-Covid era normality. Avaron has proven through the pandemic that all our systems work flawlessly, and our people can deliver exceptional results and give their undivided attention to the clients no matter the situation.

30 August 2021

Kristel Kivinurm-Priisalm

Member of the Management Board

CONFIRMATION OF SEMI-ANNUAL FINANCIAL STATEMENTS OF 2021

The Management Board of the Fund Management Company has prepared the semi-annual Financial Statements of Avaron Emerging Europe Fund on 30/08/2021.

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 Fund. The Management Board considers Avaron Emerging Europe Fund to carry its activities as a going concern.

The semi-annual Financial Statements of Avaron Emerging Europe Fund 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	30/08/2021	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company / Investment Manager	30/08/2021	/Signed digitally/
Peter Priisalm Investment Manager	30/08/2021	/Signed digitally/
Rain Leesi Investment Manager	30/08/2021	/Signed digitally/

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

ASSETS	Note	30/06/2021	31/12/2020
Cash and cash equivalents	3	3,430,734	3,138,707
Financial assets at fair value through profit or loss:			
Shares and units	4	43,236,334	46,788,278
Receivables and prepayments	4; 6	62,415	41,717
TOTAL ASSETS		46,729,483	49,968,702
LIABILITIES			
Other financial liabilities			
Payables to the management company	4	578,462	355,754
Payables to the depository	4	13,538	25,588
Other liabilities	4	233,956	1,543
TOTAL LIABILITIES		825,956	382,885
NET ASSETS ATTRIBUTABLE TO HOLDERS		45,903,527	49,585,817

STATEMENT OF INCOME AND EXPENSES

In EUR

	Note	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
INCOME			
Interest income		55	3,167
From deposits		55	3,167
Dividend income		590,751	821,919
From shares and units		590,751	821,919
Net gain/loss from financial assets at fair value through profit or loss		6,185,265	-8,343,368
From shares and units	5	6,185,265	-8,343,368
Net gain/loss from foreign exchange		-120,808	-2,256,411
TOTAL INCOME		6,655,263	-9,774,693
OPERATING EXPENSES			
Management fees	7	206,731	253,242
Performance fees	7	349,921	585,267
Custodian fees		71,515	88,484
Transaction fees		1,758	2,956
Other operating expenses		25,016	28,317
TOTAL OPERATING EXPENSES		654,941	958,266
NET INCOME		6,000,322	-10,732,959

STATEMENT OF CHANGES IN NET ASSETS

In EUR

	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020	01/01/2019- 30/06/2019
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	49,585,817	62,143,291	60,717,213
Cash received for fund units issued	3,784,012	235,621	1,453,291
Cash paid for fund units redeemed	-13,466,624	-5,987,673	-4,788,801
Net result of the Fund	6,000,322	-10,732,959	5,458,250
NET ASSET VALUE AT THE END OF THE PERIOD	45,903,527	45,658,280	62,839,953
	30/06/2021	30/06/2020	30/06/2019
NUMBER OF THE UNITS IN CIRCULATION AT THE END OF REPORTING PERIOD			
Number of A units in circulation:	111,113.414	108,603.737	127,194.756
Number of B units in circulation:	378,738.309	381,001.689	387,774.897
Number of C units in circulation:	60,756.886	82,522.871	129,873.476
Number of D units in circulation:	188,395.869	235,640.241	236,261.378
Number of E units in circulation:	2,437,173.042	3,140,712.588	3,852,735.100
NET ASSET VALUE OF AN UNIT AT THE END OF REPORTING PERIOD			
Net asset value of the A unit:	5.3342	4.1470	4.6826
Net asset value of the B unit:	5.7549	4.4516	5.0010
Net asset value of the C unit:	19.5223	15.0857	16.9298
Net asset value of the D unit:	15.9537	12.4333	14.0749
Net asset value of the E unit:	15.9773	12.5249	14.2187
TOTAL NET ASSET VALUE OF THE FUND UNITS			
Total net asset value of the A units:	592,705	450,382	595,600
Total net asset value of the B units:	2,179,609	1,696,061	1,939,261
Total net asset value of the C units:	1,186,117	1,244,912	2,198,732
Total net asset value of the D units:	3,005,609	2,929,796	3,325,360
Total net asset value of the E units:	38,939,487	39,337,129	54,781,000
TOTAL NET ASSET VALUE	45,903,527	45,658,280	62,839,953

STATEMENT OF CASH FLOWS

In EUR

	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	55	83
Dividends received	568,534	719,983
Net result from foreign exchange	-3,447	-131,164
Sale of investments	11,834,127	15,148,607
Purchase of investments	-2,009,496	-11,624,849
Operating expenses paid	-436,059	-447,761
	9,953,714	3,664,899
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	3,783,987	235,990
Payments on redemption of units	-13,466,599	-5,264,743
	-9,682,612	-5,028,753
TOTAL CASH FLOWS	271,102	-1,363,854
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	3,138,707	5,614,186
Effect of exchange rate fluctuations on cash and cash equivalents	20,925	19,145
Cash and cash equivalents at the end of the period	3,430,734	4,269,477

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Emerging Europe Fund for 2021 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:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 4 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2021).

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:

- Amendment to IFRS 3 “Business Combinations” (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 16 “Property, Plant and Equipment” (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (effective for annual periods beginning on or after 1 January 2022),
- Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022).

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:

- IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 16 “Leases”, (effective for annual periods beginning on or after 1 April 2021),
- 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).

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 depositary for the funds managed by AS Avaron Asset Management on the transaction date (hereinafter referred to as the depositary bid rate). This rate is based on market inputs. The assets and liabilities quoted in foreign currency are translated into EUR based on the depositary 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 unit holders for redeemed units. 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 units

The Fund has five classes of units which are redeemable at demand of the unit-holder. Different rights are attached to different unit classes. All the unit classes are reported as financial liabilities. Units shall be issued, redeemed and switched on every banking day according to the Fund rules. The redemption price of a unit is equal to the net asset value of the unit as of the trade date from which the redemption fee and penalty charge may be deducted.

The net asset value of a Unit is determined by dividing the total net asset value of a class of Units by the number of Units of that class that have been issued and not redeemed (adjusted by the number of Units from unsettled subscription and redemption orders that have been received by the Management Company). The income of the Fund shall not be distributed to unit holders but shall be reinvested. A unit holder's profit or loss is reflected in the Unit'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 units, 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.

Maximum exposure to credit risk as of the end of the period in EUR (detailed overview regarding cash and cash equivalents presented in Note 3):

	30/06/2021	% of NAV	31/12/2020	% of NAV
Cash and cash equivalents	3,430,734	7.47%	3,138,707	6.33%
Receivables and prepayments	62,415	0.14%	41,717	0.08%
TOTAL	3,493,149	7.61%	3,180,424	6.41%

The Fund's assets can be invested in bonds that are liquid and transferable. In case of debt securities with investment grade rating by S&P (or Moody's equivalent) of BBB- or higher a basic financial analysis and a study of terms of the issue (prospectus) is conducted. In case of debt securities with no rating / non-investment grade rating, higher due diligence requirements apply.

The Fund had no investments in bonds as at 30 June 2021 nor 31 December 2020.

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 15/10/2020 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 31/05/2021 (Standard & Poor's) and with Luminor Bank AS, which is rated A- as of 25/09/2020 (Moody's).

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.

The Fund maintains a credit line of 4,000,000 EUR that can be accessed to meet short-term liquidity needs. These resources have not been used as of 30/06/2021.

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

	Up to 3 days		Up to 1 month		Over 1 month	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Payables to the management company	-	-	578,462	355,754	-	-
Payables to the depository	-	-	13,538	25,588	-	-
Trade settlement payable	224,189	-	-	-	-	-
Other liabilities	-	-	-	-	9,767	1,543
TOTAL	224,189	-	592,000	381,342	9,767	1,543

Positions that may take more than 10 business days to liquidate based on six months average trading volume (30% of trading volume).

Instrument	Country	Sector	% of NAV	
			30/06/2021	31/12/2020
OMV PETROM SA	Romania	Energy	7.19%	7.27%
KRKA	Slovenia	Health Care	5.22%	5.57%
BRD-GROUPE SOCIETE GENERALE	Romania	Financials	3.96%	-
NOVA LJUBLJANSKA BANKA DD	Slovenia	Financials	2.21%	1.47%
ATRIUM EUROPEAN REAL ESTATE	Jersey	Real Estate	1.96%	1.78%
ARENA HOSPITALITY GROUP DD	Croatia	Consumer Discretionary	1.28%	1.18%
HRVATSKI TELEKOM DD	Croatia	Communication Services	1.26%	1.12%
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	1.07%	0.97%
SPHERA FRANCHISE GROUP SA	Romania	Consumer Discretionary	0.65%	0.49%
CB FIRST INVESTMENT BANK AD	Bulgaria	Financials	0.57%	-
TALLINK GRUPP AS	Estonia	Industrial	-	1.28%
TALLINNA SADAM AS	Estonia	Industrial	-	0.99%
TITAN CEMENT INTERNATIONAL SA	Belgium	Materials	-	1.55%
TOTAL			25.37%	23.67%

Positions that may take more than 20 business days to liquidate based on six months average trading volume (30% of trading volume).

Instrument	Country	Sector	% of NAV	
			30/06/2021	31/12/2020
ARENA HOSPITALITY GROUP DD	Croatia	Consumer Discretionary	1.28%	1.18%
HRVATSKI TELEKOM DD	Croatia	Communication Services	1.26%	-
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	1.07%	0.97%
CB FIRST INVESTMENT BANK AD	Bulgaria	Financials	0.57%	-
TOTAL			4.18%	2.15%

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:

	% of Fund's		% of Fund's	
	30/06/2021	assets	31/12/2020	assets
PLN	11,684,803	25.01%	11,863,572	23.74%
EUR	11,322,679	24.23%	13,221,781	26.46%
HUF	7,203,254	15.41%	7,620,626	15.25%
RON	5,650,165	12.09%	5,603,561	11.21%
TRY	4,488,144	9.60%	5,789,239	11.59%
CZK	3,851,484	8.24%	3,686,559	7.38%
HRK	1,184,481	2.54%	1,136,848	2.28%
BGN	751,630	1.61%	514,868	1.03%
GBP	592,843	1.27%	531,648	1.06%
TOTAL	46,729,483	100.00%	49,968,702	100.00%

Currency risk sensitivity analysis

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 30 June 2021. The sensitivity analysis assumes the weakening of foreign currency rates against EUR in the magnitude of the change from the higher to lower value from 2007 onwards. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2020 has been made using the same assumptions.

The impact on net assets attributable to holders and net income:

	30/06/2021			31/12/2020		
	Currency wakening	Possible impact	Currency's % of NAV	Currency wakening	Possible impact	Currency's % of NAV
PLN	-35%	-4,110,822	25.46%	-35%	-4,180,045	23.96%
TRY	-84%	-3,792,252	9.78%	-84%	-4,845,197	11.68%
HUF	-38%	-2,765,184	15.69%	-38%	-2,925,404	15.37%
RON	-37%	-2,090,895	12.31%	-36%	-2,031,792	11.30%
CZK	-23%	-874,534	8.39%	-23%	-837,086	7.43%
GBP	-33%	-197,614	1.29%	-33%	-177,216	1.07%
HRK	-13%	-153,883	2.58%	-13%	-147,694	2.29%
BGN	-8%	-62,298	1.64%	-8%	-42,674	1.04%
TOTAL		-14,047,482	77.14%		-15,187,108	74.14%

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:

	30/06/2021	% of NAV	31/12/2020	% of NAV
Financials	16,963,801	36.96%	17,506,136	35.29%
Energy	6,068,511	13.22%	6,610,274	13.33%
Health Care	4,006,456	8.73%	4,503,019	9.08%
Communication Services	3,393,868	7.39%	3,246,716	6.55%
Consumer Discretionary	3,138,551	6.84%	4,191,898	8.46%
Industrial	2,693,614	5.87%	3,549,992	7.16%
Real Estate	2,669,897	5.82%	3,702,571	7.47%
Utilities	1,917,350	4.18%	1,504,375	3.04%
Consumer Staples	1,197,524	2.60%	971,804	1.96%
Materials	1,186,762	2.58%	1,001,493	2.02%
TOTAL	43,236,334	94.19%	46,788,278	94.36%

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

	30/06/2021	% of NAV	31/12/2020	% of NAV
Poland	9,950,651	21.68%	10,389,184	20.95%
Hungary	7,106,018	15.47%	7,353,517	14.82%
Romania	5,414,143	11.80%	5,603,561	11.31%
Turkey	4,472,005	9.74%	5,267,864	10.62%
Czech Rep.	3,851,484	8.39%	3,686,559	7.44%
Slovenia	3,615,062	7.88%	3,637,806	7.33%
Greece	2,637,693	5.74%	2,837,648	5.72%
Austria	1,281,494	2.79%	3,390,085	6.83%
Belgium	1,186,762	2.58%	1,001,493	2.02%
Croatia	1,162,352	2.54%	1,136,848	2.30%
Estonia	908,751	1.98%	1,123,747	2.27%
Jersey	898,290	1.96%	880,332	1.78%
Bulgaria	751,629	1.64%	479,634	0.97%
TOTAL	43,236,334	94.19%	46,788,278	94.36%

Instrument's price risk sensitivity analysis

Sensitivity analysis is based on standard deviation of the Fund since launch, whereas the Fund's risk profile has been calculated based on normal distribution. The analysis assumes that all the other variables remain constant. Analysis as per 31 December 2020 has been made with using the same assumptions.

	probability	+/- possible change of Fund's NAV during year	
		2021	2020
σ	68.27%	13.61%	13.70%
2σ	95.45%	27.23%	27.40%
3σ	99.73%	40.84%	41.10%

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by credit institution and currency

	30/06/2021	% of NAV, converted into EUR	31/12/2020	% of NAV, converted into EUR
Swedbank AS		5.50%		5.91%
PLN	7,849,987	3.78%	6,729,107	2.97%
EUR	298,052	0.65%	635,899	1.28%
RON	1,163,658	0.51%	-	-
GBP	105,747	0.27%	-	-
HUF	34,186,179	0.21%	96,912,208	0.54%
HRK	165,794	0.05%	-	-
TRY	166,647	0.03%	4,737,372	1.05%
BGN	-	-	68,915	0.07%
AS SEB Pank		1.96%		0.41%
EUR	900,021	1.96%	201,043	0.41%
Luminor Bank AS		0.01%		0.01%
EUR	3,647	0.01%	3,659	0.01%
TOTAL		7.47%		6.33%

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 15/10/2020 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 31/05/2021 (Standard & Poor's) and with Luminor Bank AS, which is rated A- as of 25/09/2020 (Moody's).

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

In EUR

30/06/2021

	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	-	-	-	3,430,734	-	-	-	-	-
Shares and units	43,236,334	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	62,415	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	578,462	-
Payables to the depository	-	-	-	-	-	-	-	13,538	-
Trade settlement payable*	-	-	-	-	-	-	-	224,189	-
Other liabilities*	-	-	-	-	-	-	-	9,767	-
TOTAL	43,236,334	-	-	3,430,734	62,415	-	-	825,956	-

* 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

31/12/2020

	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	-	-	-	3,138,707	-	-	-	-	-
Shares and units	46,788,278	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	41,717	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	355,754	-
Payables to the depository	-	-	-	-	-	-	-	25,588	-
Other liabilities*	-	-	-	-	-	-	-	1,543	-
TOTAL	46,788,278	-	-	3,138,707	41,717	-	-	382,885	-

* 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

	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
Net gain/loss from financial assets at fair value through profit or loss		
From shares and units		
Sales profit/(-loss)	306,162	2,129,203
Unrealised profit /(-loss)	5,879,103	-10,472,571
Total net gain/(-loss)	6,185,265	-8,343,368

NOTE 6. RECEIVABLES AND PREPAYMENTS

In EUR

	30/06/2021	31/12/2020
Dividend receivable	62,415	41,717
TOTAL	62,415	41,717

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:

	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
Fund Management Company		
Paid management and performance fees	556,652	838,509
TOTAL	556,652	838,509

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

	30/06/2021	31/12/2020
Fund Management Company		
Management and performance fee payable	578,462	355,754

The market value of Avaron Emerging Europe Fund units owned by the shareholders of the Fund Management Company amounted to 56,497 EUR as of 30/06/2021 (31/12/2020: 49,245 EUR).

NOTE 8. OTHER INFORMATION

Total expense ratio (TER)

The total expense ratios (including management fees, performance fees, depository fees and other fees) of different unit classes are set out below. Total expense ratios are calculated on annual basis.

	TER without performance fees	TER with performance fees
A units	2.19%	2.19%
B units	1.69%	1.69%
C units	1.59%	1.59%
D units	2.44%	2.44%
E units	1.29%	3.09%

Portfolio turnover rate

The Fund's portfolio turnover ratio, which is calculated by taking the lesser of purchases or sales and dividing it by the average value of monthly net assets, amounted to 18.6% on annual basis as of 30/06/2021 (31/12/2020: 33.8%).

$$\text{Portfolio Turnover Rate}\% = \frac{(\text{Total 1 EUR} - \text{Total 2 EUR})}{\text{Average net assets in EUR}} * 100$$

Where

$$\begin{aligned} \text{Total 1} &= \sum \text{securities purchases} + \sum \text{securities sales} \\ \text{Total 2} &= \sum \text{units issued} + \sum \text{units redeemed} \end{aligned}$$

STATEMENT OF INVESTMENTS

In EUR as of 30/06/2021

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:										
BANK PEKAO SA	PLPEKAO00016	PL	S&P	BBB+	PLN	21.24	3,830,881	20.54	3,705,310	8.07%
OMV PETROM SA	ROSNPPACNOR9	RO			RON	0.06	2,396,002	0.09	3,299,553	7.19%
POWSZECHNY ZAKLAD UBEZP KRKA	PLPZU0000011	PL	S&P	A-	PLN	7.67	2,446,761	8.11	2,587,088	5.64%
MOL HUNGARIAN OIL AND GAS PLC	SI0031102120	SI			EUR	59.65	1,379,832	103.50	2,394,369	5.22%
OTP BANK	HU0000153937	HU	S&P	BBB-	HUF	5.96	1,845,278	6.71	2,076,061	4.52%
KOMERCNI BANKA	HU0000061726	HU	S&P	BBB	HUF	27.25	1,177,090	45.38	1,960,451	4.27%
CESKE ENERGETICKE ZAVODY AS	CZ0008019106	CZ	S&P	A	CZK	32.78	2,137,396	29.66	1,934,134	4.21%
BRD-GROUPE SOCIETE GENERALE	CZ0005112300	CZ	S&P	A-	CZK	22.29	1,709,505	25.00	1,917,350	4.18%
RICHTER GEDEON NYRT	ROBRDBACNOR2	RO	Fitch	BBB+	RON	2.28	1,168,068	3.55	1,815,591	3.96%
MAGYAR TELEKOM RT	HU0000123096	HU			HUF	15.65	1,124,466	22.44	1,612,087	3.51%
IMMOFINANZ AG	HU0000073507	HU			HUF	1.07	1,280,057	1.21	1,457,419	3.17%
PKO BANK POLSKI	AT0000A21KS2	AT	S&P	BBB-	EUR	18.65	1,260,947	18.95	1,281,494	2.79%
JUMBO SA	PLPKO0000016	PL			PLN	8.51	1,218,434	8.36	1,196,517	2.61%
NOVA LJUBLJANSKA BANKA DD	GRS282183003	GR			EUR	14.73	1,054,351	14.19	1,015,976	2.21%
TITAN CEMENT INTERNATIONAL SA	SI0021117344	SI	S&P	BBB-	EUR	52.49	837,125	63.60	1,014,293	2.21%
ATRIUM EUROPEAN REAL ESTATE	BE0974338700	BE	S&P	BB	EUR	11.25	623,222	16.40	908,642	1.98%
TAV HAVALIMANLARI HOLDING	JE00B3DCF752	JE	Fitch	BBB	EUR	3.89	1,164,245	3.00	898,290	1.96%
TOFAS TURK OTOMOBIL FABRIKA	TRETAVH00018	TR			TRY	2.06	770,683	2.30	857,564	1.87%
CYFROWY POLSAT SA	TRATOASO91H3	TR			TRY	3.89	1,103,903	2.86	812,482	1.77%
WARSAW STOCK EXCHANGE	PLCFRPT00013	PL	S&P	BB+	PLN	5.68	534,274	6.61	621,724	1.35%
ARENA HOSPITALITY GROUP DD	PLGPW0000017	PL			PLN	9.33	540,816	10.52	610,194	1.33%
HACI OMER SABANCI HOLDING AS	HRARNTRA0004	HR			HRK	57.97	755,350	44.98	586,062	1.28%
HRVATSKI TELEKOM DD	TRASAHOL91Q5	TR			TRY	0.90	607,649	0.86	581,153	1.27%
BANK HANDLOWY W WARSZAWIE	HRHT00RA0005	HR			HRK	18.79	432,588	25.03	576,290	1.26%
MYTILINEOS SA	PLBH00000012	PL	Fitch	A-	PLN	15.96	895,077	10.10	566,084	1.23%
TALLINK GRUPP	GRS393503008	GR	S&P	BB-	EUR	5.22	172,155	15.34	506,220	1.10%
COCA-COLA HBC AG	EE3100004466	EE			EUR	0.97	634,811	0.76	496,761	1.08%
TUPRAS-TURKIYE PETROL RAFINIER	CH0198251305	GR	S&P	BBB+	GBP	19.68	303,052	30.49	469,508	1.02%
MAVI GIYIM SANAYI VE TICARET A	TRATUPRS91E8	TR	Fitch	B+	TRY	14.48	738,542	9.18	467,987	1.02%
AEGEAN AIRLINES S.A.	TREMAVI00037	TR			TRY	4.82	375,570	5.46	425,032	0.93%
TALLINNA SADAM	GRS495003006	GR			EUR	6.39	508,924	5.29	421,079	0.92%
	EE3100021635	EE			EUR	1.70	355,524	1.97	411,990	0.90%

Statement of investments as of 30/06/2021 (continued)

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
MIGROS TICARET AS	TREMGTI00012	TR			TRY	4.35	565,616	3.15	409,177	0.89%
WIRTUALNA POLSKA HOLDING SA	PLWRTPLO0027	PL			PLN	11.58	171,327	25.67	379,812	0.83%
TURKCELL ILETISIM HIZMETLERI	TRATCELL91M1	TR	S&P	BB-	TRY	1.85	425,884	1.56	358,623	0.78%
BIM BIRLESIK MAGAZALAR AS	TREBIMM00018	TR			TRY	6.08	322,185	6.02	318,839	0.69%
SPHERA FRANCHISE GROUP SA	ROSFGPACNOR4	RO			RON	6.64	530,420	3.74	298,999	0.65%
SANTANDER BANK POLSKA SA	PLBZ00000044	PL	Fitch	BBB+	PLN	72.26	365,069	56.20	283,922	0.62%
TITAN CEMENT INTERNATIONAL GRE	BE0974338700	BE	S&P	BB	EUR	11.69	198,761	16.36	278,120	0.60%
CB FIRST INVESTMENT BANK AD	BG1100106050	BG	Fitch	B	BGN	0.82	244,721	0.87	261,516	0.57%
TURKIYE GARANTI BANKASI	TRAGARAN91N1	TR	Fitch	B+	TRY	0.73	218,423	0.80	241,148	0.52%
MOTOR OIL (HELLAS) SA	GRS426003000	GR			EUR	14.25	224,189	14.30	224,910	0.49%
NOVA LJUBLJANSKA BANKA GDR	US66980N2036	SI	S&P	BBB-	EUR	12.17	194,678	12.90	206,400	0.45%
SHARES TOTAL							38,843,851		42,746,221	93.12%

Name	ISIN	Fund country	Fund Management Company	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
FUNDS:									
CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:									
BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.88	406,460	1.06	490,113	1.07%
CLOSED-END FUNDS TOTAL						406,460		490,113	1.07%
SHARES AND FUNDS TOTAL						39,250,311		43,236,334	94.19%

Statement of investments as of 30/06/2021 (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	Swedbank	PLN			1,734,152		1,734,152	3.78%
CURRENT ACCOUNT		EE	SEB	EUR			900,021		900,021	1.96%
CURRENT ACCOUNT		EE	Swedbank	EUR			298,052		298,052	0.65%
CURRENT ACCOUNT		EE	Swedbank	RON			236,022		236,022	0.51%
CURRENT ACCOUNT		EE	Swedbank	GBP			123,335		123,335	0.27%
CURRENT ACCOUNT		EE	Swedbank	HUF			97,236		97,236	0.21%
CURRENT ACCOUNT		EE	Swedbank	HRK			22,130		22,130	0.05%
CURRENT ACCOUNT		EE	Swedbank	TRY			16,139		16,139	0.03%
CURRENT ACCOUNT		EE	Luminor	EUR			3,647		3,647	0.01%
CURRENT ACCOUNT TOTAL							3,430,734		3,430,734	7.47%
INVESTMENTS TOTAL							43,881,045		46,667,068	101.66%
OTHER ASSETS										
DIVIDEND RECEIVABLE				EUR					62,415	0.14%
OTHER ASSETS TOTAL									62,415	0.14%
TOTAL ASSETS OF THE FUND							43,881,045		46,729,483	101.80%
LIABILITIES									-825,956	-1.80%
NET ASSETS OF THE FUND									45,903,527	100.00%

In EUR as of 31/12/2020

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:										
OMV PETROM SA	ROSNNPACNOR9	RO			RON	0.06	2,873,453	0.07	3,605,289	7.27%
BANK PEKAO SA	PLPEKAO00016	PL	S&P	BBB+	PLN	23.29	5,247,432	13.39	3,016,886	6.08%
POWSZECHNY ZAKLAD UBEZP SHARE KRKA	PLPZU0000011	PL	S&P	A-	PLN	8.44	3,570,753	7.09	2,999,185	6.05%
MOL HUNGARIAN OIL AND GAS PLC	SI0031102120	SI			EUR	58.17	1,758,802	91.40	2,763,388	5.57%
KOMERCNI BANKA	HU0000153937	HU	S&P	BBB-	HUF	6.33	2,340,842	6.04	2,232,393	4.50%
OTP BANK SHARE	CZ0008019106	CZ	S&P	A	CZK	33.34	2,907,658	25.02	2,182,184	4.40%
BRD-GROUPE SOCIETE GENERALE	HU0000061726	HU	S&P	BBB	HUF	27.52	1,588,019	36.82	2,124,670	4.28%
RICHTER GEDEON NYRT	ROBRDBACNOR2	RO	Fitch	BBB+	RON	2.25	1,293,732	3.05	1,756,972	3.55%
CESKE ENERGETICKE ZAVODY AS	HU0000123096	HU			HUF	15.63	1,325,954	20.51	1,739,631	3.51%
IMMOFINANZ AG	CZ0005112300	CZ	S&P	A-	CZK	22.29	1,709,505	19.62	1,504,375	3.04%
PKO BANK POLSKI	AT0000A21KS2	AT	S&P	BBB-	EUR	18.58	1,516,782	16.97	1,385,176	2.79%
MAGYAR TELEKOM RT	PLPKO0000016	PL	Moody's	A	PLN	8.61	1,844,729	6.29	1,347,738	2.72%
TOFAS TURK OTOMOBIL FABRIKA	HU0000073507	HU			HUF	1.07	1,280,057	1.05	1,256,823	2.53%
TAV HAVALIMANLARI HOLDING	TRATOASO91H3	TR			TRY	4.08	1,355,256	3.73	1,239,387	2.50%
ERSTE GROUP BANK AG	TRETAVH00018	TR			TRY	2.18	1,056,232	2.34	1,137,653	2.29%
CYFROWY POLSAT SA	AT0000652011	AT	S&P	A	EUR	24.83	1,042,716	24.94	1,047,480	2.11%
JUMBO SA	PLCFRPT00013	PL	S&P	BB+	PLN	5.68	886,315	6.63	1,034,987	2.09%
MYTILINEOS SA	GRS282183003	GR			EUR	14.73	1,054,351	14.21	1,017,408	2.05%
CA IMMOBILIEN ANLAGEN AG	GRS393503008	GR	S&P	BB-	EUR	5.72	463,387	11.90	963,900	1.95%
ATRIUM EUROPEAN REAL ESTATE	AT0000641352	AT			EUR	28.69	876,105	31.35	957,429	1.93%
TUPRAS-TURKIYE PETROL RAFINIER	JE00B3DCF752	JE			EUR	3.88	1,363,396	2.51	880,332	1.78%
TITAN CEMENT INTERNATIONAL SA	TRATUPRS91E8	TR	Fitch	B+	TRY	15.45	1,004,355	11.89	772,592	1.56%
NOVA LJUBLJANSKA BANKA DD	BE0974338700	BE	S&P	BB	EUR	11.25	623,222	13.86	767,913	1.55%
TALLINK GRUPP AS	SI0021117344	SI	S&P	BBB-	EUR	52.49	837,125	45.80	730,418	1.47%
ARENA HOSPITALITY GROUP DD	EE3100004466	EE			EUR	0.97	828,579	0.74	631,892	1.28%
WARSAW STOCK EXCHANGE	HRARNTRA0004	HR			HRK	57.97	755,350	44.77	583,285	1.18%
HACI OMER SABANCI HOLDING AS	PLGPW0000017	PL			PLN	9.33	540,816	10.01	580,562	1.17%
KORDSA GLOBAL ENDUSTRIYEL IP	TRASAHOL91Q5	TR			TRY	0.88	398,043	1.26	567,558	1.14%
HRVATSKI TELEKOM DD	TRAKORDS91B2	TR			TRY	1.84	605,665	1.71	564,751	1.14%
MAVI GIYIM SANAYI VE TICARET A	HRHTOORA0005	HR			HRK	18.79	432,588	24.04	553,563	1.12%
COCA-COLA HBC AG	TREMAVI00037	TR			TRY	4.97	472,166	5.74	545,767	1.10%
	CH0198251305	GR	S&P	BBB+	GBP	19.68	393,574	26.58	531,648	1.07%

Statement of investments as of 31/12/2020 (continued)

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
TALLINNA SADAM AS	EE3100021635	EE			EUR	1.7	464,530	1.80	491,855	0.99%
BANK HANDLOWY W WARSZAWIE	PLBH00000012	PL	Fitch	A-	PLN	16.14	1,007,848	7.70	481,010	0.97%
BIM BIRLESIK MAGAZALAR AS	TREBIMM00018	TR			TRY	6.08	322,185	8.31	440,156	0.89%
WIRTUALNA POLSKA HOLDING SA	PLWRTPL00027	PL			PLN	11.53	227,023	20.38	401,343	0.81%
SANTANDER BANK POLSKA SA	PLBZ00000044	PL	Fitch	BBB+	PLN	72.37	689,912	40.69	387,879	0.78%
AEGEAN AIRLINES S.A.	GRS495003006	GR			EUR	7.92	499,195	5.15	324,692	0.65%
SPHERA FRANCHISE GROUP SA	ROSGPACNOR4	RO			RON	6.64	530,420	3.02	241,300	0.49%
TITAN CEMENT INTERNATIONAL GRE	BE0974338700	BE	S&P	BB	EUR	11.69	198,761	13.74	233,580	0.47%
NOVA LJUBLJANSKA BANKA GDR	US66980N2036	SI	S&P	BBB-	EUR	12.17	194,678	9.00	144,000	0.29%
ALIOR BANK SA	PLALIOR00045	PL	S&P	BB	PLN	11.78	442,158	3.72	139,594	0.28%
SHARES TOTAL							48,823,667		46,308,644	93.39%

Name	ISIN	Fund country	Fund Management Company	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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FUNDS:

CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:

BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.82	454,009	0.86	479,634	0.97%	
CLOSED-END FUNDS TOTAL							454,009		479,634	0.97%

SHARES AND FUNDS TOTAL							49,277,676		46,788,278	94.36%
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Statement of investments as of 31/12/2020 (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	Swedbank	PLN			1,474,388		1,474,388	2.97%
CURRENT ACCOUNT		EE	Swedbank	EUR			635,899		635,899	1.28%
CURRENT ACCOUNT		EE	Swedbank	TRY			521,375		521,375	1.05%
CURRENT ACCOUNT		EE	Swedbank	HUF			267,109		267,109	0.54%
CURRENT ACCOUNT		EE	SEB	EUR			201,043		201,043	0.41%
CURRENT ACCOUNT		EE	Swedbank	BGN			35,234		35,234	0.07%
CURRENT ACCOUNT		EE	Luminor	EUR			3,659		3,659	0.01%
CURRENT ACCOUNT TOTAL							3,138,707		3,138,707	6.33%
INVESTMENTS TOTAL							53,616,383		49,926,985	100.69%
OTHER ASSETS										
DIVIDEND RECEIVABLE				EUR					41,717	0.08%
OTHER ASSETS TOTAL									41,717	0.08%
TOTAL ASSETS OF THE FUND							53,616,383		49,968,702	100.77%
LIABILITIES									-382,885	-0.77%
NET ASSETS OF THE FUND									49,585,817	100.00%

STATEMENT OF COMMISSIONS

In EUR

01/01/2021-30/06/2021

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Patria Finance A.S.	7	2,275,869	1,223	0.05%
Erste Group Bank AG	2	2,196,503	1,539	0.07%
Santander Biuro Maklerskie	7	1,433,147	860	0.06%
Raiffeisen Centrobank AG	6	1,340,503	1,479	0.11%
Swiss Capital S.A.	1	808,387	1,620	0.20%
PKO Bank Polski	2	659,428	660	0.10%
Eurobank Equities Investment Firm S.A	1	598,010	599	0.10%
Wood and Company Financial Services a.s.	2	387,236	271	0.07%
AS SEB Pank	5	258,302	388	0.15%
First Financial Brokerage House	3	244,721	975	0.40%
Interkapital vrijednosni papiri d.o.o.	2	199,574	320	0.16%
Third country securities market transactions				
Shares				
OYAK Yatirim Menkul Degerler A.S.	13	1,846,034	923	0.05%
BGC Partners Turkey	6	817,015	409	0.05%
Is Yatirim Menkul Degerler A.S.	2	500,738	250	0.05%
Wood and Company Financial Services a.s.	1	119,246	60	0.05%
OTC trades				
Shares				
Avaron Flexible Strategies Fund	1	79,728	-	-
Corporate actions				
	3	-	-	-
TOTAL	64	13,764,441	11,576	0.08%

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

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Erste Group Bank AG	23	4,951,372	5,375	0.11%
Patria Finance A.S.	14	4,878,388	2,682	0.05%
Santander Biuro Maklerskie	9	3,182,870	2,097	0.07%
Wood and Company Financial Services a.s.	9	1,305,546	1,304	0.10%
Raiffeisen Centrobank AG	4	866,988	1,302	0.15%
Swiss Capital S.A.	1	86,873	200	0.23%
AS SEB Pank	1	53,510	80	0.15%
Third country securities market transactions				
Shares				
TEB Yatirim Menkul Degerler A.S.	33	4,733,991	3,559	0.08%
OYAK Yatirim Menkul Degerler A.S.	10	1,884,669	945	0.05%
OTC trades				
Shares				
Avaron Flexible Strategies Fund	1	48,803	-	-
Tender offer	1	390,599	704	0.18%
TOTAL	106	22,383,609	18,248	0.08%

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