



Avaron Emerging Europe Smaller Companies Fund (UCITS)

PROSPECTUS

20 October 2025

This Prospectus is the offering document of the Avaron Emerging Europe Smaller Companies Fund MASF. Prospectus together with the Articles of Association of the Fund should be thoroughly acquainted with before investing in the Fund. Subscription to Avaron Emerging Europe Smaller Companies Fund MASF should be made based on this Prospectus, Articles of Association of the Fund and the latest available annual or semi-annual report. These documents are available on the website of and can be obtained from AS Avaron Asset Management.

An investment in the Fund entails risks, most of which are described in this Prospectus. The value of investments and any income derived from the Fund may fall as well as rise and investors may not get back the full amount invested. Past performance is not indicative of future results. Investors should be aware of the risks associated with investments in emerging markets such as Emerging Europe.

The Prospectus does not constitute or form part of a distribution, or an offer or solicitation to buy or sell any securities to any person in any jurisdiction in which such distribution, offer or solicitation would be contrary to local law or regulation.

Any dispute, controversy or claim arising out of or in connection with the information provided in this material shall be settled in accordance with the Estonian law, exclusively in Estonian courts.

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GENERAL INFORMATION

Subscription to Avaron Emerging Europe Smaller Companies Fund MASF should be made based on this Prospectus, Articles of Association of the Fund (Appendix 2 of the Prospectus) and the latest available annual or semi-annual report. Each prospective investor is encouraged to seek independent professional advice in relation to his or her investment.

The Articles of Association of the Fund and the Prospectus shall be interpreted together with the applicable law. In case of any conflict between the Prospectus and imperative provisions of the applicable law, such imperative provisions of the applicable law shall prevail. In case of any ambiguity, the Prospectus shall be interpreted in the best interests of the Shareholders.

MAIN INFORMATION ABOUT AVARON EMERGING EUROPE SMALLER COMPANIES FUND

The Fund

Avaron Emerging Europe Smaller Companies Fund MASF is managed by AS Avaron Asset Management who established the Fund in the year 2021 and first launched the Shares of the Fund on 09.12.2022. The Fund qualifies as a UCITS and is registered in Estonia with the Financial Supervision Authority.

Avaron Emerging Europe Smaller Companies Fund MASF (in Estonian: *Avaroni Kasvuettevõtete Fond MASF*), is established as a public limited company and authorised as a public limited fund with variable capital (in Estonian in short: MASF) based on Estonian Investment Funds Act. The abbreviation MASF characterises the set-up of a Fund, i.e. a public limited (AS) fund (F) with variable capital (in Estonian: *muutuvkapitaliga*, abbreviation M). MASF is an Estonia's version of Luxembourg's SICAV structure.

The location of the Fund is the same as the registered address of the Management Company. The important information and documents relating to the Fund, as well as up to date information on the net asset value of the Fund and Shares, subscription and redemption price can be obtained from the Management Company and are available on the website dedicated for the Fund: <https://avaron.com/our-products/smc/>.

Management Company of the Fund

AS Avaron Asset Management, a public limited liability company established on 14 September 2006, registered in Estonia with a registry code 11341336, address at Narva Road 7D, 10117 Tallinn, Estonia, licensed by the Financial Supervision Authority as a fund manager since 2006.

Management board members of the Management Company are Kristel Kivinurm-Priisalm and Valdur Jaht.

The Management Company of the Fund is fully owned by its employees and does not have any external shareholders. The Management Company is owned by OÜ Princo and OÜ Venatio, the companies belonging to the founders of the Management Company Kristel Kivinurm-Priisalm, Valdur Jaht and Peter Priisalm, and long-term senior research staff Rain Leesi, Piotr Jurga and Reino Pent.

Management Company's latest audited annual reports are available at Avaron website avaron.com/documents.

Read more below in section Activities of the Management Company.

Documents of the Fund

This Fund Prospectus is the offering document of the Shares of the Fund. In the Prospectus the Management Company discloses to investors all the information required and useful for making an investment decision.

The Articles of the Association of the Fund (Appendix 2 of the Prospectus) form an integral part of the Prospectus. The Articles of the Association of the Fund are the bases for the activities of the Fund and regulate the legal relationship between the Management Company and the Shareholders.

Key Information Document or KID is a short form pre-sale disclosure document, containing only key information about the essential characteristics of the Fund as prescribed in the applicable law.

The Fund's Depositary and

Swedbank AS, registry code 10060701, registered address at Liivalaia 34, 15040 Tallinn, Estonia, website www.swedbank.ee. Swedbank is a licensed credit institution supervised

Central Administration Agent (Fund Registrar, Transfer Agent and Administrator, incl. NAV calculation and accounting)	<p>by the Estonian Financial Supervision Authority and the European Central Bank providing various financial services.</p> <p>Swedbank AS acts as the Fund's Depositary. As a Fund Registrar Swedbank is responsible for keeping the Fund's Shareholder register. Swedbank also provides transfer agent services to Fund and acts as the Fund's Administrator, taking care of the Fund's NAV calculation and accounting.</p>
The Fund's Auditor	KPMG Baltics OÜ , registry code 10096082, registered address at Ahtri 4, 10117 Tallinn, Estonia, website www.kpmg.ee
Financial Supervisory Authority	The Fund is registered at Estonian Financial Supervision and Resolution Authority (in Estonian <i>Finantsinspektsioon</i>), registered address at Sakala 4, 15030 Tallinn, Estonia, website www.fi.ee
Issue of Shares	Shares are issued on every banking day.
Redemption of Shares	<ul style="list-style-type: none"> • The redemption orders below or equal to 100,000 EUR are redeemed on every banking day. • The redemption orders above 100,000 EUR and up to or equal to 500,000 EUR are redeemed with 10 banking days' prior notice. • The redemption orders above 500,000 EUR and up to or equal to 3 million EUR are redeemed with one month's prior notice. • The redemption orders above 3 million EUR are redeemed with two months' prior notice. • Where the Fund holds sufficient cash, the Management Company may, at its discretion, process all redemption orders above 100,000 EUR in shorter period of time. <p>Detailed terms and procedure for Share transactions are provided in section Transactions with Fund Shares.</p>
NAV and Share prices	<p>The net asset value (NAV) of the Fund reflects the value of the securities and other assets of the Fund from which claims against the Fund are deducted.</p> <p>The reference currency for the calculation of the net asset value of the Fund and the Shares, as well as the issue and redemption prices and for any relevant transactions with Shares is euro.</p> <p>The Management Company publishes the NAV of the Fund and Shares, and the subscription price and redemption price of a Share at least once for each banking day on the following banking day by 16:30 Estonian time (15:30 CET).</p> <p>Banking day is a day when credit institutions are generally open for business in Estonia, excluding Saturdays, Sundays, national and public holidays.</p>
Financial year	The financial year of the Fund begins on 1 January and ends on 31 December.
Fees	<p>The Depositary Fee is a fee payable by the Fund to a designated depositary for safekeeping of the Fund's assets and for performing certain other functions, in accordance with applicable law and the agreement concluded with the depositary.</p> <p>The Management Fee is payable by the Fund to the Management Company for managing the Fund, as set out in the Articles of Association and the Prospectus.</p> <p>The Performance Fee is a fee that the Fund pays to the Management Company if the Fund's investments perform well. The details of how this fee is calculated and other details on fees are described below in section Fees and Expenses.</p>
Distribution of proceeds	All proceeds from the Fund's investments shall be reinvested, and no distributions shall be made to the Shareholders from the Fund. The Shareholder's return on his or her investment into the Fund is reflected in the increase or decrease of the net asset value of the Share. The Shareholder may realize his or her return by exercising the redemption or sale right. For the avoidance of doubt, the Fund has only accumulating Shares.

Applicable law

The Fund and the Management Company operate under Estonian law, which incorporates the relevant EU legal acts and ensures compliance with European legislation. The term applicable law refers to all legal and regulatory requirements that apply to the Management Company in connection with the management of the Fund, whether in Estonia or other countries. This includes, in particular, the Estonian Investment Funds Act and related secondary legislation, applicable European Union legal acts, and any binding decisions or regulations issued by competent supervisory or other authorities.

THE INVESTMENT OBJECTIVES, POLICY AND RESTRICTIONS

INVESTMENT OBJECTIVES

The Fund invests primarily in attractively valued, privately owned and well-managed fast growing public small and mid-cap companies in Emerging Europe ex-Russia region with an objective to deliver positive alpha over the period of five years. As stock exchanges in these markets are dominated by banking sector companies and state-owned enterprises, the Fund aims to limit investing into these segments and focus on stock-picking mainly among privately owned, well-managed and fast growing smaller companies. **Benchmark agnostic, the Fund aims to find the optimal balance between highest upside to internally set target prices and the risk level perceived by the Management Company, considering among others company quality, liquidity and FX outlook.** By implementing Avaron's investment process the Fund aims to outperform the market.

The return on an investment into the Fund, or achievement of its investment objective is not guaranteed. The past performance of the Fund is neither a guarantee nor an indication of future performance. With the investment into the Fund, the Shareholder acknowledges and accepts that such an investment involves risk and it may result in either profit or loss to the Shareholder, including loss of the substantial amount invested. Overview of the risks pertaining to an investment into the Fund is provided in the section Risks below.

The Fund performs sectorial ESG (Environmental, Social and Governance) exclusions as described under Investment Restrictions below but does not promote environmental and social characteristics and does not have a sustainable investment as its main objective because the related costs would not be proportionate to the current business volume of the Fund. The Management Company adheres to the UN Principles for Responsible Investment.

INVESTMENT POLICY

General Principles

In order to achieve the investment objectives, the Fund's assets are mainly invested into equities but can also be invested into various debt instruments, deposits, FX derivative instruments and other financial instruments, subject to and in accordance with the more detailed Investment Policy guidelines and Investment Restrictions provided below, as well as the applicable law.

The Fund is suitable for investors seeking a portfolio of fast growing small and mid-caps in Emerging Europe ex-Russia region. The Fund acts as a medium to long term diversifier in a global Emerging Markets, European or Global Equity portfolio. The allocation of the Fund's assets between different countries and sectors shall be determined by the Management Company in exercising active portfolio management strategy, subject to its professional assessment and the prevailing market conditions. The degree of diversification of the Fund's investments between different countries and sectors changes over time and may be low. Due to investing in small and mid-cap equities in developing markets that carry less liquidity the Fund has a high-risk level.

The Fund mainly invests in Emerging Europe ex-Russia region. The Fund is benchmark agnostic in its investments but for the region's performance comparison MSCI EFM EUROPE + CIS (E+C) ex Russia index is used. The Fund may invest up to 20% of its assets into listed instruments in Ukraine, Georgia, Moldova and Kazakhstan.

At least 60% of the Fund's net asset value are invested in companies with market capitalisation of less than 3 billion euros.

State-controlled companies are capped at 20% of the Fund's net asset value.

Pure banking sector companies are capped at 20% of the Fund's net asset value.

If this is deemed necessary for protecting the interests of existing Shareholders, or for the orderly management of the Fund, the Management Company may decide to deviate from the above-described limits on market capitalisation of the companies, state-controlled and pure banking sector companies within 20 working days in case of large subscriptions or redemptions of Fund's Shares.

Permitted Instruments

The Fund may invest in the following instruments:

- transferable securities, incl. shares and other securities equivalent to shares in companies, bonds and other forms of securitised debt (debt securities), any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, incl. convertible bonds and subscription rights (the Transferable Securities);
- FX derivative instruments for hedging purposes only;
- deposits with credit institutions.

Money market instruments are not allowed.

Transferable Securities

Considering the restrictions established in the Fund, all assets of the Fund may be invested into transferable securities that meet any of the following criteria:

- such an instrument is admitted to trading or dealt in on a regulated market of any Member State (of the European Union) or any other regulated trading facility in a Member State, which operates regularly and is recognised and open to trading to the public;
- such an instrument is admitted to official listing on a stock exchange in any other third country (excl. FATF non-cooperative countries) or dealt in on another regulated trading venue in any other third country, which operates regularly and is recognised and open to the public.

The Fund's assets may be invested in IPOs. The Fund may not invest in pre-IPOs. In regard to debt securities the Fund may invest in primary issues and aftermarket.

Investment funds and collective investment undertakings

Up to 10% of the Fund's assets may be invested into listed closed-end investment funds and collective investment undertakings.

The Fund may not invest into non-listed UCITS funds or other collective investment undertakings. The Fund may not invest into any investment funds or collective investment undertakings managed by the Management Company, either as a designated management company or on delegation basis.

Deposits

The Fund's assets may be placed in deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and mature in no more than 12 months, provided that the credit institution has its registered office in a Member State or in a third country, subject to prudential rules equivalent to those provided in the European Union legislation.

Derivative instruments

The Fund is permitted to invest in and transact with derivative instruments only for hedging exchange rate risks of the Fund's assets.

The Fund may enter into OTC derivative transactions subject to and in accordance with the imperative provisions of applicable law. The Fund's total open exposure relating to derivative instruments may not exceed the total net asset value of the Fund. The open exposure of derivative instruments for each underlying currency may not exceed the security and cash positions in the underlying currency more than 3 percentage points of the net assets of the Fund.

Leverage and Other Transactions

The Fund is allowed to take short-term leverage of up to 10%. The Fund shall not grant loans or guarantees in favour of a third party. The Management Company shall not carry out on behalf of the Fund uncovered sales of transferable securities or other permitted instruments. The Fund may not invest directly into real estate or commodities.

Investment Restrictions

Unless additional exposure per issuer (or issuers within the same consolidation group) is permissible by the applicable law, the Fund shall not invest more than 10% of the Fund's net asset value into Transferable Securities issued by the same entity. The total value of the Transferable Securities in entities in each of which it invests more than 5% of the Fund's net asset value shall not exceed 40% of the value of its net assets. This restriction does not apply to deposits with credit institutions, or OTC derivative transactions with such credit institutions where the Fund is permitted to hold deposits.

The Fund shall not hold more than 20% of the Fund's net asset value in cash and deposits. If this is deemed necessary for protecting the interests of existing Shareholders, or for the orderly management of the Fund, the Management Company may decide to deviate from the limit within 20 working days in case of large subscriptions or redemptions of Fund's Shares.

The Fund shall not place more than 20% of the Fund's net asset value into deposits with the same credit institution. This restriction does not apply in relation to an account with the Depositary, where funds from the issue of Shares or sale of the Fund's assets, as well as dividends, interest and other monetary payment attributable to the Fund's assets are received, or in relation to funds held in overnight deposit.

An OTC derivative exposure to a credit institution, in which the Fund is permitted to hold deposits, may amount to 10% of the Fund's net assets. Risk exposures through OTC derivative instruments into other counterparties shall not exceed 5% of the Fund's net assets.

The Fund shall not invest more than 20% of the Fund's net asset value into Transferable Securities, deposits or exposures to OTC derivative instruments with the same entity.

Companies which are included in the same group for the purposes of consolidated accounts shall be regarded as a single entity for the purpose of these Investment Restrictions, unless exempted from such treatment by the Investment Funds Act. In this regard, the cumulative investment of Transferable Securities issued within the same group may not exceed 20% of the Fund's net asset value.

The Fund shall not acquire or hold more than:

- 10% of non-voting shares or other equivalent rights in a single issuer;
- 10% of the debt securities of a single issuer.

In addition to the Investment Restrictions provided above, the Management Company shall comply with all other limitations and restrictions provided by imperative provisions of the applicable law. The Management Company may, on temporary basis, deviate from the Investment Restrictions provided in the Prospectus, pursuant to and in accordance with the applicable law.

Due to sectorial exclusions followed by the Fund, it does not invest in issuers that:

- design, develop, produce, sell and distribute anti-personnel mines, cluster munitions, chemical, biological weapons, white phosphorus, depleted uranium weapons and nuclear weapons.
- produce, publish, print or distribute newspapers or magazines or films or videos classified as pornographic. Not applicable to general retailers unless the share of revenue from distribution of adult content exceeds 5%.
- produce or distribute tobacco or alternative smoking products (e-cigarettes, next-generation tobacco/nicotine products). Not applicable to general retailers unless the share of revenue from distribution of tobacco products exceeds 15%.
- generate more than 15% of revenue from production or distribution of alcoholic drinks.
- derive more than 30% of their revenue from tobacco and alcohol sales.
- generate more than 10% of revenue from commercial gambling or from specialized gambling software development.
- generate more than 20% of revenues from the extraction of any kind of coal including lignite or from coal-based energy production or from both activities combined. Not applicable to companies that have set net-zero ambitions in accordance with Science-Based Targets Initiative (SBTi) Net-Zero Standard.

Short Overview of Investment and Risk Management Techniques

The Management Company deploys a stock-picking investment style with the focus on company-specific, sector and macro analysis. The Management Company is searching for and investing in securities with the best upside potential among equally risky alternatives or in securities with lowest risk among alternatives with equal upside.

Portfolio liquidity analysis and diversification among sectors, countries, currencies and instruments are the main risk management tools used. In addition, the Management Company may use derivatives to hedge exposure in currencies. The Management Company actively follows financial results of companies and makes relevant changes in the Fund portfolio based on companies' upside to target prices and its view on macroeconomic trends.

The Management Company has established procedures for internal risk management in order to identify, monitor, measure and hedge the risks associated to the Fund's investments. The Management Company regularly examines the Fund's compliance with its investment restrictions. Should the Fund's portfolio become in breach with the applicable Investment Restrictions due to share price movements or other circumstances, the Management Company is obligated to immediately take measures to correct such breaches.

The Fund may not use efficient portfolio management techniques and instruments for investment, hedging and cost optimisation, including securities lending and securities financing. This does not prevent the Management Company from starting to use such efficient portfolio management techniques in the future, subject to appropriate disclosures in accordance with the applicable law.

PAST PERFORMANCE OF THE FUND

Past return is not a guarantee or indicative of future performance. The rates of return from previous years are presented in Appendix 1.

RISKS

GENERAL RISK WARNING

Various risks may affect the return of the investment into the Fund. The activities of the Fund may or may not be profitable. **For the avoidance of doubt, an investment into the Fund is in no way guaranteed and the Fund's return is in no way fixed and is subject to price movements in the equity market and underlying currencies.** Also, there is no guarantee to Shareholders that they will get the invested amount back. In case any of the risk factors materialise, it is possible that the investor will lose a substantial part of his or her investment. Past performance of the Fund is not a guarantee or indicative of future results. Due to the Fund's investment policy, the net asset value of the Share may be volatile.

RISK LEVEL OF THE FUND

As the assets of the Fund shall be invested in the financial instruments of Emerging Europe ex-Russia region that is part of emerging countries and the assets shall be invested primarily in small cap and medium sized businesses which are less liquid compared to blue chips, the Fund should be considered as an investment product with high risk.

PROFILE OF A TYPICAL INVESTOR

The Fund is suitable for an investor with high risk tolerance who seeks long-term capital growth through investing into the equity markets of the Emerging Europe region. The investor should acknowledge that there is no guarantee that the capital invested into the Fund will be preserved or that it will grow. The recommended investment horizon is at least 5 years and the investor should be able to tolerate volatility in the net asset value of the Share during this period. The investor should have prior experience with investing into investment products or knowledge of the functioning of the financial markets. Being a regional equity fund investing into Emerging Markets, the Fund is suitable as one constituent of a diversified investment portfolio. Each investor is required to independently evaluate the risks related to investing in the Fund and the effects and possible consequences of such risks in light of the investor's investment experience and knowledge, as well as the investor's financial and economic circumstances, and the time period and the objectives of the investment. The Management Company recommends that potential investors consult with a professional investment advisor, before making the decision to invest.

OVERVIEW OF RISK FACTORS RELATED TO THE INVESTMENT

Various risks relate to investing into the Fund. Such risks may have a negative effect on the outcome of the investment. Investment risks shall be borne by the investor. This is an overview, not an exhaustive list of risks. When investing into Emerging Europe markets, the investor should take into account that any risk factor listed below is more likely to materialise as compared to investing into developed markets.

Most Critical Risks for the Fund

Based on the investment strategy, the most critical risks related to an investment in the Fund are the following:

Foreign currency risk – part of the Fund portfolio is invested in countries that do not use euro as their base currency. The risk that the value of an investment denominated in a foreign currency shall change in an adverse direction due to fluctuations in exchange rates.

Issuer-specific 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 an issuer's securities is affected by the developments in the issuer's financial results, changes in the competitive environment, analysts' estimates and commentaries, etc.

Liquidity risk – the risk that a financial instrument cannot be sold due to the low liquidity at the desired time or at a reasonable price, or that it is not possible to sell the asset at all. Liquidity risk is particularly relevant in cases when investing into small cap companies and in instruments not traded on a regulated securities market.

Market risk – the risk of suffering losses due to adverse price movements at a specific securities market or at a market for other assets. Adverse price movements may be caused by a country's weak macroeconomic data, poor financial results of an industry sector, unstable securities market, investor behaviour and psychology and other factors. Investors should bear in mind that smaller companies' volatility is usually higher compared to blue chips, thus in market downturn smaller companies' shares may fall more compared to the share prices of blue-chip companies.

Political risk – the risk that unfavourable trends or (political) events (e.g. changes in economic policy or legal environment, nationalisations, riots, war) take place in a country where the Fund's assets have been invested that affect the country's political

or economic stability or future development, thereby causing the loss of the Fund's investments in the country or diminishing the value of such investments.

Risk arising from the concentration of asset classes, industrial sectors, geographical regions or markets – the risk that a particular event or circumstance shall have a pervasive effect on a Fund's return because the Fund's investments are concentrated on one or a small number of markets, regions, sectors, a specific asset class or a small number of issuers.

Risk of investing in small and mid-cap companies – the Fund invests mainly in small and mid-cap companies. The stocks of smaller and mid-sized companies are generally subject to greater price fluctuations compared to larger companies, limited liquidity, higher transaction costs and higher investment risk than the stocks of larger, more established companies. Such companies may have limited product lines, financial resources and access to capital, may be dependent on a limited management group, and may lack substantial capital reserves or an established performance record. Such companies' corporate governance may be of lower quality compared to larger companies. There may be generally less publicly available information about such companies than for larger, more established companies. Stocks of these companies frequently have lower trading volumes making them more volatile and potentially more difficult to value.

Risks related to emerging markets – The assets of the Fund shall be invested in financial instruments of Emerging Europe ex-Russia countries. Part of the countries belonging to the Fund's investment region are not part of the European Union, and thus the legal, political and economic infrastructure of such countries is less developed compared to developed Europe. As a result, investing in the Emerging Europe ex-Russia region is accompanied by higher risks compared to investing in developed markets. Investors of the Fund should accept that the positive developments and successful reforms that have taken place in some countries may not necessarily happen in other countries. The market capitalisation of Emerging Europe ex-Russia markets is relatively small. These markets are often volatile and have low liquidity. Largest countries of Emerging Europe ex-Russia region do not use euro as their base currency and thus the currency exchange rates of the investment region may substantially fluctuate against the Fund's reference currency, euro and this may have a significant impact on the Share's net asset value. The Management Company does not generally hedge foreign exchange rate risks. Countries outside the European Union may impose restrictions on capital flows and currency export restrictions. This may result in difficulties for the Fund in drawing sales proceeds and may harm the ability of the Fund to redeem Shares regularly. Financial supervision may be ineffective in part of the countries of the investment region. The accounting, auditing and reporting standards accepted in the countries outside the European Union may not be equivalent to the standards accepted in developed markets and the systems for settlement and registering of securities and the regulations applicable to and the supervision of the settlement bodies, registrars and custodians may not be up to the standards assumed in developed markets.

Other Material Risks

Benchmark risk – Management Company is not seeking to meet Emerging Europe ex-Russia region benchmark. Instead, the Management Company deploys stock-picking investment style by investing the Fund's assets into companies with the highest upside to target price. Therefore, the Fund's return may differ substantially from the market return.

Credit risk – the risk that the issuer of securities 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 issued debt obligations, a counterparty to a trade does not deliver securities or cash during the settlement, a counterparty defaults on a loan granted by the Fund) causing damage to the Fund.

Custody risk – the risk that the Fund suffers losses due to actions or omissions or bankruptcy of the Depositary, sub-custodians or local depositaries. Such losses may include losses due to the person holding the securities going bankrupt, losing the securities or its inability to fulfil orders.

Interest rate risk – the risk that the level, yield curves or volatility of interest rates, move in an adverse direction for the Fund.

Key personnel related risk – the Fund's performance depends on investment managers and other key personnel actions and experiences. The Management Company might experience negative impact when key employees leave. The Management Company aims to guarantee competitive and motivating working conditions to its managers and employees. Key investment team members are direct and indirect owners of the Management Company and thus incentivised directly by the performance and pay-out capability of the Management Company. Compensation package of other key employees is also related to the performance of the Management Company in compliance with the limitations set out in applicable legislation.

Legal risk – the risk that the Fund suffers losses or that penalties are imposed on the Fund, due to the possibility that the Management Company does not have sufficient knowledge of the legislation and its statutory obligations that are applied in the target countries of the Fund's investments. Additionally, amendments in legislation after the investment has been made could result in restrictions for the Fund's activities or create obligations for the Fund.

Registrar risk – the risk of suffering losses due to actions or inaction of the Registrar (e.g. due to failed trades arising from technical faults, delayed settlements, erroneous transactions, unauthorised disclosure of confidential information etc.).

Responsible investing risk – following responsible investment principles carries the risk that, under certain market conditions, the Fund may underperform funds that do not utilize a responsible investment strategy. The application of responsible investment criteria may affect the Fund's exposure to certain sectors or types of investments and may impact the Fund's relative investment performance depending on whether such sectors or investments are in or out of favour in the market. An investment's ESG performance or the Management Company's assessment of such performance may change over time, which could cause the Fund to temporarily hold securities that do not comply with the Fund's responsible investment criteria. In evaluating an investment, the Management Company is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could adversely affect the analysis of the ESG factors relevant to a particular investment. Successful application of the Fund's responsible investment strategy will depend on the Management Company's skill in properly identifying and analysing material ESG issues.

Risk associated with conflict of interests – in addition to the Fund, the Management Company manages other funds and client portfolios with potentially conflicting interests during certain period of time. Management Company has established internal rules and policies to effectively avoid and/or adequately manage potential conflict of interests and shall adhere to such policies and procedures.

Risk of investing in funds – the Management Company is not always able to completely monitor the activity of investment funds where the funds have invested, since such investment funds may use investment strategies, which are not comprehensively disclosed to the Management Company, or contain risks in certain market situations, which are not envisioned by the Management Company. Furthermore, the risk associated with valuation of the assets arises when investing in other investment funds as the Management Company may not be able to monitor the price of every single component affecting the net asset value of the investment fund.

Risks related to derivative instruments – The Management Company may invest the Fund's assets in derivative instruments for the purpose of hedging currency risks. The market value of a derivative instrument depends on the price or value of another underlying foreign exchange rate. Using derivative instruments entails leverage, i.e. a small change in the price of the underlying asset may lead to a large change in the price of the derivative instrument. Therefore, an investment in derivative instruments leads to relatively larger profit or larger loss (higher risk) compared to a similar investment in the underlying asset. In case of certain derivative instruments, the potential loss is larger than the initial investment made. Since the value of the derivative instrument depends on the price of the underlying asset, the derivative instrument is subject to the same risks as the underlying. In addition, counterparty risk, interest rate risk and changes in the volatility of the underlying asset affect the value of the derivative. To determine the value of the derivative, complex valuation models are often used. Thus, investing in derivatives is also accompanied by valuation risk.

Risk related to securities not traded on regulated markets – The assets of the Fund may be partially invested in securities not traded on regulated securities markets. In addition to ordinary investment risks, such investments entail a higher liquidity risk and higher risk related to valuing such assets.

Risk related to valuing the assets of the Fund – the assets of the Fund may be invested in securities with low liquidity and in securities that are not traded on regulated markets. For such securities, a valid market price may not be available. Determining the fair value of such assets may be complex and depends on assessments made by the Management Company. The price of such financial instruments used in NAV calculation may be substantially different from a later market transaction price, which may lead to significant downward adjustment of the price of the financial instrument and a sizeable change in the net asset value of the Share.

Systemic risk – the risk that technical faults in the systems of securities depositaries, stock exchanges, market places, clearing houses etc. could cause losses for the Fund due to failed trades, delayed settlement, mistakes in recorded transactions etc.

Tax risk – unfavourable changes in the tax laws could take place in the countries where the Fund's assets have been invested. E.g., a tax could be imposed on the Fund's profit or income

In addition to customary investment risks, investors have to take into account the possibility of changes taking place in the governance of the Fund. Such changes could have a significant impact on an investment in the Fund. For example, redemption of Shares may be suspended based on the terms and conditions set out in the Prospectus and the applicable law; the Fund could be reorganised, merged with another investment fund or liquidated. Additionally, the fees and expenses payable on account of the Fund or the Shareholder may be changed; the Articles of Association and/or the Prospectus may be substantially amended, etc. Some of the abovementioned events may take place without giving prior notice to the Shareholders.

SHARE, RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

SHARE

Share represents the Shareholder's holding in the assets of the Fund. The Share is a dematerialised book-entry security, maintained in an electronic Share register. No certificate in relation to the Shares is issued to the Shareholder. Information about the Share register and the Registrar is provided in section Registrar below.

The Share is divisible. The fractions of Shares created by dividing Shares are rounded up to three decimal points. The following rules are applied for rounding: numbers NNN.NNN0 until NNN.NNN4 are rounded to NNN.NNN and numbers NNN.NNN5 to NNN.NNN9 are rounded to NNN.NN(N+1).

The Fund has three different Share classes which differ from each other in terms of associated fees. The shares are registered in the central securities register with the following identification codes (ISIN-code):

- Avaron Emerging Europe Smaller Companies Fund Share A (ISIN EE3600001772),
- Avaron Emerging Europe Smaller Companies Fund Share B (ISIN EE3600001780),
- Avaron Emerging Europe Smaller Companies Fund Share C (ISIN EE0000002392).

RIGHTS ATTACHED TO SHARES

The issue and redemption of Shares, and the creation and termination of the rights and obligation relating thereto, shall take effect with relevant entry into the Share register.

The Management Company is committed to protecting the interests of the Shareholders. Shareholders shall be treated equally in equal circumstances. Shareholders shall exercise their rights attached to the Shares in good faith and in accordance with the Articles of Association, the Prospectus, and the applicable law. The Share shall grant to the Shareholder the following rights: (i) right to demand redemption of Shares; (ii) right to transfer the Shares to third parties; (iii) right to receive a share of the assets remaining upon the liquidation of the Fund and of any distributions made from the Fund in proportion to the number of Shares and the class of Shares held; (iv) right to access and receive information regarding the Fund; (v) upon request, to receive a confirmation from the Registrar relating to Shares registered to his or her name in the register; (vi) right to exercise other rights provided by the imperative provisions of the applicable law.

Without limiting the above, the Share does not grant any right to participate or demand participation in the investment management of the Fund. Information on handling complaints by the Management Company is published on Avaron's website <https://avaron.com/documents/>.

NET ASSET VALUE OF THE SHARE AND TRANSACTIONS WITH SHARES

NET ASSET VALUE OF THE FUND AND SHARE

The net asset value of the Fund and of the Share depends on the value of the assets of the Fund which is calculated based on rules set by the Management Company (available on website <https://avaron.com/documents/>). The value of the assets shall be determined primarily based on their market value. If the market value cannot be established, valuation shall be based on another suitable and generally accepted method for establishing the fair value as set out by the Management Company. The liabilities of the Fund are deducted from the value of the assets.

The net asset value of a particular class of Share is calculated by subtracting the liabilities of the Fund that are allocated to such class of Shares from the aggregate market value of the securities and other assets of the Fund attributable to such class of Shares and dividing such value with the number of outstanding Shares of that particular class. The net asset value of a Share shall be calculated every banking day in euro.

The Management Company publishes the net asset value of the Fund and the Share, as well as the subscription and redemption price at least once for each banking day on the following banking day by 16:30 Estonian time (15:30 CET) at its website <https://avaron.com/our-products/smc/>. A Share's net asset value, subscription and redemption price shall be rounded up to four decimal points.

In case an event or a fact occurs or becomes evident after the net asset value of the Fund has been calculated and published and if such an event or fact, based on the professional assessment of the Management Company, substantially affects the calculation of the net asset value, the Management Company has the right to perform a revaluation, if not doing so would be detrimental to the interests of Shareholders.

TRANSACTIONS WITH FUND SHARES

The issue and redemption of Shares is organised by the Transfer Agent. In order to enter into transactions with Shares, an investor or a credit institution in which investor has a cash account shall have a securities account and a cash account linked to it opened with the Transfer Agent or only a register account opened with the Transfer Agent and a cash account in another credit institution.

A qualified investor can open a segregated account in its own name, or a nominee account on terms and conditions as provided by such third party-service provider (e.g. a distributor). If the Shares are kept on a nominee account, the Share transaction orders shall be submitted to the Management Company by the nominee, and all transfers and payments in relation to Share transactions shall be made to the nominee account (and to the current account of the nominee, respectively).

Transactions with Shares shall be performed and settled in euro.

By submitting an order, the Shareholder confirms that he or she has thoroughly acquainted with, consents to and undertakes to adhere to the Articles of Association and the Prospectus of the Fund. The Shareholder is not permitted to revoke or make amendments to his or her subscription or redemption order after it has been submitted to the Management Company. Upon subscribing to Shares, the investor shall pay the subscription amount within the prescribed time limit to the Fund's cash account. In case the Shareholder has not duly performed its obligations, the Management Company is entitled to use any legal remedy available to it pursuant to the applicable law, including the right of withdrawal from the transaction and claim damage caused by such non-performance to the Fund, other Shareholders and/or to the Management Company. The Management Company has the right in its sole discretion to refuse to execute a subscription order, if this is deemed necessary for protecting the interests of existing Shareholders, or for the orderly management of the Fund.

All direct expenses related to subscribing and redeeming Shares shall be paid for by the Shareholder.

SUBSCRIPTION AND ISSUE OF SHARES

Shares can be subscribed and are issued on every banking day. The minimum investment in the Fund is 100 (hundred) euros and depending on the Share class it may be higher. See section Fees and Expenses for more information. There is no restriction on the total number of Share that may be subscribed. The date of a subscription or exchange order is deemed to be the banking day on which the Transfer Agent receives the order by 11:00 Estonian time (10:00 CET). Orders received after this cut-off time will be considered as received on next banking day.

No subscription fee is applied for the subscription order. The subscription price per Share is the net asset value of the Share, calculated as of the Trade Date (being the day the subscription order is received). Shares are issued only upon due payment of the full subscription price.

To subscribe for Shares, investors must submit a subscription order to the Transfer Agent. Shares will be issued upon receiving the subscription amount in euro to the Fund's cash account latest by the settlement date, and the corresponding Shares have been registered in the Share register. The settlement date shall be no later than the third banking day from the Trade Date (T+3), unless a different settlement cycle is agreed between the Management Company and the investor.

By submitting a subscription order, investors consent to the processing of their (personal) data in accordance with the Management Company's principles for processing client data, which are available on the website at www.avaron.com. Details of authorised data processors in the Management Company and their contact information can also be found on the same website.

REDEMPTION OF SHARES

Shareholders may redeem their Shares by submitting a redemption order to the Transfer Agent. No redemption fee applies. Investors may redeem their Shares in whole or in part.

The date of a redemption order shall be the banking day on which the Transfer Agent receives the duly completed redemption order by 11:00 Estonian time (10:00 CET). Orders received after this cut-off time will be deemed received on the next banking day.

Redemption orders below or equal to 100,000 EUR shall be redeemed every banking day. The redemption price will be the net asset value of the Share calculated as of the date the redemption order is received.

Redemption orders above 100,000 EUR and up to or equal to 500,000 EUR shall be redeemed with 10 banking days' prior notice. The redemption price shall be the net asset value of the Share calculated as of the 10th banking day from the date the redemption order is received. Where the Fund holds sufficient cash, the Management Company may, at its discretion, process such redemptions without prior notice, i.e. on every banking day. In such cases, redemptions will be processed in the order in which they were received by the Transfer Agent.

Redemption orders above 500,000 and up to or equal to 3 million EUR shall be redeemed at the month-end net asset value with one month's prior notice. For redemption orders received by 11:00 Estonian time (10:00 CET) on the first banking day of the month, the redemption price will be the net asset value of the Share that is calculated as of the last banking day of that calendar

month. Where the Fund holds sufficient cash, the Management Company may decide to process these redemptions either on every banking day or with 10 banking days' prior notice. In such cases, redemptions will be processed in the order in which they were received by the Transfer Agent.

Redemption orders above 3 million EUR shall be redeemed at month-end net asset value with two months' prior notice. For redemption orders received by 11:00 Estonian time (10:00 CET) on the first banking day of the month, the redemption price will be the net asset value of the Share calculated as of the last banking day of the next calendar month. Where the Fund holds sufficient cash, the Management Company may decide to process such redemptions with 10 banking days' prior notice. In such cases, redemptions will be processed in the order in which they were received by the Transfer Agent.

The settlement date when the redemption payment shall be made will be no later than the third banking day following the calculation date of the redemption price (T+3), depending on the redemption process described above. In exceptional cases the Management Company and the Shareholder may agree on a different settlement cycle. The settlement period does not include the time required by the beneficiary bank to process the transfer.

Upon redemption, a payment in the amount of the aggregate redemption price of the Shares redeemed shall be made in euros from the assets of the Fund to the Shareholder's cash account. Payment in-kind is not available. Once the redemption payment has been made, the corresponding Shares will be deleted from the Share register on the settlement date, and all rights and obligations related to those Shares shall be ceased as from making the deletion.

EXCHANGE OF SHARES

The Shareholder is entitled to exchange his or her Shares owned for another class of the Shares of the same Fund, provided that the conditions for the minimum initial subscription specified below in section Fees and Expenses are met. Exchange of Shares with another class of the Fund's Shares is performed based on the net asset value of the banking day of receiving the order (cut-off time 11:00 Estonian time (10:00 CET)). The exchange of Shares for shares or units of other investment funds managed by the Management Company through exchange transaction is not permitted.

SUSPENDING TRANSACTIONS

The Management Company may suspend the issue or redemption of Shares subject to and in accordance with the Investment Funds Act, if such suspension would be in the collective interests of the Shareholders, or to ensure the due operation and management of the Fund. The Management Company has the right to suspend redemption of Shares where: (i) the Fund does not have liquid assets to redeem the Shares; (ii) the Management Company is unable to repatriate moneys for the purpose of making payments on the redemption of Shares or during which any transfer of moneys involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Management Company be effected at fair value; (iii) the calculation of the net asset value of the Fund is complicated, for example due to the breakdown or restriction in the use of the means of communication normally employed in determining the price or value of any of the investments or the current prices on any stock exchange or trading venue; (iv) any stock exchange or trading venue, which is a relevant market or venue on which a material part of the Fund's assets for the time being are quoted, is closed (otherwise than for ordinary holidays), or during which dealings are substantially restricted or suspended; (v) the redemption would otherwise be detrimental to the collective interests of the Shareholders or for the management and operation of the Fund (e.g. preparation for corporate events such as a merger or dissolution and liquidation); (vi) other grounds for suspension of subscriptions or redemptions exist as per the applicable law.

The Management Company shall promptly notify the Financial Supervision Authority of the suspension of subscriptions or redemptions of Shares, unless this is due to the suspension of trading on a relevant stock exchange or other relevant trading venue. The Management Company shall publish a notice regarding the suspension of subscriptions or redemptions on its website. The subscription and redemption of Shares may be suspended for the period of three months, and such period may be extended with the approval of the Financial Supervision Authority.

Upon the suspension of the subscription and redemption of Shares, the Registrar shall retain all subscription and redemption orders and payments on its account, and Shares are issued based on the net asset value first determined after the suspension is lifted. All such orders shall be executed in order of their receipt.

TAXATION

The tax system applicable to a Shareholder may depend on his or her tax residency, legal form and other circumstances. Investors are advised to consult a professional tax advisor before investing in the Fund. The following is a general description of the applicable tax principles.

Taxation of Fund's Income

The Fund has only accumulating Shares. All proceeds from the Fund's investments shall be reinvested, and no distributions shall be made to the Shareholders from the Fund. Profit generated or loss incurred by the Fund accrues in changes of the net asset value, consequently the value of the Share increases or decreases.

The Fund is not a taxable person and the income earned by the Fund is not subject to taxation in the Republic of Estonia. The Fund could be liable to pay taxes in the countries where the Fund has investments pursuant to the regulation applicable in the respective country.

Taxation of Shareholder's Income

The investor earns profit from the Fund if the redemption price of the Share exceeds the cost of acquisition. The Management Company does not withhold any taxes on gains earned from Shares. Declaring and paying applicable taxes is the obligation of each Shareholder.

For Non-Residents. Gains earned on the Shares by a non-resident investor are not taxed in the Republic of Estonia. Such gains may be taxed in the non-resident investor's country of residency according to local tax law.

For Estonian Residents. Gains from sale of Shares by an Estonian resident natural person are taxed with the income tax rate set forth in Estonia's Income Tax Act. Gains made by an Estonian resident natural person by exchanging Shares for another class of the Shares of the same Fund will not be treated as taxable income, unless it includes disbursements to the investor.

The Estonian Income Tax Act allows to shift the income tax liability further into the future, to the moment when the profit is withdrawn from the dedicated investment account. Obligation to pay income tax moves to the moment when an investor withdraws more money from such investment account than he or she has invested in total. The dedicated investment account is an ordinary bank account that is used for investments and is declared in the tax return of a natural person.

For an Estonian resident legal person, gains from Share transactions are tax-exempt. Such gains are counted as the legal person's profit and taxed when the profit is distributed.

FEES AND EXPENSES

FEES AND EXPENSES PAID BY THE SHAREHOLDER

The Management Company applies no subscription or redemption fees for transactions with Fund's Shares. The financial service provider or bank performing the transactions with the Shares charges transactions fees according to their price list. Such service provider will provide you with information about transaction costs. These and all other direct expenses in relation to subscribing and redeeming Shares shall be paid for by the Shareholder.

FEES AND EXPENSES PAID BY THE FUND

At the expense of the Fund the Management Company is paid a Management Fee. The rate of the Management Fee depends on the Share class. Under conditions described below the Management Company is entitled to receive Performance Fee in case of Avaron Share A. No Performance Fee is paid for other Share classes. For Fund's asset safekeeping services, the Fund pays a Depositary Fee to Swedbank (read more in the section Depositary below). The Fund may bear other expenses for rendering services necessary for operation. All fees shall be accrued on each day the net asset value of the Fund is calculated and shall be paid out monthly for the previous calendar month.

The Fund shall pay expenses related to the management of the Fund, as specified in the Articles of Association (including liquidation costs). The total fees and expenses (excl. liquidation costs) payable on behalf of the Fund may not exceed 5% of the weighted average net asset value of the Fund's assets per year.

Considering the fees and expenses described also elsewhere in the Prospectus, the table below shows all the fees and expenses related to the investment:

	Share A	Share B	Share C
Minimum initial subscription	100 EUR	100 EUR	250,000 EUR
Fees and expenses paid by the Fund:			
Management Fee per year	0.85%	1.25%	0.95%
Performance Fee	15% of return over benchmark index	None	None
Depositary Fee (excl. VAT)	0.08% (no less than 9,000 Euros) per annum plus 0.028%-0.35% per annum according to fee schedule of the Depositary depending on where the Fund's assets are safekept*		
Other expenses	According to the price list of the service provider		

* The total Depositary Fee (excl. VAT) per annum may be 0.43%. The Depositary calculates the actual fee in the end of the month on weighted average basis. The fee for safekeeping the assets depends on which sub-custodian of the Depositary holds the instruments in the Fund's portfolio.

PERFORMANCE FEE

The Management Company is entitled to a Performance Fee if Share A outperforms the benchmark. The Performance Fee is calculated for the Share A starting from 1st of January 2023. The Performance Fee shall be payable also in case the Share A has outperformed the benchmark but had a negative performance. The standard performance fee crystallisation period is calendar year (January 1 to December 31). The rate of the Performance Fee is 15% of the amount by which the Share return exceeds the benchmark index return (positive relative return). The benchmark index is MSCI EFM Europe + CIS (E+C) ex Russia Net Return EUR Index¹. If Performance Fee is due at the end of the calendar year, the Performance Fee shall be crystallised. Performance Fee measurement shall begin anew after each time the Performance Fee is crystallised at the end of the calendar year.

If the Share A underperforms the benchmark index at the end of the calendar year (negative relative return), Management Company will not receive Performance Fee and the performance fee measurement period shall be extended to include the next calendar year. The Management Company is entitled to the Performance Fee at the end of the second year if the cumulative return of Share A exceeds the cumulative return of the benchmark index (positive cumulative relative return) during the extended performance fee measurement period.

If by the end of the second year the cumulative Share A return is below the cumulative return of the benchmark index (negative cumulative relative return), the measurement period shall be extended again to include the next calendar year. The same cumulative outperformance/underperformance assessments for the entitlement of the Performance Fee shall be made at the end of each calendar year until the end of the fifth year. If by the end of the fifth calendar year the negative cumulative relative return has still not been covered and no Performance Fee is due, the return from the first calendar year is no longer relevant and performance fee measurement period shall be adjusted for the next year to include four preceding calendar years. If by the end of the adjusted measurement period positive cumulative relative return occurs and also Share A outperforms the benchmark index during the latest calendar year, the Management Company is entitled to the Performance Fee which is calculated from the amount by which Share A return exceeds the benchmark index return during the latest calendar year (not the measurement period positive cumulative relative return). In case there is positive cumulative relative return during the adjusted five year measurement period but Share A underperforms (negative relative return) the benchmark index during the latest calendar year, no Performance Fee is due and the measurement period shall be adjusted again for the next year to include four preceding calendar years. Same outperformance/underperformance assessments shall be made at the end of this newly adjusted period.

The Management Company shall have the right to change the benchmark index and notify the Shareholders of the change of the index at least three months in advance on the website of the Management Company. If the new benchmark index becomes effective on any other day except January 1, the Management Company shall not be entitled to a Performance Fee for the period that begins on January 1 preceding the day of changing the benchmark index and ends on December 31 following the day of changing the benchmark index.

The entitlement for Performance Fee is revalued on each day when the net asset value of the Fund is calculated and fixed on December 31 each calendar year if Performance Fee is due. The Performance Fee is paid out thereafter within one-month period. Should Shares be redeemed prior to the date when Performance Fee is fixed, any accrued but unpaid Performance Fee for the redeemed Shares shall be crystallised and paid during the month following the fixing of the Performance Fee.

Examples of Performance Fee entitlement calculation with fictitious figures not reflecting the results of the Share or benchmark index:

Year	Share A return	Benchmark index return	Relative return*
Y1	10%	5%	5%
Y2	2%	9%	-7%
Y3	0%	4%	-4%
Y4	10%	2%	8%
Y5	5%	3%	2%
Y6	1%	2%	-1%
Y7	2%	3%	-1%
Y8	3%	1%	2%

¹ For more information visit: <https://www.msci.com/end-of-day-data-search> (search for Emerging Markets, EUR Net index)

Y9	-1%	-5%	4%
Y10	6%	2%	4%

* Relative return – Share A return minus benchmark index return during calendar year

Y1	Measurement period is one year, Share A outperforms the benchmark index (+5%), Performance Fee is paid. New measurement period shall begin from Y2.
Y2	Measurement period is one calendar year (Y2), Share A underperforms the benchmark index (-7%), no Performance Fee is paid. Performance fee measurement period shall be extended to include Y2 and Y3.
Y3	Performance fee measurement period includes Y2 and Y3. Cumulative Share A return = $2.0\% = (1+2\%)*(1+0\%) - 1$ Cumulative benchmark index return = $13.4\% = (1+9%)*(1+4\%) - 1$ Cumulative relative return = $-11.4\% = 2.0\% - 13.4\%$ No Performance Fee is paid and measurement period shall be extended to include Y2, Y3 and Y4.
Y4	Performance fee measurement period includes Y2 to Y4. Cumulative Share A return = $12.2\% = (1+2%)*(1+0%)*(1+10\%) - 1$ Cumulative benchmark index return = $15.6\% = (1+9%)*(1+4%)*(1+2\%) - 1$ Cumulative relative return = $-3.4\% = 12.2\% - 15.6\%$ Although the Share outperforms the benchmark index during Y4, no Performance Fee is paid because cumulative relative return is still negative. The measurement period shall be extended to include Y2, Y3, Y4 and Y5.
Y5	Performance fee measurement period includes Y2 to Y5. Cumulative Share A return = $17.8\% = (1+2%)*(1+0%)*(1+10%)*(1+5\%) - 1$ Cumulative benchmark index return = $19.1\% = (1+9%)*(1+4%)*(1+2%)*(1+3\%) - 1$ Cumulative relative return = $-1.3\% = 17.8\% - 19.1\%$ No Performance Fee is paid (despite the positive relative return during the calendar year, the cumulative relative return is still negative) and measurement period shall be extended to include Y2, Y3, Y4, Y5 and Y6.
Y6	Performance fee measurement period includes Y2 to Y6. Cumulative Share A return = $19.0\% = (1+2%)*(1+0%)*(1+10%)*(1+5%)*(1+1\%) - 1$ Cumulative benchmark index return = $21.5\% = (1+9%)*(1+4%)*(1+2%)*(1+3%)*(1+2\%) - 1$ Cumulative relative return = $-2.5\% = 19.0\% - 21.5\%$ No Performance Fee is paid, Y2 returns are no longer accounted for next period, measurement period shall be adjusted to include Y3, Y4, Y5, Y6 and Y7.
Y7	Performance fee measurement period includes Y3 to Y7. Cumulative Share A return = $19.0\% = (1+0%)*(1+10%)*(1+5%)*(1+1%)*(1+2\%) - 1$ Cumulative benchmark index return = $14.8\% = (1+4%)*(1+2%)*(1+3%)*(1+2%)*(1+3\%) - 1$ Cumulative relative return = $4.2\% = 19.0\% - 14.8\%$ As Y7 relative return is negative (-1%) no Performance Fee is paid Y3 returns are no longer accounted for next period, measurement period shall be adjusted to include Y4, Y5, Y6, Y7 and Y8.
Y8	Performance fee measurement period includes Y4 to Y8. Cumulative Share A return = $22.6\% = (1+10%)*(1+5%)*(1+1%)*(1+2%)*(1+3\%) - 1$ Cumulative benchmark index return = $11.5\% = (1+2%)*(1+3%)*(1+2%)*(1+3%)*(1+1\%) - 1$ Cumulative relative return = $11.1\% = 22.6\% - 11.5\%$ Y8 relative return is also positive (+2%) and Performance Fee is paid from the 2% outperformance. New measurement period shall begin from Y9.
Y9	Measurement period is one year. Although Share A calendar year performance is negative, Share A outperforms the benchmark index (+4%), Performance Fee is paid. New measurement period shall begin from Y10.
Y10	Measurement period is one year, Share A outperforms the benchmark index (+4%), Performance Fee is paid. New measurement period shall begin from Y11.

The Fund shall pay expenses related to the management of the Fund, as specified in the Articles of Association (incl. liquidation costs).

The total fees and expenses (excl. liquidation costs) payable on behalf of the Fund may not exceed 5% of the weighted average market value of the Fund's assets per annum.

THE MANAGEMENT COMPANY

With its resolution no. 119 dated 28 December 2006 the Estonian Financial Supervision Authority has authorised the Management Company, AS Avaron Asset Management to manage investment funds established pursuant to and in accordance with the UCITS Directive, and other funds pursuant to and in accordance with the Investment Funds Act, and to provide portfolio management and investment advisory services.

The Management Company also manages other funds:

- Avaron Emerging Europe Fund,
- Avaron Active Multi-Asset Fund and
- Avaron High Yield Bond Fund.

Documents of the listed funds are available at Avaron website avaron.com.

Pursuant to the mandate provided with the Articles of Association of the Fund, the Management Company has the full power and authority, on behalf of the Fund, to enter into transactions for investment and divestment of the Fund's assets, pursuant to and in accordance with the Investment Policy and Investment Restrictions provided in this Prospectus, and the imperative provisions of the applicable law. The Management Company shall conduct transactions with the assets of the Fund in the name and for the account of the Fund. When performing the investment management function, the Management Company obtains sufficient information on the assets it intends to or has acquired on behalf of the Fund, monitors the financial situation of the issuers, obtains sufficient information with regard to the solvency of the persons with whom it transacts, and performs its duties otherwise with due care, skill and diligence, as is common in the investment management industry.

The assets of the Fund shall be kept segregated from the assets of the Management Company and any other fund or pool of assets managed by the Management Company, and such assets are excluded from the estate of the Management Company in case of bankruptcy. The claims of the Management Company's creditors cannot be satisfied out of the Fund's assets.

Management Company uses cooperation partners to promote the Fund. Such cooperations are entered into bearing in mind the general interest of the Fund and its investors. Management Company pays for such activities at its own expense. Such payment may consist of giving a discount on applicable fees or paying fees based on transactions carried out through a certain period or specific sales channels.

Remuneration Policy

The Management Company has established a remuneration policy for the employees of the Management Company regulating practices regarding fixed (monthly) and variable remuneration. The remuneration principles are adopted by the supervisory board of Avaron - Peter Priisalm, Rain Leesi and Maris Jaht. A remuneration committee is established at the Management Company. The remuneration of the Management Company's employees mainly consists of a fixed remuneration. The total remuneration is based on the conditions prevalent on the labour market and devised so as to achieve a reasonable balance between its fixed and variable components. Details of the Management Company's remuneration policy are disclosed at the website www.avaron.com. Upon request of the Shareholder, the remuneration policy shall be provided by the Management Company free of charge in the form desired by the investor.

Governance of the Fund

The Fund is established as a public limited fund with variable capital. The more detailed governance structure of the Fund is regulated in the Articles of Association. In general, the competence of the general meeting by law has been delegated to the Supervisory Board of the Fund. The general meeting has the right to amend the Articles of Association and reclaim the competence as regulated by law. The Supervisory Board supervises the activities of the Fund's Management Board and the Management Company. The Fund's Management Board acts as the representative body of the Fund and performs supervision over the outsourced activities.

Accounting

The Management Company is responsible for arranging the accounting and reporting of the Fund subject to and in accordance with the Investment Funds Act, the Accounting Act, as well as other applicable legislation and the internal rules of accounting. The annual report of the Fund shall be audited, and the auditor's report attached to the Fund's annual report. The annual reports of the Fund are approved and made available within four months after the end of the financial year, and semi-annual reports within two months after the end of the respective reporting period

OUTSOURCING THE ACTIVITIES OF THE MANAGEMENT COMPANY

In order to provide more efficient services, the Management Company has the right to delegate the following functions relating to the management of the Fund to third-parties in accordance with the Investment Funds Act: (i) investment management; (ii) Share issues and redemptions; (iii) issuing confirmations to Shareholders regarding Shares registered to their name in the Share register; (iv) providing necessary information to the Fund's Shareholders and other customer services; (v) distribution; (vi) fund management accounting services; (vii) valuation and pricing (including tax returns); (viii) regulatory compliance monitoring. Delegation of its functions does not affect the liability of the Management Company in relation to the management of the Fund.

The Management Company has outsourced to Swedbank AS maintaining the Share register, organising the issue and redemption of Shares and carrying out the due diligence of investors as prescribed in the Prevention of Money Laundering and Financing of Terrorism Act. In addition, **the Management Company has outsourced to Swedbank the accounting of proceeds of the Fund, valuation of the Fund's assets and the determination of their net value, including provision of information and reports on the Fund's assets.**

DEPOSITARY

The Depositary of the Fund is Swedbank AS, a licensed credit institution which is supervised by the Estonian Financial Supervision Authority and the European Central Bank.

The Activities of the Depositary

The Depositary acts independently of the Management Company and in the best interests of the Fund and the Shareholders. The Depositary safekeeps the cash, securities and other liquid assets of the Fund. The Depositary keeps the assets of the Fund segregated from its own assets and keeps separate accounting of the assets of the Fund. The Depositary also carries out other duties entrusted to it by legislation. The Depositary shall be liable for the direct proprietary damage caused to the Fund and Shareholders as a result of breach of its duties.

The Depositary may offer its services to the Fund or to the Management Company which do not entail conflicts of interest between the Fund, the Management Company, the Fund investors and the Depositary. In case of an existence of a conflicts of interest situation, the Depositary is only allowed to offer services if the organisational set up and the level of technical systems of the Depositary enable the Depositary to separate the depositary functions from the services that create conflicting interests.

Conflicts of interest may occur in a situation where Swedbank AS offers different services in addition to the depositary service to the Management Company or to the Fund. Detailed information regarding the conflict of interests' situations and the management of such situations can be found at the website of the Management Company, www.avaron.com.

The organisational set up and the arrangement of the technical systems enable the Depositary to separate the depositary function from the services causing conflicts of interest. Efficient internal control systems, the division of responsibilities and reporting lines enable the Depositary to identify, manage and avoid conflicts of interests.

The Depositary has the right, in accordance with the policies provided for in the depositary agreement, to enter into agreements with third parties for delegating the safekeeping of the Fund's assets, performing settlements therewith and fulfilling other functions. The Depositary shall choose the third parties safekeeping the Fund's assets or securities with due care to ensure the reliability of such third parties. The Depositary shall, before delegating its functions, assess and also perform ongoing monitoring, to ensure that the organisational and technical arrangement of the delegate as well as its financial condition are sufficient for performing its contractual obligations. The Depositary ensures that it has sufficient internal procedures for identifying, managing and avoiding conflicts of interests. For example, the conflicts of interest situation could arise in an event where safekeeping of assets has been delegated by the Depositary to an entity belonging to the same group with the Depositary.

Where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities satisfy the delegation requirements, the Depositary may delegate its functions to such a local entity only to the extent required by the law of that third country, only for as long as there are no local entities that satisfy the delegation requirements, and only where the Shareholders of the Fund are duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints, of the circumstances justifying the delegation and of the risks involved in such a delegation.

Detailed information regarding the Sub-custodians who have been delegated with the safekeeping of the Fund's asset can be found at the website of the Management Company. Upon request of the Shareholder, information of the conflict of interests and delegating the safekeeping of the Fund's assets shall be provided by the Management Company.

REGISTRAR

The Share register may be maintained by the Management Company, or such function may be delegated to a third-party service provider who has sufficient organizational, technical and financial capacity, as well as appropriate internal control measures and procedures as well as qualified human resources to be able to perform such a function with due care and diligences in accordance with the relevant agreement and the applicable law in a sustainable manner.

The Management Company has delegated the function of maintaining the Share register to the Registrar - Swedbank AS.

The Share register is maintained in an electronic book-entry form in accordance with the agreement and data processing rules agreed between the Management Company and the Registrar, as well as the applicable law, including the Personal Data Protection Act. Access to the Share register information is enabled pursuant to the applicable law. Each Shareholder has the right to acquaint with the register information relating to him or her, and upon request, to receive a confirmation from the Registrar relating to the Shares registered to his or her name in the Share register. The Registrar retains the data and documents received for making a register entry as prescribed by applicable law.

FUND'S DOCUMENTS

Any person has the right to access the following information and documents at the Management Company's registered address and at its website www.avaron.com: (i) Articles of Association of the Fund, Prospectus and KID; (ii) the most recent semi-annual and annual reports of the Fund; (iii) the names of persons responsible for the investment management activities; (iv) the rules for calculating the net asset value and the internal rules for making derivative transactions on the account of the Fund; (v) information on the size of the Management Company's holding in the Fund; (vi) annual reports of the Management Company for the most recent year.

Upon request, the Management Company will provide Shareholders with a free copy of the Articles of Association of the Fund, Prospectus and the KID, as well as the latest annual or semi-annual report in the format requested by the investor.

Prospectus Amendments

The Prospectus may be amended with the resolution of the Management Company's management board, including in material issues such as amendments to the Investment Policy or Investment Restrictions, fees, costs and expenses payable on behalf of the Fund. In the case of material amendments to the Prospectus, the Management Company shall ensure that the Shareholders are provided with a period of at least one month before such material amendments enter into effect, during the period the Management Company redeems the Shares at the request of the Shareholder without a redemption fee, or ensures an option to exit by sale of the Shares at the price at least equal to the net asset value of the Shares. The Management Company shall inform the Shareholders of such rights via its website.

Subject to the one-month period provided in the previous paragraph, the amendments to the Prospectus shall take effect only after the amended Prospectus has been notified to the Financial Supervision Authority and published on the Management Company's website, unless a later date is provided with a relevant resolution. If material amendments to the Prospectus are due to amendments in the Articles of Association, such amendments shall take effect together with the amended Articles of Association.

Liability Attributable to the Prospectus

If the information in the Prospectus or the KID material for the assessment of the value of the Fund or the Shares turns out to be incorrect, the Management Company shall compensate the damage to the Shareholder resulting therefrom, subject to and in accordance with the applicable law. In order to compensate such damage, the Management Company is entitled to redeem the Shares without redemption fee at the same net asset value, as was applied in issuing the Shares to the Shareholder. In compensating the damage by redemption, the Shareholder does not have the right to apply any other remedies. For the avoidance of doubt, the Management Company shall not be responsible for any information derived from a third party, if such third-party source has been identified in the Prospectus, and the Management Company did not know and should not have known that such information was incorrect.

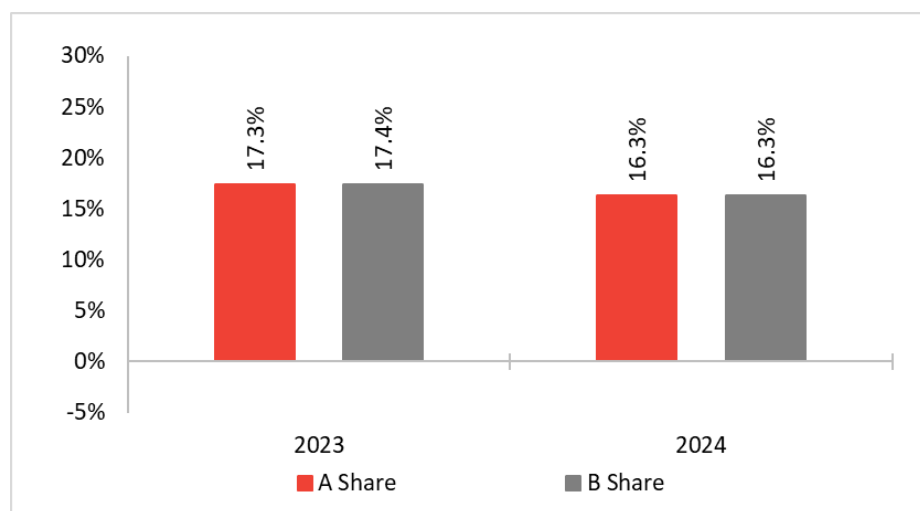
APPENDIX 1

The table below displays the average annual cumulative rate of return of the Fund (as of 31/12/2024):

	1 year	2 years
Share A	16.3%	16.8%
Share B	16.3%	16.9%
Share C	insufficient data*	

* Fund's Share C has first been issued in October 2025 and there is currently insufficient data to provide a useful indication of past performance. The past performance Share C shall be included when there is sufficient data at least for full calendar year.

The chart below shows the Fund's performance as the percentage loss or gain per year over previous years. The figures have been calculated for the corresponding calendar year based on the net asset value of the Fund's assets. The performance is shown after deduction of ongoing charges and incidental costs allocated to the particular Share.



The past performance of the Fund helps you to assess how the Fund has been managed in the past. However, please bear in mind that the past performance is not a reliable indicator of future performance. Markets could develop very differently in the future.

APPENDIX 2

ARTICLES OF ASSOCIATION OF AVARON EMERGING EUROPE SMALLER COMPANIES FUND

These Articles of Association registered with the Estonian Financial Supervision Authority are effective as of October 20th, 2025.

1. Name and Registered Office

- 1.1. The business name of the public limited company qualifying as public limited fund with variable capital (in Estonian *muutuvkapitaliga aktsiaseltsifond*, in short MASF) is **Avaron Emerging Europe Smaller Companies Fund MASF** (in Estonian *Avaroni Kasvuettevõtete Fond*, hereinafter referred to as the Fund).
- 1.2. The registered office of the Fund is in Tallinn, the Republic of Estonia.

2. Duration and Purpose

- 2.1. The Fund is incorporated for an unlimited period.
- 2.2. The Fund is a UCITS fund established under the Estonian Investment Funds Act. The exclusive object of the Fund is to invest the funds available to it in transferable securities as well as in any other assets and financial instruments permitted by the Applicable Law and the Prospectus with the purpose of spreading investment risks and affording its Shareholders the results of the management of its portfolio. Generally, the Fund may take any measures and carry out any transaction which it may deem useful in the accomplishment and development of its purpose to the largest extent permitted by Estonian Investment Funds Act which is in conformity with the UCITS directive.
- 2.3. The investment objective of the Fund is to invest primarily in attractively valued small and mid-cap companies in Emerging Europe ex-Russia region to deliver positive risk-adjusted return over the market cycle. To achieve these investment objectives, at least 80% of the Fund's net assets shall be invested into equity instruments of Emerging Europe companies as defined in the Prospectus.
- 2.4. The Fund may be offered to the public in Estonia, and in any other jurisdictions where it is specifically authorised to do so by the competent authorities.

3. General Description of the Investment Policy

- 3.1. Subject to the investment policy and investment restrictions, the Fund's assets can be invested into equities, various debt instruments, deposits, FX derivative instruments and other financial instruments. The Fund may not use leverage to achieve its investment objective. The assets of the Fund shall be invested into Emerging Europe countries. The allocation of the Fund's assets between different asset classes, industrial sectors and regions shall be determined by the Management Company in exercising active portfolio management strategy, subject to its professional assessment and the prevailing market circumstances. Therefore, the proportions of various financial instruments in the Fund's assets vary over time and the exact combination shall be determined based on the Management Company's views and on the issuer specific and macroeconomic research as carried out by the Management Company.
- 3.2. A detailed overview of the investment policy and the investment restrictions is provided in the Prospectus.
- 3.3. The return on investment into the Fund, or achievement of its investment objective is not guaranteed. The past performance of the Fund is neither a guarantee nor an indication of future performance. With the investment into the Fund the Shareholder acknowledges and accepts that such investment involves risk and it may result in both profit or loss to the Shareholder, including loss of the entire amount invested. The overview of risks pertaining to investment into the Fund is provided in the Prospectus. Each investor is advised to consult with a professional investment advisor prior to making an investment.

4. Definitions and interpretation

- 4.1. In these Articles of Association, unless the context otherwise requires, the defined terms shall have the following meaning:

Applicable Law	all laws and regulations applicable to the Management Company in relation to the management of the Fund whether in Estonia or elsewhere, in particular the Estonian Investment Funds Act and derivative acts issued thereunder, European Union legal acts, as well as acts or resolutions of competent supervisory or other authorities to the extent these are legally binding to the Management Company
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Articles of Association	this governing document which sets forth the legal grounds for the Fund and regulates the legal relationships of the Fund with the Management Company and its Shareholders
Banking Day	a day when credit institutions are generally open for business in Estonia, excluding Saturdays, Sundays, national and public holidays
Depositary Fee	a fee payable to a designated depositary for safekeeping assets of the Fund, and performing certain other functions in relation to the Fund, subject to and in accordance with an agreement concluded with the depositary
Foundation Resolution	a resolution of the founding Shareholder made for the founding of the public limited fund according to Applicable Law with which the Shareholder also approves the Management Agreement and the depositary agreement
KID	Key Information Document is a short form pre-sale disclosure document, containing only key information about the essential characteristics of the Fund as prescribed in the Applicable Law
Management Agreement	a contract which is entered into between the Fund and the Management Company pursuant to which the latter undertakes to provide asset management services to the Fund in accordance with the Articles of Association and the Prospectus
Management Company	AS Avaron Asset Management, registry code of 11341336, with registered address at Narva Road 7D, 10117 Tallinn, Estonia, website www.avaron.com
Management Fee	fee payable by the Fund to the Management Company for the management of the Fund pursuant to and in accordance with the Management Agreement, the Articles of Association and the Prospectus
Performance Fee	fee payable by the Fund to the Management Company pursuant and in accordance with the Articles of Association and the Prospectus dependent on the result of the investment management services rendered by the Management Company
Prospectus	a document for the public offering of the Fund, presenting information to the extent required by the Applicable Law, and any other information deemed necessary or advisable by the Management Company for deciding an investment into the Fund
Registrar	the registrar of the Share register, as identified in the Prospectus
Share	Share representing a holding in the Fund
Shareholder	person who has subscribed for and/or is holding a Share
Share Register	register of Shares, maintained electronically by the Registrar
Trade Date	the Banking Day of receiving a duly compiled subscription order or the Banking Day as of which the redemption price shall be calculated

4.2. The terms not defined above shall have the meaning as provided in the Prospectus or, if not defined, as used by professional financial market participants in similar transactions, and if no such specific meaning, in their ordinary meaning.

4.3. The Articles of Association shall be interpreted together with the Prospectus and the Applicable Law. In the case of any conflict between the Articles of Association and imperative provisions of Applicable Law, such imperative provisions of Applicable Law shall prevail. In the case of any ambiguity, the Articles of Association shall be interpreted in the best interests of the Shareholders.

5. Share Capital and Classes of Shares

5.1. The amount of the Share capital of the Fund corresponds to the amount of the net asset value of the Fund. The Share capital of the Fund shall be deemed to be increased or decreased after changing the net asset value of the Fund.

5.2. The reference currency for the calculation of the net asset value of the Fund and the Shares, as well as the issue and redemption prices and for any relevant transactions with Shares is euro (EUR).

5.3. The minimum Share capital of the Fund is EUR 125,000 (one hundred and twenty-five thousand euros) and the maximum Share capital is EUR 250,000,000 (two hundred and fifty million euros). The Fund may to the extent of the minimum and maximum capital issue and redeem Shares.

- 5.4. The initial issued Share capital of the Fund was EUR 125,000 (one hundred and twenty-five thousand euros) fully paid in and represented by registered Shares.
- 5.5. The Share has a book value which is based on the net asset value of Fund's assets.
- 5.6. The Fund has three classes of registered Shares without nominal value:
- 5.6.1. Avaron Emerging Europe Smaller Companies Fund A (hereafter "A-Share")
- 5.6.2. Avaron Emerging Europe Smaller Companies Fund B (hereafter "B-Share") and
- 5.6.3. Avaron Emerging Europe Smaller Companies Fund C (hereafter "C-Share").
- 5.7. The classes of Shares differ in terms of fees and minimum investment amount on initial subscription as described in these Articles of Association and/or Prospectus. Shares of the same class grant equal rights to Shareholders on equal bases.
- 5.8. The rights attached to a registered Share belong to the person who is entered as the Shareholder in the Share register. Shareholders shall exercise their rights attached to Shares in good faith and in accordance with the Articles of Association, the Prospectus, and the Applicable Law. The exercise of such rights shall not be with the intent or objective to damage the interests of other Shareholders, the Management Company, the Depositary of the Fund, or any third party.
- 5.9. Share is a dematerialised book-entry security, maintained in an electronic Share Register. The Shareholder is not entitled to request that the Share certificates be issued. The Share is freely transferable. Issue and redemption of Shares, and creation and termination of rights and obligation relating thereto, shall take effect with relevant entry into the Share Register. Information about the Share Register and the Registrar is provided in the Prospectus.
- 5.10. The Share grants to the Shareholder the following rights, subject to and in accordance with the terms and procedures provided in the Prospectus and the Applicable Laws:
- 5.10.1. right to demand redemption of Shares;
- 5.10.2. right to transfer the Shares to third parties;
- 5.10.3. right to participate in the general meeting of Shareholders of the Fund where one Share shall grant the holder one (1) vote;
- 5.10.4. right to participate in distribution of assets remaining upon liquidation of the Fund in proportion to the number of Shares and the class of Shares held;
- 5.10.5. right to access and receive information regarding the Fund;
- 5.10.6. upon request, to receive a confirmation from the Registrar relating to Shares registered to his or her name in the Share Register;
- 5.10.7. to exercise other rights provided by the imperative provisions of the Applicable Law.
- 5.11. The Share is divisible. The fractions of Share that are created by dividing Shares are rounded up to three decimal points. The following rules are applied for rounding numbers NNN.NNN0 until NNN.NNN4 are rounded to NNN.NNN and numbers NNN.NNN5 to NNN.NNN9 are rounded to NNN.NN(N+1). A holder of a fractional Share participates in making of payments from a Fund and in distribution of assets in the case of dissolution of the Fund. A fractional Share shall not grant its holder voting rights.
- 5.12. The Shareholders shall not be personally liable for the obligations of the Fund, and their liability for the performance of such obligations is limited to their respective investment into the Fund. The Articles of Association do not authorise the Management Company to assume obligation in the name of the Shareholder.
- 5.13. The Fund may not issue convertible bonds and other securities which grant the owner thereof rights similar with those associated with convertible bonds.
- 5.14. All proceeds from the investments of the Fund shall be reinvested, and no distributions shall be made to the Shareholders from the Fund. The Shareholder's return on his or her investment into the Fund is reflected in the increase or decrease of the net asset value of the Share. The Shareholder may realize its return by exercising redemption or sale right.

6. Issue, Exchange and Redemption of Shares

- 6.1. Shares are issued on every Banking Day. The subscription of Shares is not limited by the number of Shares or an amount of investment. New and fully paid-up Shares may be issued in the Fund without reserving to existing Shareholders of the Fund any preferential right to subscribe to Shares to be issued.
- 6.2. By submitting a subscription order, the Shareholder confirms that he or she has thoroughly acquainted, consents and undertakes to adhere to the Articles of Association and the Prospectus. By Share subscription a subscriber shall receive the right to acquire Shares and shall undertake to pay for the subscribed Share. The Management Company has the right in its

sole discretion to refuse to execute a subscription order if this is deemed necessary for protecting the interests of existing Shareholders, or for the orderly management of the Fund.

6.3. The Shareholder is entitled to demand exchange of the Shares with other class of Shares of the Fund. Detailed terms and procedure for exchanging Shares, are provided in the Prospectus.

6.4. Shares are redeemed as follows:

6.4.1. Redemption orders below or equal to 100,000 EUR shall be redeemed every Banking Day.

6.4.2. Redemption orders above 100,000 EUR and up to or equal to 500,000 EUR shall be redeemed with 10 Banking Days' prior notice.

6.4.3. Redemption orders above 500,000 EUR and up to or equal to 3 million EUR shall be redeemed with one month's prior notice.

6.4.4. Redemption orders above 3 million EUR shall be redeemed with two months' prior notice, considering the restrictions described in the Prospectus.

6.5. Detailed terms and procedure for Share transactions, including applicable cut-off times, are provided in the Prospectus.

6.6. By the declaration of intention to acquire Shares (whether by submitting a subscription order or otherwise), each person consents to the processing of his/her data (including personal data) pursuant to the Management Company's principles of processing client data (available at the web page www.avaron.com/documents). The persons authorised by the Management Company to process personal data (authorised processors) and their contact details are also available at Management Company's website. The Management Company has the right to send notices and reports about the Fund at any known postal or e-mail address of the Shareholder.

6.7. In case the subscription and redemption fees or other direct expenses in relation to subscribing and redeeming Shares apply, these shall be paid for by the Shareholder.

7. Net Asset Value of a Fund

7.1. The net asset value of the Fund and of the Share depends on the value of the assets of the Fund. In order to determine the net asset value of the Fund, the value of the assets shall be calculated daily in accordance with the internal rules of the Fund (available on web page www.avaron.com/documents), from which the liabilities of the Fund shall be deducted.

8. General Meeting

8.1. According to Foundation Resolution the founding Shareholder has granted the Supervisory Board the competence of the General Meeting as stipulated in clause 9.2. The General Meeting has the right to amend the Articles of Association and reclaim the competence as regulated by law.

8.2. The Management Board shall call an extraordinary General Meeting if:

8.2.1. the net assets of the Fund are less than the amount permitted by law; or

8.2.2. this is demanded by Shareholders whose Shares represent at least one-tenth of the Share Capital; or

8.2.3. this is demanded by the Supervisory Board, the Management Company, the Depositary or the auditor of the Fund; or the Financial Supervision Authority.

8.3. If the Management Board does not call the extraordinary General Meeting within one (1) month after receipt of a demand from persons listed in clauses 8.2.2-8.2.3, the listed persons shall have the right to call the General Meeting themselves pursuant to the Articles of Association and law.

8.4. The Management Board shall, at least one (1) week prior to the day of the extraordinary General Meeting, publish a notice of the General Meeting in accordance with the requirements as stipulated in the Applicable Law.

8.5. The General Meeting is competent to adopt resolutions if more than 50% of the votes represented by Shares are present excluding deciding on amendment of Articles of Association as specified in clause 8.1, when 90% of the votes represented by Shares should be present. The persons authorised to participate at the General Meeting shall be determined seven calendar days before General Meeting at the end of a Banking Day. The Shareholder may participate in the General Meeting by electronic means according to the Applicable Law.

8.6. A list of Shareholders who participate in the General Meeting, shall set out the names of the Shareholders who participate in the meeting, the number of votes attached to their Shares, form of participation of the meeting and, if a representative of a Shareholder participates, the name of the representatives of the Shareholder. If Shareholder has voted by using electronic means, the list shall also specify the voting date. The chairman and the secretary of the meeting shall sign the list as well as all Shareholders or representatives participating in the meeting.

8.7. A resolution of the General Meeting shall be adopted if more than 50% of the votes represented at the General Meeting are in favour, excluding deciding on amendment of Articles of Association as specified in clause 8.1, when at least 90% of the votes represented at the General Meeting shall be required, and in other cases provided by law. In the election of a person at the General Meeting, the candidate who receives more votes than the others shall be considered elected.

8.8. Shareholders may vote on the draft resolutions prepared in respect to the items on the agenda of a General Meeting by using electronic means prior to the General Meeting or adopt resolutions as prescribed by law without calling a meeting.

9. Supervisory Board

9.1. The Supervisory Board shall have three (3) members who shall perform their duties with due diligence. Members of the Supervisory Board shall be elected for five (5) years. The members of the Supervisory Board shall elect a chairman from among themselves, who shall organise the activities of the Supervisory Board. The functions of the members of the Supervisory Board shall not be remunerated.

9.2. Based on the Foundation Resolution the Supervisory Board has the competence as prescribed by these Articles of Association to:

- 9.2.1. organise the governance of the Fund;
- 9.2.2. amend the Articles of Association;
- 9.2.3. approve amendments to the Management Agreement of the Fund;
- 9.2.4. supervise the activities of the Management Company;
- 9.2.5. elect an auditor;
- 9.2.6. designate a special audit and approve the procedure for payment of remuneration to persons executing special audit;
- 9.2.7. review the annual report and prepare a report concerning it;
- 9.2.8. approve the annual report;
- 9.2.9. supervise the activities of the Management Board
- 9.2.10. review, once every four months, the overview of economic activity and economic situation of the Fund presented by the Management Board
- 9.2.11. elect and recall members of the Management Board;
- 9.2.12. decide on conclusion of a transaction between the Fund and a member of the Management Board, determine the terms and conditions of this transaction and decide on having legal disputes with Management Board members and appoint a representative of the Fund in such transaction or legal dispute;
- 9.2.13. elect and recall members of the Supervisory Board before expiry of his or her term of authority;
- 9.2.14. decide on conclusion of a transaction with the member of the Supervisory Board, determine the terms and conditions of this transaction and decide on having legal disputes with the Supervisory Board members and appoint a representative of the Fund in such transaction or legal dispute;
- 9.2.15. decide on transactions which are beyond the scope of Fund's everyday economic activities;
- 9.2.16. decide on dissolution, merger, division and/or transformation of the Fund;
- 9.2.17. decide on other matters placed in the competence of the Supervisory Board by law.

9.3. Meetings of the Supervisory Board shall be held when necessary but not less frequently than once every three (3) months.

9.4. A meeting of the Supervisory Board shall be called if:

- 9.4.1. this is demanded by a member of the Supervisory Board, the Management Board or an auditor of the Fund; or
- 9.4.2. Shareholders whose Shares represent at least one-tenth of the Share Capital.

9.5. If the meeting is not called within two weeks after the date of receipt of a demand from persons listed on clause 9.4, the listed persons shall have the right to call the meeting themselves.

9.6. A meeting of the Supervisory Board has a quorum if all the members of the Supervisory Board participate. A member of the Supervisory Board shall not be represented by another member of the Supervisory Board or by a third person at a meeting or in the adoption of a resolution. A member of the Supervisory Board may participate in a meeting of the Supervisory Board by electronic means according to the Applicable Law.

9.7. A resolution of the Supervisory Board shall be adopted if all the members of the Supervisory Board vote in favour. Each member of the Supervisory Board shall have one vote. A member of the Supervisory Board does not have the right to abstain from voting or to remain undecided.

9.8. A member of the Supervisory Board shall not participate in voting if:

- 9.8.1. election or recall of the member is being decided; or
- 9.8.2. remuneration of the member is being decided; or
- 9.8.3. approval of the conclusion of a transaction between the member and the Fund is being decided; or

- 9.8.4. approval of the conclusion of a transaction between a third person and the Fund is being decided if the interests of the member of the Supervisory Board arising from such transaction conflict with the interests of the Fund.
- 9.9. The Supervisory Board shall have the right to adopt resolutions as prescribed by law without calling a meeting.

10. The Management Board

- 10.1. The Management Board is a directing and representative body of the Fund, adhering to the lawful orders of the Supervisory Board.
- 10.2. The Management Board shall have two (2) members. The members of the Management Board shall perform his or her duties with due diligence. Each member of the Management Board may represent the Fund in all legal acts. A member of the Management Board shall have the right of delegation of authority. The functions of the members of the Management Board shall not be remunerated.
- 10.3. The members of the Management Board shall be elected by the Supervisory Board for five (5) years. In case of more than two members, the members shall elect a chairman of the Management Board from among themselves. The chairman of the Management Board shall organise work of the Management Board and direct everyday activities of the Fund pursuant to law and according to the requirements of the Articles of Association.
- 10.4. The Management Board shall adopt all resolutions concerning activities of the Fund and shall independently execute all transactions, which are not placed in the competence of the Supervisory Board by these Articles of Association.
- 10.5. The Management Board of the Fund shall:
- 10.5.1. approve amendments to the depositary agreement of the Fund;
 - 10.5.2. supervise the activities of the Depositary;
 - 10.5.3. supervise the activities of other third persons to whom activities related to Fund management have outsourced;
 - 10.5.4. present an overview of the economic activities and economic situation of the Fund to the Supervisory Board at least once every four months;
 - 10.5.5. decide on other matters which are not placed in the competence of the Supervisory Board or which are placed in the competence of the Management Board by law;
- 10.6. The Management Board shall appoint the Depositary for safekeeping of the Fund's assets, and for performance of certain other functions, subject to and in accordance with the Applicable Law. Information about the depositary designated for the Fund, and description of its functions and liability is provided in the Prospectus.
- 10.7. The Management Board, subject to the requirements and restrictions of the Applicable Law, delegate certain functions relating to management of the Fund to third parties. The Management Board shall apply due care in selecting, retaining and monitoring such third party. Delegation of the functions does not relieve the Management Board from its responsibility or liability towards the Shareholders in relation to management of the Fund, unless otherwise provided by the Applicable Law. The information regarding functions delegated to third parties is provided in the Prospectus.
- 10.8. The members of the Management Board shall be jointly liable for any damage caused by failure to fulfil their obligations in accordance with law.

11. The Management Company

- 11.1. The Management Company of the Fund designated by the Management Agreement is **AS Avaron Asset Management**, an Estonian limited liability company registered with the Estonian Commercial Register under the registry code of 11341336, with registered address at Narva Road 7D, 10117 Tallinn, Estonia. The Management Company is authorised and supervised by the Estonian Financial Supervision Authority. The Management Company is authorised to manage investment funds established pursuant to and in accordance with the UCITS Directive, other funds pursuant to and in accordance with the Estonian Investment Funds Act, and to provide portfolio management and investment advisory services.
- 11.2. The Management Company has the power and authority to manage the assets of the Fund at its discretion and in the reasonable opinion it deems necessary, subject to and in accordance with the imperative provisions of Applicable Law, the Prospectus, the Articles of Association and the Management Agreement concluded between the Fund and the Management Company.
- 11.3. The Management Company shall:
- 11.3.1. organise the asset management activities of the Fund;
 - 11.3.2. determine the investment policy of the Fund;
 - 11.3.3. decide on issue and redemption of Shares within limits stipulated in the Articles of Association;
 - 11.3.4. organise the calculation of net asset value of Fund's assets and the Fund;

- 11.3.5. make investment decisions upon investment of the assets of the Fund;
 - 11.3.6. possess, use and dispose of the assets of the Fund;
 - 11.3.7. conduct transactions with the assets of the Fund in the name and for the account of the Fund;
 - 11.3.8. organise the maintaining of the Share Register;
 - 11.3.9. perform regulatory compliance monitoring;
 - 11.3.10. prepare and submit to the Financial Supervision Authority reports on the supervision over the Fund;
 - 11.3.11. distribute the Fund to target investors;
 - 11.3.12. carry out the due diligence of investors;
 - 11.3.13. publish information pursuant to Applicable Law, including maintaining a website, preparing fund documentation;
 - 11.3.14. organise the accounting of the Fund.
- 11.4. The Management Company shall, pursuant to the Applicable Law, act with all due care, skill and diligence in discharging its role as the Management Company of the Fund, considering the best interests of the Fund, and thereby the collective best interests of the Shareholders. The Management Company shall treat the Shareholders of a Fund equally under equal circumstances and share information and documents with them on equal basis.
- 11.5. The Management Company shall be liable for the damage caused to the Fund or the Shareholders by violation of its obligations under Applicable Law, the Management Agreement, Articles of Association and Prospectus of the Fund.

12. Fees and Expenses of the Fund

- 12.1. The Management Company shall be paid a Management Fee on the account of the Fund, on terms and conditions as provided for in the Management Agreement, Articles of Association and the Prospectus.
- 12.2. In addition to the Management Fee, the Management Company is entitled to the Performance Fee if the A-Share outperforms the benchmark index over the performance fee measurement period. Details of the Performance Fee calculation are described in the Prospectus. No Performance Fee shall be calculated and paid for other Share classes.
- 12.3. The Depositary shall be paid a Depositary Fee for its services on the account of the Fund. The rate of the Depositary Fee and payment conditions are provided in the Prospectus.
- 12.4. The Management Fee and Depositary Fee shall be accrued on each day the net asset value of the Fund is calculated and shall be paid out monthly for the previous calendar month. The accrual for the Performance Fee shall be revalued on each day the net asset value of the Fund is calculated. The rules for Performance Fee crystallisation and reset are provided in the Prospectus.
- 12.5. The following costs and expenses shall be paid on the account of the Fund:
- 12.5.1. expenses related to holding the Fund's assets;
 - 12.5.2. making transactions with Fund's assets (transaction fees, brokerage fees, transfer fees, subscription fees, exchange fees, register fees, state fees, etc.), and bank charges for banking services (money transfers, international money transfers, account debiting and crediting, currency conversion etc.);
 - 12.5.3. expenses related to auditing the Fund and its reports;
 - 12.5.4. fund administration fees to the service providers (the service includes keeping the Fund's accounts and calculating net asset value);
 - 12.5.5. expenses related to maintaining the Share Register, based on the price list of the Registrar (including the Registrar's charges related to receiving and processing the subscription and redemption orders);
 - 12.5.6. charges related to registering and distributing the Fund abroad, including costs for using agent services required by law or inevitable in the market, amendments to the Fund's documentation and the expenses related to publishing relevant notices;
 - 12.5.7. expenses related to marketing and distribution of the Fund, including initial set-up, ongoing registration, listing and quotation fees of distribution platforms;
 - 12.5.8. expenses related to preparing, amending, printing, translating and distributing the Articles of Association, Prospectus and other Fund documents;
 - 12.5.9. other fees and costs related to the management of the Fund related to the Fund's investments, liquidation costs, taxes to the Fund's investments, fees and interest costs (including costs related to negative interest on deposits and other fixed-income investments), costs related to the realisation of rights related to the Fund's assets and legal (incl. court costs) expenses incurred by the Fund.
- 12.6. The total fees and expenses (excl. liquidation fees) paid on behalf of the Fund may not exceed 5% of the weighted average net asset value of the Fund's assets per year.

13. Financial Year

- 13.1. The financial year of the Fund shall begin on January 1st of each year and terminates on December 31st of the same year. The consolidated accounts of the Fund shall be expressed in Euros.

14. Amendments

- 14.1. The Articles of Association may be amended with the resolution of the Supervisory Board.
- 14.2. The amendments to the Articles of Association shall be approved by the Estonian Financial Supervision Authority, unless the need to amend the Articles of Association come solely from changes to the Applicable Law or when such amendments do not affect the rights of the Shareholders, or are beneficial to the Shareholders. In such cases the amended Articles of Association shall only be notified to the Financial Supervision Authority without delay.
- 14.3. Following the approval of the amendments by the Estonian Financial Supervision Authority, or notification of the amendments to the Financial Supervision Authority, as relevant, the Fund shall without delay publish a notice regarding such amendments together with the amended Articles of Association on the website www.avaron.com. The amended Articles of Association shall take effect after the amendment of the Articles of Association has been entered in the commercial register, unless the notice prescribes a later date.
- 14.4. In the case of material amendments to the Articles of Association, the Fund shall ensure that the Shareholders are provided with the period of at least one month before such material amendments enter into effect during which the Fund redeems the Shares at the request of the Shareholder without a redemption fee, or ensures an option to exit by sale of the Shares at the price at least equal to the net asset value of the Shares.

15. Liquidation of the Fund

- 15.1. The Fund shall be terminated and liquidated according to the Articles of Association with the resolution of the Supervisory Board, or pursuant to the imperative provisions of the Applicable Law. The approval of the Estonian Financial Supervision Authority is required for the liquidation of the Fund.
- 15.2. Upon receipt of the approval from Financial Supervision Authority, the Fund shall without delay publish a notice regarding the liquidation of the Fund on the website www.avaron.com and in the official publication *Ametlikud Teadaanded*.
- 15.3. Upon publishing the liquidation notices, the issue and redemption of Shares shall be suspended.
- 15.4. The liquidation shall be performed in accordance with the Applicable Law by the Management Board, Depositary or a third-party liquidator appointed by the Estonian Financial Supervision Authority.
- 15.5. The creditors shall notify the liquidators of all their claims against the Fund within four months after publication of the notices as stated above. After satisfaction of the claims of all creditors, the liquidators shall prepare the final balance sheet and distribution plan for the assets remaining upon liquidation. Assets may be distributed within six months after the entry of the dissolution of the Fund in the commercial register and within two months after the date on which the Shareholders were informed that the final balance sheet and asset distribution plan are disclosed for examination.
- 15.6. Liquidators shall submit a petition for deletion of a Fund from the commercial register after the conclusion of the liquidation, however not earlier than six months after the entry of the liquidation of the Fund in the commercial register and publication of the liquidation notices and after three months of the date on which the Shareholders were informed that the final balance sheet and asset distribution plan are disclosed for examination.
- 15.7. The costs and expenses of the liquidation procedure may be covered at the account of the Fund. However, such expenses shall not exceed 2% of the net asset value of the Fund at the date of the resolution to liquidate, unless such additional expenses are identified and justified with the liquidation resolution. If the actual liquidation expenses exceed the limit threshold, the Management Company or the person who was the designated Management Company prior to the liquidation shall be responsible for the expenses exceeding such limit.

APPENDIX 3

ADDITIONAL INFORMATION FOR EU INVESTORS OUTSIDE ESTONIA

This supplement for EU investors outside of Estonia forms part of, and should be read in conjunction with, the prospectus dated 20 October 2025 as may be amended from time to time (hereafter: “**Prospectus**”) in respect of Avaron Emerging Europe Smaller Companies Fund (hereafter: “**Fund**”).

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this country supplement. In the event of any conflict between the Prospectus and this country supplement, this country supplement shall prevail.

In case of any queries related to Fund please contact the Management Company who facilitates the distribution of the Fund.

AS Avaron Asset Management

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Homepage: www.avaron.com

E-mail address: invest@avaron.com

All the Fund related documentation, including the Articles of Association, the Fund’s recent annual or the last semi-annual reports, the Prospectus and the key information documents, to which investors of the Fund are entitled, can be obtained free of charge from the Management Company’s homepage www.avaron.com/documents.

The most recent issue and redemption prices for the Shares will be published daily on www.avaron.com.

In case of additional questions on processing transaction orders, share transactions, transaction related payments, exercising other investor’s rights, please contact the Management Company on contacts provided above.