

Investment Objectives & Approach

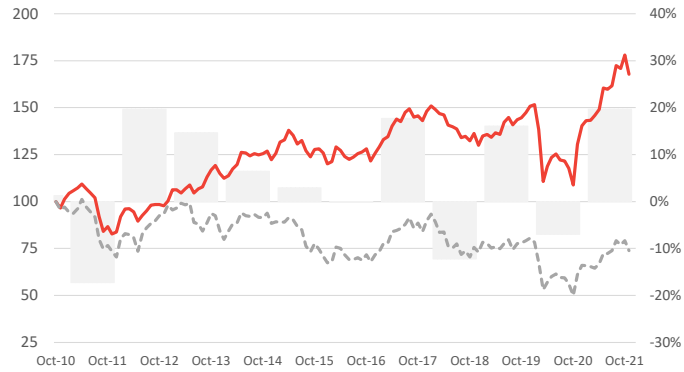
The Fund invests actively in listed equities of European Union new member states and accession countries (Emerging Europe, ex Russia). Benchmark agnostic, it emphasizes bottom-up, value oriented stock picking with a strong small and mid-cap bias. The Fund's investment objective is to maximise upside 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, November 2021

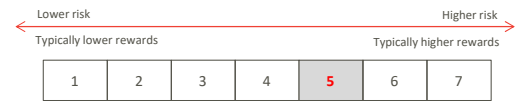
Global equities corrected in November from new historic highs amid the scare of the new Omicron variant of COVID-19. MSCI ACWI (global equity index) lost 2.5% in \$, while stronger dollar helped to bolster the euro based return (-0.6% in €). Emerging Europe underperformed losing 6.7% in € on the back of a heavy sell-off in Polish stocks and another episode of sharp weakening in Turkish lira. Polish banks saw strong profit taking amid the Omicron news as further rate hikes would be less likely if economies slow down again amid potential new restrictions. However, October headline CPI reading of 7.7%, released on November 30 alongside with rather mild set of new restrictions, eased some of these worries. Turkish lira became under heavy pressure in November as the central bank continued with the rate cut cycle bringing the policy rate down by another 100bps to 15% and President Erdogan reiterated that low interest rate policy is to stay until elections. Avaron Emerging Europe Fund lost 5.8% in November slightly outperforming the benchmark thanks to resilient performance of positions in smaller frontier markets. The largest positive contributor with +0.2ppt was Estonian renewable energy producer Enefit that IPO-d back in mid-October. Enefit's share price continued to rally (+18% in € in November) on strong Q3 earnings report. Company's revenues were up 32% yoy and EBITDA 66%, while net profit more than tripled on higher volumes and extremely strong pricing environment. Largest negative contributor (-0.6ppt) was Turkish airport operator TAV Holding as the stock price was sold-off due to fears over Omicron variant's impact on the business. On top of that we had a sharp drop in lira that pushed its share price down 27% in €. As of end-October 71% of the portfolio is invested in cyclical companies that are geared towards the re-opening rebound following the pandemic recession. Around 27% of the portfolio is invested in banks that are currently enjoying the favourable environment amid monetary policy tightening across the region. Following the Q3 earnings season the full year outlook of portfolio companies for 2021 is very strong indicating 85% rebound followed by 23% growth in 2022. This implies 9.9x P/E for 2022, which in our opinion is rather appealing in global context.

Please send an e-mail to funds@avaron.com to receive a more detailed fund factsheet and portfolio manager comment.

Performance, E Unit



Calendar year performance (right)
Fund NAV, E Unit (left)
Benchmark Index (MSCI EFM EUROPE + CIS (E+C) ex Russia, left)
Past performance is not a guarantee or indicative of future results.

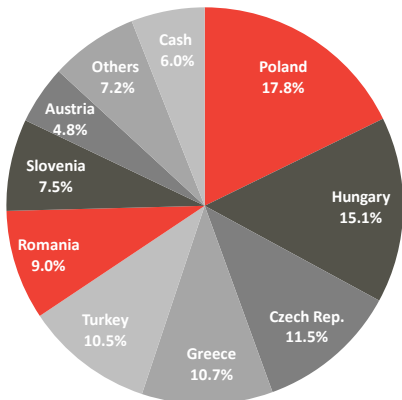


Perf overview	E Unit return	Index return*	Year	E Unit return	Index return*
1 month	-5.8%	-6.7%	2020	-7.0%	-18.0%
3 months	-2.7%	-6.7%	2019	16.0%	10.3%
6 months	4.6%	2.1%	2018	-12.2%	-18.6%
YTD	19.7%	11.8%	2017	17.7%	25.3%
1 year	28.7%	21.1%	2016	-0.1%	1.2%
3 years	23.2%	-2.2%			
5 years	38.0%	8.7%			
7 years	32.3%	-21.3%			
8 years	40.8%	-20.0%			
10 years	102.8%	0.4%			

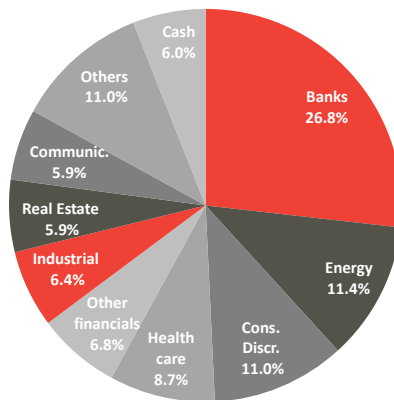
CAGR of calendar years		
Years	Fund	Index*
2016-2020	2.2%	-1.4%
2018-2020	-1.8%	-9.7%
2019-2020	3.9%	-4.9%

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

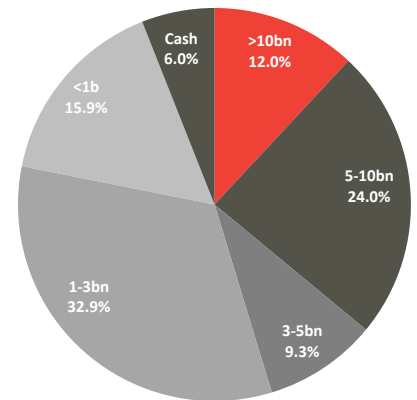
Geographic breakdown



Sector breakdown



Market Cap breakdown



Risk metrics	5Y risk*
Alpha	6%
Volatility & stand. deviation	12.9%
Beta	0.63
Sharpe ratio	0.55
Information ratio	0.58
Tracking error	8.6%

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

Fund statistics	
Number of positions	45
Top10	43.0%
Top20	68.1%
Gross exposure	94.0%
Net exposure	94.0%
Concentration coefficient	35
Median market cap MEUR	1686
Average market cap MEUR	3262

Liquidity analysis*	30%
3 days	75.9%
2 weeks	91.0%
4 weeks	96.5%

* Proportion of portfolio that can be turned into cash based on past 6 month average trading volume if Fund accounted for 30% of trading volume

Turnover	
FY 2020	33.8%

* Adjusted for fund flows

Fund Facts - Avaron Emerging Europe Fund

Investment Manager	AS Avaron Asset Management	Cut-off	10am CET
Fund type	UCITS V	NAV frequency	Daily dealing, T+3
Launch date	April 23, 2007	Supervised by	Estonian FSA
Domicile	Estonia	Custodian	Swedbank AS
Currency	EUR	Transfer agent	Swedbank AS
Dividends	reinvested	NAV calculation	Swedbank AS
Fund size, MEUR	38.2	External auditor	KPMG
Total AUM, MEUR	351.2	Internal auditor	PWC
Strategy size, MEUR	339.9		

NAV	30-Nov-2021	ISIN code	TER 2020
B unit	6.0630 EUR	EE3600090056	1.71%
C unit	20.5758 EUR	EE3600102901	1.61%
D unit	16.7535 EUR	EE3600108866	2.46%
E unit	16.7831 EUR	EE3600108874	3.18% (incl. Perf fee 1.87%)

Public offering	France, Germany, United Kingdom, Finland, Sweden, Estonia, Latvia, Lithuania, Norway (units C, E)
Tax transparency	Germany
Platforms & execution	Allfunds, MFEX, Clearstream AFS, SIX SIS AG, RBC Investor Services
Morningstar rating	Yes, four stars (5 years)
SFDR classification	Article 8, light green product
Fund documents & prospectus	www.avaron.com/documents

	WKN code	Telekurs ID	Bloomberg ticker	Refinitiv RIC
C unit	AOPEFO	CH10799792	AVAEESC ET	LP68063797
D unit	A1W7P0	CH12407332	AVEMEUD ET	LP68083763
E unit	A113GN	CH12414216	AVEMEUE ET	LP68083764

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	-	-	-

Contact Information

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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 300 Emerging Europe companies, backed by regular on the ground visits and meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models that we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 20 professionals (including 10 in the investment team), based in Estonia and Poland, takes care of 350M+ 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,
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Rain Leesi, CFA
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Signatory of:



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