



Avaron Emerging Europe Fund

ANNUAL REPORT FOR THE FINANCIAL YEAR 2024

Translation from Estonian original

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FUND FACTS

Avaron Emerging Europe Fund is a public common investment fund registered in the Republic of Estonia. The Fund complies with the requirements set out in the Directive 2009/65/EC of the European Parliament and of the Council.

Name of the Fund	Avaron Emerging Europe Fund
Fund Management Company	AS Avaron Asset Management (reg. no. 11341336)
Registered address and contact details of the Fund Management Company	Address: Narva mnt 7d, 10117 Tallinn, Estonia Phone: +372 664 4200 Facsimile: +372 664 4201 E-mail: avaron@avaron.com www.avaron.com
Depository & Custody Bank	Swedbank AS (reg. no. 10060701)
Fund Administration (NAV calculation) & Transfer Agent services	Swedbank AS (reg. no. 10060701)
Auditor	KPMG Baltics OÜ (reg. no. 10096082)
Supervisor	Estonian Financial Supervision Authority
Investment Managers	Valdur Jaht, Peter Priisalm, Rain Leesi
Fund established	3 April 2007
Start of the Fund's activities	23 April 2007
Reporting period	1 January 2024–31 December 2024

INVESTMENT MANAGERS' REPORT

General Information

Avaron Emerging Europe Fund (hereinafter: "the Fund") invests actively in listed equities of Emerging Europe ex-Russia region. The Fund creates alpha to investors through active investment management, stock-picking and responsible investing. The Fund is benchmark agnostic and emphasizes bottom-up, value oriented stock picking with a strong small and mid-cap bias. Thus, the Fund has low overlap to regional indices.

The Fund's investment objective is to maximize upside to internally set target prices, considering in-house built company Quality Score, in-house ESG Score, stock liquidity and FX outlook. By implementing our investment process, we aim to outperform the market with lower volatility. The Fund typically invests in 30-45 regional companies, who generally demonstrate a competitive advantage, have a dynamic management team and strong recurring revenue stream or attractive risk/return features. We only invest in businesses we understand and are able to model ourselves.

The Fund is managed by AS Avaron Asset Management (hereinafter: "Avaron"), an independent investment management boutique established in 2007 and fully owned by its employees. The Fund's fund managers are seasoned investment managers Valdur Jaht and Peter Priisalm, both of whom are Avaron CIOs and founding partners. Valdur and Peter are supported by Avaron research team which consists of Head of Research, 2 Senior Analysts and 3 Analysts. Avaron's core activity involves investing the assets of Avaron investment funds and institutional investor managed accounts into Emerging Europe listed equities.

The Fund is a UCITS-V and SFDR Article 8 fund, registered for public sale in Estonia, France, Germany, Austria, Finland, Sweden, Norway, Latvia and Lithuania. The Fund's fund administration, custody services and transfer agent services are outsourced to Swedbank AS.

Investment Philosophy: Stock-Picking, Active Management and ESG Focus

We rely on stock-picking based on in-house company research. Over time stock prices tend to over or underreact to market news and thus deviate from fundamental value of a company. To take advantage of such occurrences our portfolio construction is fully bottom-up, assessing every investment case on a standalone basis. Our idea generation is proprietary, driven predominantly by upside to internally set fair value targets.

We tend to have long term holding periods, but our upside oriented investment process also allows us to take advantage of short-term market volatility without losing focus of the underlying fundamental value of the company. We search for well managed companies with leading market positions, identifiable competitive advantage(s) and strong recurring revenue based business models that we understand and are able to model ourselves.



Signatory of:



Within our investment process **we put strong emphasis on company quality that is assessed by using an internal Quality Score** focusing on management team and business model quality, and financial strength of the company. Besides conventional financial and non-financial aspects, **we have integrated in-house issuer focused ESG rating into our investment process** leveraging upon our bottom-up regional expertise with an aim to identify material ESG risks and value creation opportunities.

Our investment team has been following vast majority of our current listed equity universe over 18 years, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe **we have taken a strategic decision not to outsource ESG analysis to third party providers** but rather to educate our research team and develop the knowhow in-house.

Responsible investing and ESG processes have been integrated into our investment process since 2011 when Avaron joined the PRI, an international network of financial institutions to promote sustainable investment through the incorporation of environmental, social and corporate governance principles. Over the years we have put a lot of work into developing our ESG research and integration processes to ensure a rigorous framework that adds value in investment and risk management. Today, Avaron Emerging Europe Fund relies upon negative and norms-based screening accompanied by ESG ratings that are established by our own investment team using an internally developed rating system. Furthermore, Avaron ESG ratings are linked to the valuation of issuers ensuring full ESG integration to the investment decision-making process. Our processes are outlined in our [Responsible Investment Policy](#).

In April 2023 Avaron Emerging Europe Fund, being the first Emerging Europe investment fund, was granted LuxFLAG ESG Label. The primary objective of the LuxFLAG ESG Label is to reassure investors that the Fund incorporates ESG (Environmental, Social and Governance) criteria throughout the entire investment process while screening 100% of their invested portfolio according to three of the ESG strategies and standards recognized by LuxFLAG. In spring 2025 Avaron successfully passed LuxFLAG's audit and was granted the label for three years after which a new audit of our responsible investment processes is carried out to confirm the Fund's compliance with the label criteria.



We have categorized Avaron Emerging Europe Fund as an Article 8 product according to the SFDR. This means that the Fund promotes environmental and/or social characteristics, which is achieved using our internal ESG rating system in the investment decision-making process. The Fund considers principle adverse impacts (PAI) of investment decisions on sustainability factors. **The latest PAI statement of the Fund is available [here](#).** For further details on SFDR-related disclosures please refer to this report and appendix 3 in the Fund Prospectus.

In 2023 we established our ambition to move towards net-zero investments in the Fund by 2050. It is an ambitious target, set forth in [Avaron Climate Change Policy Statement](#), especially given that the Fund is geographically and asset class wise significantly constrained, resulting in a narrow investment universe, thus affecting the range of approaches we can implement to deliver on the net-zero commitment. Being bottom-up stock pickers, we rely primarily on the transformation of Emerging Europe issuers towards net-zero and use three company business model centric approaches - exclusion, engagement and integration – to achieve the set targets. In 2023 we launched a themed engagement targeting the Fund portfolio companies with an objective to encourage them to set carbon emissions reduction targets, net-zero by 2050 ambition and improve climate change related reporting. This engagement carried over also to 2024. Building on that effort **we published last year the first [report on the Fund's climate metrics](#) covering the main KPIs in tracking the progress towards the climate-related goals.** We are happy to report that 2024 data show 28% portfolio carbon footprint (Scope 1+2) reduction compared the 2020 baseline. However,

the availability of Scope 3 data remains an issue with only 46% share of investments in the Fund as of end 2024.

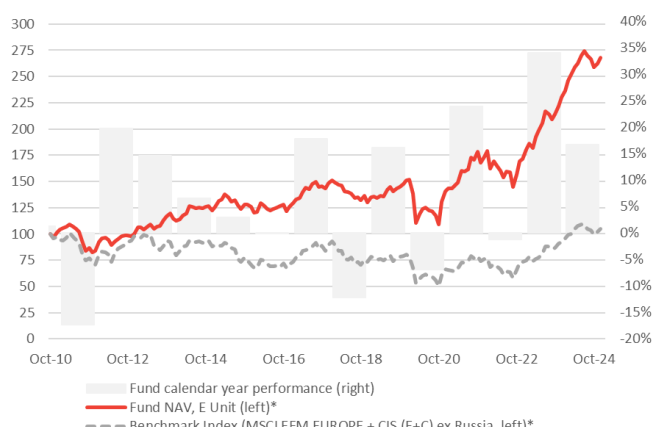
Issuer engagements form an important pillar of being an active responsible owner of listed equities. In 2024 15 separate engagements were launched with Fund portfolio companies, targeting 12 issuers (2023: 28 engagements targeting 23 issuers). 3 engagements were reactive in nature and related to the discovered ESG controversies (2023: 5), while the rest proactive with an aim to influence the companies to improve their disclosure and sustainability practices. For the 7th consecutive year Avaron participated in the [CDP Non-Disclosure Campaign](#) that pushes issuers globally towards improved climate change, water security and deforestation related disclosure. We took a lead investor role in engaging with 3 companies in the Fund portfolio that were in the scope of the 2024 campaign. As a result, Romanian bank BRD-GSG started disclosing climate change information on the CDP platform. A total of 276 institutional investors participated in the campaign and contacted 1,998 companies, 18% of whom in turn started reporting on these issues.

Another key part of being an active responsible owner of listed equities is using voting rights in an informed way at company meetings. Starting from 2018 we have committed to systematically exercising our voting rights on all shareholder meetings. In 2024 we voted in 89% of the shareholders' meetings of the companies we own in the Fund portfolio compared to 98% the year before. Starting from 2019 we are disclosing all our voting details for our publicly sellable funds, including Avaron Emerging Europe Fund, which are available in the [Responsible Investment](#) section on Avaron website.

Main Developments During 2024

In 2024, the Fund unit NAV increased by 16.6% (E-unit) compared to the index's 13.9%. The main contributors to the Fund's performance were companies from Greece, Slovenia, and Romania. By sector, banks made the largest contribution, but the pharmaceutical and materials industries were also significant. In 2024, the performance of Emerging European markets outpaced both European and Emerging Markets overall. The Fund's net asset value grew from €54 million to €59.1 million in 2024.

Graph 1. E unit performance



*Rebased (October 2010 = 100)

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

Table 1. Cumulative rate of net return of Fund's NAV and index, in EUR

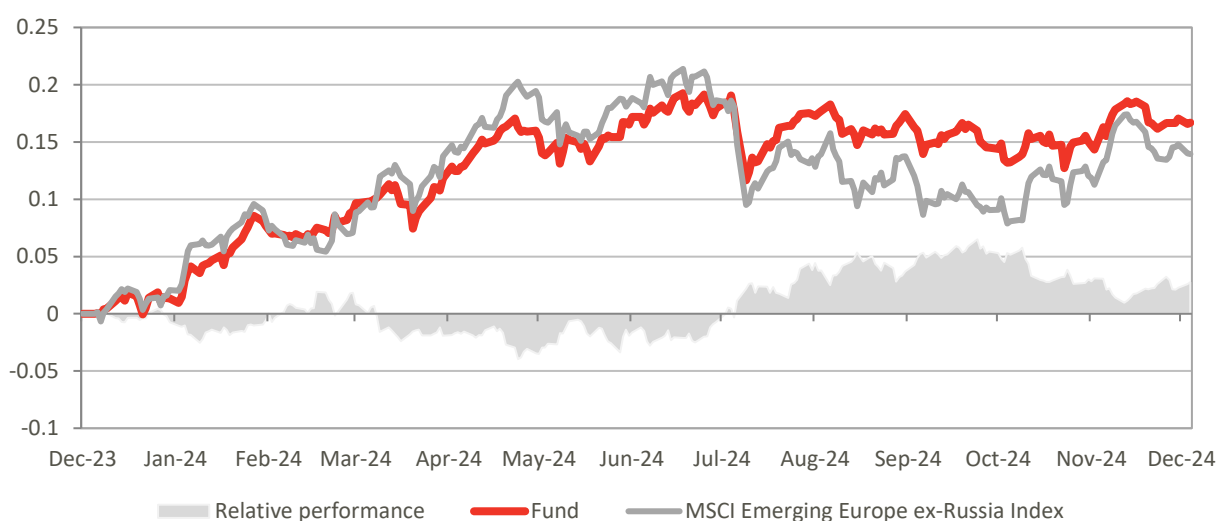
	A unit	B unit	C unit	D unit	E unit	Index*	Excess return (E unit)
2024	16.3%	16.7%	16.7%	15.8%	16.6%	13.9%	2.7%
3 years	53.9%	55.9%	56.2%	52.4%	54.3%	38.2%	16.1%
5 years	80.1%	84.3%	85.0%	77.5%	77.7%	30.2%	47.5%
7 years	81.4%	87.6%	88.3%	77.8%	81.0%	16.9%	64.1%
10 years	121.2%	132.5%	128.6%	115.1%	119.0%	18.6%	100.4%
12 years	175.5%	192.5%	183.1%	166.5%	167.3%	6.9%	160.4%

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

Table 2. Fund's calendar year performance (2020 - 2024)

	C unit	D unit	E unit	Index*	Excess return (E unit)
2024	16.7%	15.8%	16.6%	13.9%	2.7%
2023	35.5%	34.5%	34.0%	25.2%	8.8%
2022	-1.2%	-2.1%	-1.2%	-3.1%	1.9%
2021	25.3%	24.3%	23.8%	14.9%	9.0%
2020	-5.5%	-6.3%	-7.0%	-18.0%	11.0%

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

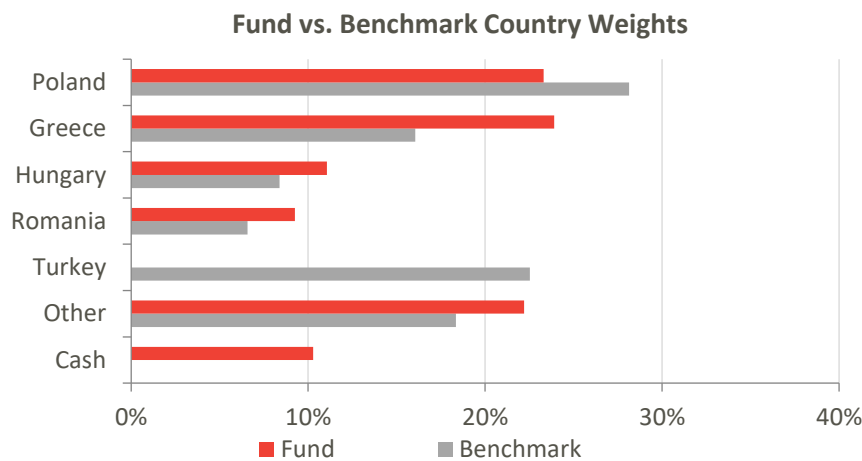
Graph 2. Fund performance and index performance 2024


Fund Positioning

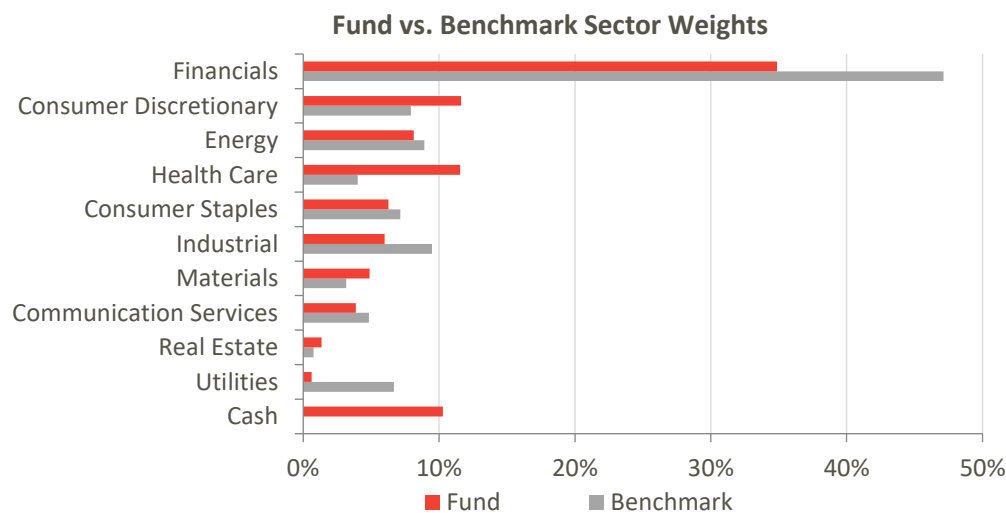
Regionally, the Fund is primarily invested in companies from Greece (24% of the portfolio), Poland (23%), Hungary (11%), Slovenia (11%), and Romania (9%). Poland's economic growth has accelerated, with a 3.4% expansion expected in 2025. Although Greece's economy is set to grow by only 2%, it is the only economy in the emerging European region where the industrial sector is not struggling. In addition to macroeconomic tailwinds, corporate earnings expectations remain strong, and stock market valuations are attractive. Polish and Greek markets could also benefit over the next two years from the potential reclassification of both markets from emerging to developed market status in index terms. If they transition to the developed market asset class, it could trigger a buying spree from index funds. By sector, we focus on banking and healthcare stocks, consumer-related companies, and the energy sector. A total of 69% of the fund's portfolio is allocated to cyclical companies, as the economic outlook and corporate earnings expectations remain strong. The Fund's portfolio companies are trading at 8 times their expected 2025 earnings (P/E), which is 18% below the Fund's historical average valuation.

Table 4. Style Allocation of the Fund

	% of the	P/E adj			EPS adj		EV/EBITDA		Div	P/B
	Fund	12M	2024	2025	2024	2025	2024	2025	yield	12M
Cyclical	67.4%	7.2	7.5	7.5	-10.9%	0.3%	4.7	4.6	6.9%	1.19
Non-cyclical	21.0%	11.4	11.9	10.4	8.6%	14.1%	6.5	5.9	3.8%	1.65
Asset play	1.3%	-	-	-	-	-	-	-	0.0%	0.97
Total equity	89.7%	7.9	8.3	8.0	-8.2%	2.5%	5.3	5.0	6.1%	1.26

Graph 3. Fund vs. Benchmark Country Weights


Note: Other for Avaron includes Slovenia, Czech Republic, Austria, Estonia, Bulgaria, Croatia and Lithuania. All but Austria are under Other for index as well.

Graph 4. Fund vs. Benchmark Sector Weights


Note: Due to the unavailability of MSCI EFM EUROPE + CIS (E+C) ex Russia country and sector weights respective data of MSCI EFM Europe + CIS (E+C) Index is used instead

The economic outlook for the Emerging European region in 2025 is relatively positive, with GDP growth expected at 3%, driven by rising investments, especially in Poland (+9% annually), and retail consumption. We believe that the slowdown in investment activity caused by the transition between EU funding periods occurred in 2024, and going forward, investment growth should accelerate. This acceleration in investment growth is expected to be one of the main drivers of economic expansion in most countries in the region. Private consumption picked up throughout 2024, and we expect this trend to continue. Household purchasing power has recovered, and spending is likely to grow as long as inflation continues to ease. Lower interest rates across the region further support economic activity. Interest rate cuts of up to 150 basis points are expected in Poland, up to 100 in the Czech Republic, up to 75 in Hungary, and up to 50 in Romania. In the eurozone, rate cuts of 100 basis points or more for 2025 are anticipated. If inflation in Turkey falls below 30% by the end of the year, interest rates there could decline to 30%, a 17.5 percentage point drop from the current level. The key risks for the region today include the inauguration of a new U.S. president, economic weakness in Germany, and fiscal austerity measures in regional countries.



28 March 2025

Kristel Kivinurm-Priisalm
Member of the Management Board

CONFIRMATION OF ANNUAL FINANCIAL STATEMENTS OF 2024

The Management Board of the Fund Management Company has prepared the annual Financial Statements of Avaron Emerging Europe Fund on 28 March 2025.

The Financial Statements have been prepared in compliance with the requirements stipulated in the the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Commission, the Investment Funds Act, Minister of Finance Regulation no 8 of 18/01/2017 "Requirements for the reports of investment funds to be published" and no 11 of 31/01/2017 "Procedure for Determination of Net Asset Value of Investment Funds" as established on the basis of the Investment Funds Act.

It gives a true and fair view of the assets, liabilities, net asset value and performance results of Avaron Emerging Europe Fund. The Management Board considers Avaron Emerging Europe Fund to carry its activities as a going concern.

The annual Financial Statements of Avaron Emerging Europe Fund have been approved by the Fund Management Company and the investment managers.

Name	Date	Signature
Kristel Kivinurm-Priisalm Member of the Management Board of the Fund Management Company	28/03/2025	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company / Investment manager	28/03/2025	/Signed digitally/
Peter Priisalm Investment manager	28/03/2025	/Signed digitally/
Rain Leesi Investment manager	28/03/2025	/Signed digitally/

SUSTAINABILITY-RELATED DISCLOSURE

AVARON EMERGING EUROPE FUND (LEI: 5299002W6ED92XBPCX25)

ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Does this financial product have a sustainable investment objective?

☒ Yes

☐ No

☐ It made **sustainable investments with an environmental objective**: ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made sustainable investments with a **social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund has contributed to its environmental and social characteristics through making investments in compliance with Avaron Responsible Investment Policy (RI Policy) and favoring investments into corporates with sound ESG practices. All issuers in the Fund portfolio have undergone ESG analysis and assigned an ESG rating using Avaron's proprietary ESG rating system. Throughout the year all issuers have been subject to controversy monitoring to detect potential ESG-related negligence. All discovered controversies have been acted upon according to engagement principles set in the RI policy. The Fund has followed relevant international sanctions to avoid exposure to controversial jurisdictions, and recommendations to combat money laundering and terrorist financing.

In accordance to the exclusion principles set in the RI Policy the Fund has not made any investments into:

- issuers involved in design, development, production, distribution or overhaul of weapons, weapon systems or components;
- issuers involved in production, publication, printing or distribution of newspapers or magazines or films or videos classified as pornographic;
- issuers involved in production or distribution of tobacco or alternative smoking products (e-cigarettes, next-generation tobacco/nicotine products);

- retailers that generate 5%+ revenues from distribution of adult content;
- retailers that generate 15%+ revenues from distribution of tobacco products;
- issuers that generate 15%+ of revenue from production or distribution of alcoholic drinks;
- issuers that generate 10%+ of revenue from gambling or lottery services;
- issuers that generate 20%+ of revenue from the extraction of any kind of coal including lignite;
- issuers that generate 20%+ of revenue from coal-based energy production unless they have set net-zero ambitions in accordance with Science-Based Targets Initiative (SBTi) Net-Zero Standard;
- issuers that have violated norms set in United Nations Global Compact, Universal Declaration of Human Rights, and ILO's International Labour Standards;
- issuers with Avaron's internal ESG rating below 2.

In 2024 the Fund re-newed the ESG label awarded by LuxFLAG, a Luxembourg-based organization that issues labels for financial products, which is a confirmation that the Fund takes into account ESG aspects in the investment process and that the portfolio meets the requirements established by LuxFLAG regarding ESG. The label is valid for one year.

● **How did the sustainability indicators perform?**

The primary sustainability indicator of the Fund is its proprietary ESG rating. It is calculated as the weighted average of ratings of issuers in the Fund portfolio excluding cash and cash equivalents. The scale of the rating is from 1 to 5. On issuer level the overall rating comprises separate ratings for environmental, social and governance topics with equal weights of 1/3rd, and a controversy adjustments. At the end of 2024 the Fund's overall ESG rating stood at 3.34 (2023: 3.266), the environmental rating at 3.151 (2003: 3.005), social rating at 3.445 (2003: 3.391), governance rating at 3.602 (2003: 3.587) and controversy adjustment at -0.06 (2023: -0.062).

The secondary sustainability indicator is the number of companies restricted as a result of exclusion, which measures the reduction of involvement in controversial activities. In 2023 the ESG blacklist included 32 (2003: 28) companies out of the formal investment universe (defined as companies with market capitalization above €100mil and 6-month average daily turnover above €100,000) of 549 (2003: 393), implying 5.8% reduction.

● **...and compared to previous periods**

In 2024 the Fund's ESG rating rose 2% compared to end-2023. The rating of environmental issues rose 5%, the rating of social aspects 2%, while governance rating stayed almost flat. The improvement was largely driven by the changes in portfolio composition with additional support coming from better ESG performance of existing positions. Controversy adjustment remained largely the same over the past year.

The number of companies excluded from the investment universe due to ESG exclusions increased fell from 7.1% to 5.8% compared to 2023 as a result of almost 40% enlargement of the potential investment universe. The latter was driven by a combination of new IPOs as well as a number of companies seeing increased market capitalization and liquidity.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts (PAI) on sustainability factors as outlined in the Regulation are assessed and monitored as part of the routine ESG analysis process the Fund holdings undergo. The Fund reports on all indicators related to PAI on sustainability factors as set out in Table 1 of Annex I of the Regulatory Technical Standards of the Regulation. Furthermore, at least one additional indicator related to PAI on a climate or other environment related sustainability factor that qualifies as principal as set out in Table 2 of Annex I, as well as at least one additional indicator related to PAI on a social, employee, human rights, anti-corruption or anti-bribery sustainability factor that qualifies as principal as set out in Table 3 of Annex I are included.

PAI statement of the Fund for 2023 is available here https://avaron.com/wp-content/uploads/Avaron_Emerging_Europe_Fund_PAI_0101_3112023.pdf
Respective statement for 2024 shall be published by 30 June 2025.



What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is 31/12/2024

Largest investments	Sector	% Assets	Country
COCA COLA HBC AG	Consumer Staples	6.3%	Greece
KRKA	Health Care	5.8%	Slovenia
RICHTER GEDEON NYRT	Health Care	5.7%	Hungary
KOMERCNI BANKA AS	Financials	5.0%	Czech Rep.
NOVA LJUBLJANSKA BANKA DD	Financials	4.6%	Slovenia
OTP BANK PLC	Financials	4.4%	Hungary
LPP S.A.	Consumer Discretionary	4.2%	Poland
TITAN CEMENT INTERNATIONAL T	Materials	3.7%	Greece
ORLEN SA	Energy	3.4%	Poland
BRD-GROUPE SOCIETE GENERALE	Financials	3.3%	Romania
POWSZECHNY ZAKLAD UBEZPIECZE	Financials	3.2%	Poland
ERSTE GROUP BANK AG	Financials	3.1%	Austria
BANK PEKAO SA	Financials	2.9%	Poland
JUMBO SA	Consumer Discretionary	2.7%	Greece
SPHERA FRANCHISE GROUP SA	Consumer Discretionary	2.5%	Romania

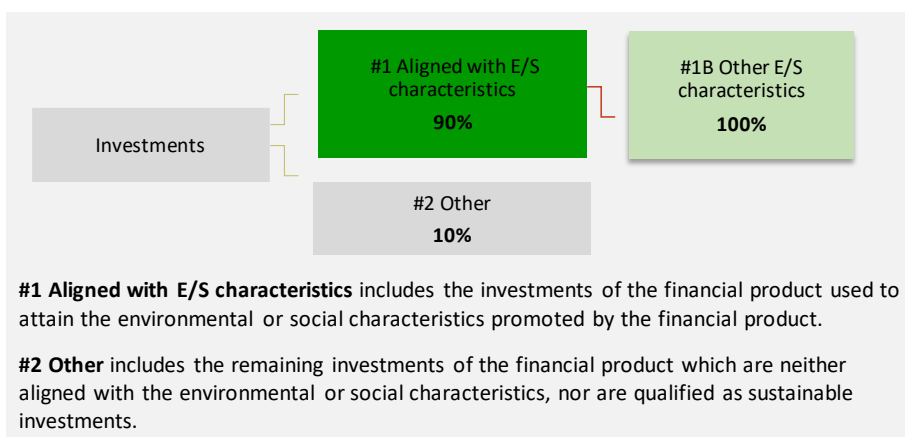


What was the proportion of sustainability-related investments?

The Fund did not hold any sustainable investments but had 90% of the portfolio in investments used to attain the environmental or social characteristics promoted by the Fund. 10% of the Fund assets were held in cash or cash equivalents.

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



● ***In which economic sectors were the investments made?***

Diversified Banks	30.3%
Pharmaceuticals	11.5%
Soft Drinks & Non-alcoholic Beverages	6.3%
Oil & Gas Refining & Marketing	5.4%
Construction Materials	4.9%
Apparel, Accessories & Luxury Goods	4.2%
Multi-line Insurance	3.2%
Integrated Oil & Gas	2.8%
Other Specialty Retail	2.7%
Restaurants	2.5%
Airport Services	2.3%
Industrial Conglomerates	2.3%
Financial Exchanges & Data	1.4%
Diversified REITs	1.3%
Interactive Media & Services	1.3%
Broadline Retail	1.3%
Cable & Satellite	1.3%
Integrated Telecommunication Services	1.2%
Homefurnishing Retail	1.0%
Electric Utilities	0.6%
Marine Transportation	0.6%
Application Software	0.6%
Marine Ports & Services	0.5%
Human Resource & Employment Services	0.2%



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguard?

The Fund held 10% in cash and cash equivalents. The credit institutions where cash is being held or deposited are obliged financial market participants and/or financial advisers under SFDR. They are not subject to the ESG screening and analysis process by Avaron. However, annual sustainability related check is carried out to assess whether and to what degree the credit institutions are following sustainable business practices.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

All issuers in the Fund were screened according to exclusion principles set in Avaron Responsible Investment Policy, underwent ESG analysis and were assigned an ESG rating using Avaron’s proprietary ESG rating system.

In addition, Avaron follows active engagement and ownership practices in managing the Fund. In 2024 15 separate engagements were launched with Fund portfolio companies, targeting 12 issuers (2023: 28 engagements targeting 23 issuers). 3 engagements were reactive in nature and related to the discovered ESG controversies (2023: 5), while the rest proactive with an aim to influence the companies to improve their disclosure and sustainability practices.

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A key part of being an active responsible owner of listed equities is using voting rights in an informed way at the shareholder meetings of issuers. Starting from 2018 Avaron has committed to systematically exercising our voting rights on all shareholder meetings of the Fund. In 2024 we voted in 89% of the shareholders' meetings of the companies we own in the Fund portfolio compared to 98% the year before. Starting from 2019 we are disclosing all our voting details for our publicly sellable funds, including Avaron Emerging Europe Fund, which are available in the Responsible Investment section on Avaron website.

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

ASSETS	Note	31/12/2024	31/12/2023
Cash and cash equivalents	3	6,191,580	3,950,513
Term deposits	3	-	1,507,826
Financial assets at fair value through profit or loss:			
Shares and units	4	53,043,662	49,077,074
Receivables and prepayments	4; 6	90,701	361
TOTAL ASSETS		59,325,943	54,535,775
LIABILITIES			
Other financial liabilities			
Payables to the management company	4	194,555	482,122
Payables to the depository	4	9,353	20,251
Other liabilities	4	-	96,595
TOTAL LIABILITIES		203,908	598,968
NET ASSETS ATTRIBUTABLE TO HOLDERS		59,122,035	53,936,806

STATEMENT OF INCOME AND EXPENSES

In EUR

	Note	01/01/2024- 31/12/2024	01/01/2023- 31/12/2023
INCOME			
Interest income		19,034	65,134
From deposits		19,034	65,134
Dividend income		2,753,218	2,483,195
From shares and units		2,753,218	2,483,195
Net gain/loss from financial assets at fair value through profit or loss		6,225,028	11,411,783
From shares and units	5	6,225,028	11,411,783
Net gain/loss from foreign exchange		-103,911	742,904
TOTAL INCOME		8,893,369	14,703,016
OPERATING EXPENSES			
Management fees	7	622,233	527,963
Performance fees	7	142,131	434,070
Custodian fees		179,796	147,146
Transaction fees		1,959	2,653
Other operating expenses		67,375	22,184
TOTAL OPERATING EXPENSES		1,013,494	1,134,016
NET INCOME		7,879,875	13,569,000

STATEMENT OF CHANGES IN NET ASSETS

In EUR

	01/01/2024- 31/12/2024	01/01/2023- 31/12/2023	01/01/2022- 31/12/2022
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	53,936,806	36,768,331	40,109,416
Cash received for fund units issued	8,469,702	5,877,919	1,951,810
Cash paid for fund units redeemed	-11,164,348	-2,278,446	-4,517,182
Net result of the Fund	7,879,875	13,569,002	-775,713
NET ASSET VALUE AT THE END OF THE PERIOD	59,122,035	53,936,806	36,768,331
NUMBER OF THE UNITS IN CIRCULATION AT THE END OF REPORTING PERIOD			
Number of A units in circulation:	76,695.127	67,681.988	110,874.623
Number of B units in circulation:	580,194.196	317,434.427	376,084.744
Number of C units in circulation:	105,162.129	89,427.954	41,090.944
Number of D units in circulation:	531,747.892	466,641.702	384,346.228
Number of E units in circulation:	1,313,320.905	1,633,678.373	1,540,020.085
NET ASSET VALUE OF AN UNIT AT THE END OF REPORTING PERIOD			
Net asset value of the A unit:	8.9386	7.6829	5.7000
Net asset value of the B unit:	9.7950	8.3935	6.1962
Net asset value of the C unit:	33.2964	28.5272	21.0515
Net asset value of the D unit:	26.4405	22.8334	16.9825
Net asset value of the E unit:	26.7964	22.9827	17.1516
TOTAL NET ASSET VALUE OF THE FUND UNITS			
Total net asset value of the A units:	685,546	519,997	631,988
Total net asset value of the B units:	5,683,001	2,664,391	2,330,302
Total net asset value of the C units:	3,501,524	2,551,132	865,027
Total net asset value of the D units:	14,059,670	10,655,026	6,527,173
Total net asset value of the E units:	35,192,294	37,546,258	26,413,841
TOTAL NET ASSET VALUE	59,122,035	53,936,806	36,768,331

STATEMENT OF CASH FLOWS

In EUR

	01/01/2024- 31/12/2024	01/01/2023- 31/12/2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	26,860	57,308
Dividends received	2,735,539	2,570,719
Net result from foreign exchange	-68,908	17,746
Sale of investments	10,479,053	6,903,128
Purchase of investments	-6,758,156	-13,685,264
Operating expenses paid	-1,408,555	-892,739
	5,005,834	-5,029,103
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	8,348,053	5,877,558
Payments on redemption of units	-11,115,816	-2,278,446
	-2,767,762	3,599,112
TOTAL CASH FLOWS	2,238,072	-1,429,991
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	3,950,513	5,431,569
Effect of exchange rate fluctuations on cash and cash equivalents	2,995	-51,066
Cash and cash equivalents at the end of the period	6,191,580	3,950,513

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The annual financial statements of Avaron Emerging Europe Fund for 2024 have been prepared in compliance with the valid Investment Funds Act as supplemented by the regulations of the Minister of Finance. The financial statements have been prepared, as stipulated in the Minister of Finance Regulation 8 of 18/01/2017 “Requirements for the reports of investment funds to be published” in accordance with the accounting policies and information presentation principles of the International Financial Reporting Standards as approved by the European Commission while taking into account the specifications of the regulation and Rules for Calculating Net Asset Value of Funds.

The financial statements have been prepared in EUR, which is also Fund’s functional and presentation currency.

The main accounting principles used when preparing the financial statements have been set out below.

The following standards and interpretations have been used for the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024).
- Amendments to IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2024).

The adoption of these amendments to the existing standards has not led to any significant changes in the Fund’s accounting policies.

Standards and Interpretations issued by IASB that are adopted by the EU but have not yet been implemented

At present EU has approved the following standards, amendments to the existing standards and interpretations, which were not yet applicable:

- Amendments to IAS 21 “The Effects of Change in Foreign Exchange Rates.” (effective for annual periods beginning on or after 1 January 2025),

The Fund has not applied the new standards or amendments before deadline. The new standards and amendments listed above may have an impact on Fund’s effective accounting principles. The Fund measures the potential impact on its financial reports.

Standards and interpretations issued by IASB but not yet adopted by the EU

At present, the IFRS’ as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at date of publication of the financial statements:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027),

- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027),
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and annual report.

Use of estimates and judgements

The preparation of the financial statements calls for the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements have been used according to the best knowledge based on prior experience and other factors that the management considers reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Financial instruments are recognized in the balance sheet at fair value taking into account the principles stipulated in the Rules for Calculating Net Asset Value of Funds approved by the Management Board. The fair value of financial instruments quoted on actively traded markets is determined by the quoted prices. If the prices in active markets are not available other valuation models are being used according to the Rules for Calculating Net Asset Value of Funds. Main risks involved with the estimates and judgements that may affect the value of the Fund's assets and liabilities are related to measuring the fair value of financial instruments based on valuation models that use unobservable inputs.

Foreign currency transactions

Foreign currency transactions are recorded using the last bid rate established by the depositary for the funds managed by AS Avaron Asset Management on the transaction date (hereinafter referred to as the depositary bid rate). This rate is based on market inputs. The assets and liabilities quoted in foreign currency are translated into EUR based on the depositary bid rate applicable on the reporting date.

Gains and losses from foreign currency transactions are recorded in the statement of income and expenses under "Gain/ (loss) from transactions in foreign currencies" on a net basis.

Financial instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets include cash, contractual right to receive cash or another financial assets (for example receivables) from another entity, equity instruments of another entity and contractual rights to exchange financial assets with another entity under potentially favourable conditions. Financial liabilities include contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets with another entity under potentially unfavourable conditions.

Financial assets and liabilities are initially recorded at cost, which is the fair value of the consideration paid or received to acquire the financial asset or liability. Financial instruments are later divided into three categories in accordance to the principles of IFRS 9 taking into account the measurement:

1. amortised cost (AC);
2. fair value through other comprehensive income (FVOCI);
3. fair value through profit or loss (FVTPL).

The Fund does not hold financial assets measured at fair value through other comprehensive income.

Classification

On initial recognition, the Fund classifies financial instruments at amortised cost or fair value through profit or loss. A financial instrument is measured at amortised cost if it is not designated as at FVTPL, it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). The classification and subsequent measurement depend on the business model for managing the financial assets and the contractual cash flow characteristics. The classification of financial assets is determined at initial recognition. The Fund has determined the following business models for managing financial assets:

- Held-to-collect business model, which includes financial assets that are held to collect contractual cash flows.
- Other business model, where financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent purchases and sales taking place.

Recognition

In the course of normal business activities investments into shares or units of funds, bonds and derivative instruments are recognised using the trade date accounting principles. Trade date is defined as the date when the Fund takes the obligation to buy or sell the financial instrument. Financial assets and liabilities are initially recognised at acquisition cost, which is the fair value of the consideration paid for the financial asset.

After initial recognition the financial assets and liabilities are measured at fair value in the category “At fair value through profit or loss” or at amortised cost. Gains/ (losses) from the revaluation of securities are recorded in the statement of income and expenses under “Net gain/loss from financial assets at fair value through profit or loss”.

Dividend income from the financial assets at fair value through profit or loss are recorded in the statement of income and expenses under “Dividends” at the moment when the Fund’s right to the dividend is fixed.

Fair value of financial instruments

Fair value is the price that would be received upon selling an asset or paid upon transferring a liability in an orderly transaction in the principal market (or the most advantageous market) (i.e. exit price) between market participants at the measurement date, irrespective if the price is easily traceable or shall be determined using other valuation techniques. According to the fair value hierarchy stipulated in IFRS 13 the financial instruments at fair value shall be divided into three levels depending on the rate of observable inputs used:

- level 1 – unadjusted quoted prices in active market for identical assets or liabilities,
- level 2 – inputs other than quoted prices in level 1 that are observable directly or indirectly,
- level 3 – unobservable inputs for an asset or liability.

Observable inputs are inputs that are determined based on the market data (such as publicly available information about actual events or transactions) and that reflect assumptions which market participants would use when pricing an asset or a liability. When a fair value measurement is developed using inputs from multiple levels of the fair value hierarchy, the fair value measurement of that instrument shall fall entirely into the lowest level from which the inputs have been used.

If an instrument is traded on multiple regulated markets, based on professional judgement, the one that is most liquid and most representative is considered as the principal market.

Measuring the fair value of financial instruments is based on the Rules for Calculating Net Asset Value of Funds approved by the Management Board. General principles are the following:

- The market value of shares traded on a regulated market is determined on the basis of the official closing price on the reporting date. If the closing price is unavailable, the official mid price is used. If the mid price is also unavailable, the last official bid price is used.
- The value of a listed debt security shall be determined on the basis of the last known market quote. Avaron will determine which of the following reflects best the last known market quote representing the fair value of a debt security on the valuation date: last traded price on the regulated market or multilateral trading facility; last reported traded price based on the source of the financial data vendor currently used; mid-market price on the regulated market or multilateral trading facility; bid price on the regulated market or multilateral trading facility; mid-market price provided by sources of the financial data vendor currently used; bid price provided by sources of the financial data vendor currently used. Should market quotes for an instrument not be available or in the opinion of Avaron do not represent the actual value of a listed debt security, its value will be determined on the basis of the yield curve method. If yield curve method cannot be used due to the absence of reliable data or its low sample size, the amortized cost method shall be used.
- The value of options not traded on a regulated market is determined based on the Black & Scholes valuation model. The inputs that are necessary for the calculation are determined by the Fund Management Company after consulting with the counterparty of the option.

Derecognition

Securities are removed from the balance sheet when the Fund has lost control over the corresponding financial assets either as a result of selling them or expiry of their term. FIFO method is used in accounting for the realised gains/ (losses) from securities transactions. The line "Sales profit/ (loss)" in the statement of income and expenses indicates the difference between the sales amount of an instrument and the corresponding acquisition cost.

Offsetting

Financial assets and liabilities are offset only when the Fund has a legal right to offset the amounts and it intends to use the right.

Cash and cash equivalents and cash flows

Cash and cash equivalents comprise of the Fund's current accounts and over-night deposits that are subject to an insignificant risk of changes in their fair value.

Cash flows from operating activities are reported using the direct method.

Deposits

Deposits comprise term deposits of credit institutions given that their maturity is less than 12 months. Deposits are initially recognised at acquisition cost and subsequently measured at amortized cost using the effective interest rate method.

Receivables

Receivables include revenues calculated on the accrual basis but not yet collected, including dividend receivables and other accrued income. Miscellaneous receivables include receivables from unsettled sales transactions.

Receivables are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method from which any possible impairment loss has been deducted.

Other financial liabilities

Other financial liabilities include management fee and performance fee payables to the Fund Management Company; depository fee, safekeeping fee and transaction fee payables to the depository. Liabilities also include payables to Fund unit holders for redeemed units. Miscellaneous liabilities include payables for securities purchase transactions.

Other financial liabilities are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method.

Fund units

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

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

Interest and dividend income

Interest income is recognised on accrual basis using the effective interest rate method. It comprises reported interest from cash and cash equivalents, deposits and debt instruments at fair value through profit or loss.

Received dividends are recorded under "Dividends" at the moment when the shareholder's right to the dividend is fixed.

Operating expenses

The operating expenses of the Fund include the management fee and performance fee payable to the management company, the depository fee payable to the Fund's depository, fund administration fees, fees to the registrar of fund units, transaction fees and other operating expenses stated in the Fund rules. Transaction fees related to security purchase and sales transactions are recorded under "Transaction fees" in the statement of income and expenses.

Related parties

Parties that are considered as related parties to the Fund are the Management Company AS Avaron Asset Management, other investment funds managed by the management company, all the group companies, the Management Board of the Fund Management Company and their related parties. According to the Fund rules the Fund pays management fees to the Management Company on a monthly basis.

NOTE 2. RISK MANAGEMENT

Short Overview of the Investment and Risk Management Techniques

Avaron focuses on Emerging Europe listed equity asset class with an objective to deliver positive risk adjusted return to our clients over the market cycle. This is achieved by constructing a portfolio of companies that maximises the aggregate upside to internally set target prices of individual companies in our investment universe taking into account the quality and ESG profile of a company, liquidity of an instrument and where relevant also FX outlook.

Our investment philosophy is based on value investing principles. Over time stock prices tend to over or underreact to market news and thus deviate from fundamental value of a company. In order to take advantage of such occurrences our portfolio construction is fully bottom-up, assessing every investment case on a standalone basis. Our idea generation is proprietary, driven predominantly by upside to internally set fair value targets. We tend to have long term holding periods but our upside oriented investment process also allows us to take advantage of short-term market volatility without losing focus of the underlying fundamental value of the company. We search for well managed companies with leading market positions, identifiable competitive advantage(s) and strong recurring revenue based business models that we understand and are able to model ourselves.

Within our investment process we put strong emphasis on company quality that is assessed by using an internal Quality Score focusing on management team and business model quality, and financial strength of the company. Besides conventional financial and non-financial aspects we have integrated ESG Score into our investment process leveraging upon our bottom-up regional expertise with an aim to identify material ESG risks and value creation opportunities. Our investment team has been following vast majority of our current listed equity universe over a decade, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe we have taken a strategic decision not to outsource ESG analysis to third party providers but rather to educate our research team and add an ESG specific layer within our investment process.

Portfolio liquidity analysis and diversification among sectors, countries, currencies and instruments are the main risk management tools used. In addition, the Fund Management Company may use derivatives to hedge or take directional exposure in currencies. The Fund Management Company actively follows financial results of companies and makes relevant changes in the Fund's portfolio based on the Fund Manager's views of the economy and attractiveness of each financial instrument.

The Fund Management Company has established procedures for internal risk management in order to identify, monitor, measure and hedge the risks associated with the Fund's investments. The Fund Management Company regularly examines that the Fund is in compliance with its investment restrictions.

Credit risk

Credit risk refers to the risk that the issuer of a security where the Fund has invested or the counterparty to a transaction on account of the Fund fails to perform its obligations either fully or partially (e.g. an issuer fails to redeem the issued debt obligations, a counterparty to a trade does not deliver the securities or cash during the settlement, a counterparty defaults on a loan granted by the Fund), causing damage to the Fund.

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

	31/12/2024	% of NAV	31/12/2023	% of NAV
Cash and cash equivalents	6,191,580	10.47%	3,950,513	7.32%
Term deposits	0	0.00%	1,507,826	2.79%
Receivables and prepayments	90,701	0.15%	361	0.00%
TOTAL	6,282,281	10.62%	5,458,700	10.11%

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

The Fund had no investments in bonds as at 31 December 2024 nor 31 December 2023.

The Fund's cash and cash equivalents are held with Fund's depository Swedbank AS, which parent company Swedbank AB is rated A+ as of 20/09/2024 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 28/11/2024 (Standard & Poor's).

Liquidity risk

Liquidity risk refers to the risk that due to low liquidity a financial instrument cannot be sold at the desired time, at the desired price or there is no market (buyer) at all. Liquidity risk is particularly relevant in case of investing into small cap companies and instruments not traded on a regulated securities market.

Liquidity risk is managed through regular liquidity analysis and limitations on estimated exit times from positions and analysis of aggregate ownership in share capital and free float. Regular liquidity stress tests are performed to assess the adequacy of the Fund's liquidity profile.

The Fund maintains a credit line of 3,000,000 EUR that can be accessed to meet short-term liquidity needs. These resources have not been used as of 31/12/2024.

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

	Up to 1 month		Over 1 month	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Payables to the management company	194,555	482,122	-	-
Payables to the depository	9,353	20,251	-	-
Other liabilities	-	-	-	96,595
TOTAL	203,908	502,373	0	96,595

Positions that may take more than 11 business days to liquidate based on the six month average trading volume (30% of trading volume).

Instrument	Country	Sector	% of NAV	
			31/12/2024	31/12/2023
KRKA	Slovenia	Health Care	5.81%	5.04%
NOVA LJUBLJANSKA BANKA DD	Slovenia	Financials	4.56%	3.33%
BRD Gr Societe Generale SA RON	Romania	Financials	3.27%	-
SPHERA FRANCHISE GROUP SA	Romania	Consumer Discretionary	2.46%	1.72%
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	1.34%	0.92%
WIRTUALNA POLSKA HOLDING SA	Poland	Communication Services	1.33%	1.60%
FOURLIS SA	Greece	Consumer Discretionary	0.97%	-
TALLINK GRUPP	Estonia	Industrial	0.63%	-
TALLINNA SADAM AKTSIA	Estonia	Industrial	0.51%	0.60%
FIRST INVESTMENT BANK	Bulgaria	Financials	-	0.83%
ARENA HOSPITALITY GROUP DD	Croatia	Consumer Discretionary	-	0.73%
TOTAL			20.88%	14.78%

Market risk

Market risk refers to the risk of suffering losses due to adverse price movements at a specific securities market or a market for other assets. Adverse price movements may be caused by a country's weak economic indicators, poor financial results of an business sector, volatile securities market, investors' behaviour and psychology and other factors. Diversification among sectors, countries, currencies and instruments are the main risk management tools used by the Fund to address market risk.

Currency risk

The Fund is open to foreign currency risk. Currency breakdown of the Fund's assets in EUR:

	31/12/2024	% of Fund's assets	31/12/2023	% of Fund's assets
EUR	23,405,465	39.45%	18,062,464	33.12%
PLN	14,112,099	23.79%	13,578,448	24.90%
HUF	7,334,973	12.36%	8,460,246	15.51%
RON	7,029,265	11.85%	6,939,915	12.73%
GBP	3,706,837	6.25%	3,755,114	6.89%
CZK	2,943,844	4.96%	2,759,721	5.06%
BGN	793,459	1.34%	979,866	1.80%
TOTAL	59,325,942	100.00%	54,535,774	100.00%

Currency risk sensitivity analysis

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 31 December 2024. The sensitivity analysis assumes the weakening of foreign currency rates 10% against EUR. Below table illustrates the maximum weakening of foreign currency in the magnitude of the change from the higher to lower value since the launch of the fund on April 23, 2007. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2023 has been made using the same assumptions.

Derivatives contracts have been taken into account and net open positions as per foreign currency were used. The impact on net assets attributable to holders and net income:

	31/12/2024			31/12/2023		
	Impact in EUR (-10% weakening)	Maximum annual currency weakening	Currency's % of NAV	Impact in EUR (-10% weakening)	Maximum annual currency weakening	Currency's % of NAV
PLN	-1,411,210	-35%	23.79%	-1,357,845	-35%	24.90%
HUF	-733,497	-28%	12.36%	-846,025	-28%	15.51%
RON	-702,927	-20%	11.85%	-693,992	-20%	12.73%
GBP	-370,684	-25%	6.25%	-375,511	-25%	6.89%
CZK	-294,384	-22%	4.96%	-275,972	-22%	5.06%
BGN	-79,346	0%	1.34%	-97,987	0%	1.80%
TOTAL	-3,592,048		60.55%	-3,647,331		66.89%

Instrument's price risk

Price risk is closely related to market risk but mainly affects a specific security or investment. Price risk is the risk of suffering losses due to adverse price movements of a specific stock or another investment. The price of a specific security is affected by developments in the issuer's financial results, changes in the competitive environment, analyst estimates and commentaries, etc.

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

	31/12/2024	% of NAV	31/12/2023	% of NAV
Financials	20,613,207	34.87%	19,028,313	35.28%
Consumer Discretionary	6,876,037	11.63%	4,668,109	8.65%
Health Care	6,823,281	11.54%	6,390,532	11.85%
Energy	4,806,485	8.13%	7,923,854	14.69%
Consumer Staples	3,706,837	6.27%	3,755,114	6.96%
Industrial	3,541,921	5.99%	1,827,603	3.39%
Materials	2,894,060	4.90%	1,542,006	2.86%
Communication Services	2,282,618	3.86%	2,023,315	3.75%
Real Estate	793,459	1.34%	498,746	0.92%
Utilities	372,020	0.63%	357,960	0.66%
IT	333,737	0.56%	1,061,522	1.97%
TOTAL	53,043,662	89.72%	49,077,074	90.98%

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

	31/12/2024	% of NAV	31/12/2023	% of NAV
Greece	14,669,675	24.81%	13,274,338	24.62%
Poland	12,252,883	20.72%	11,971,364	22.20%
Romania	7,587,019	12.83%	6,704,948	12.43%
Hungary	6,535,133	11.05%	3,472,022	6.42%
Slovenia	3,095,918	5.24%	4,787,535	8.88%
Czech Rep.	2,943,844	4.99%	2,759,721	5.12%
Belgium	2,210,660	3.74%	1,177,356	2.18%
Austria	1,819,630	3.08%	1,524,295	2.83%
Bulgaria	793,459	1.34%	946,622	1.75%
Luxembourg	764,692	1.29%	924,489	1.71%
Estonia	370,749	0.63%	780,342	1.45%
Croatia	0	0.00%	396,082	0.73%
Lithuania	0	0.00%	357,960	0.66%
TOTAL	53,043,662	89.72%	49,077,074	90.98%

Instrument's price risk sensitivity analysis

Sensitivity analysis is based on standard deviation of the Fund since launch, whereas the Fund's risk profile has been calculated based on normal distribution. The analysis assumes that all the other variables remain constant. Analysis as per 31 December 2023 has been made with using the same assumptions.

	probability	+/- possible change of Fund's NAV during year	
		31/12/2024	31/12/2023
σ	68.27%	13.35%	13.75%
2σ	95.45%	26.69%	27.06%
3σ	99.73%	40.04%	40.59%

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents (incl. overnight deposits) by credit institution and currency

		% of NAV, converted into EUR		% of NAV, converted into EUR
	31/12/2024		31/12/2023	
Swedbank AS		10.47%		7.32%
EUR	3,498,335	5.92%	997,619	1.85%
PLN	1,416,804	0.56%	2,972,906	1.27%
HUF	329,262,234	1.35%	507,299,900	2.44%
RON	7,779,435	2.64%	4,583,220	1.71%
BGN	-	-	65,020	0.06%
AS SEB Pank		0.00%		0.00%
EUR	421	0.00%	455	0.00%
TOTAL		10.47%		7.32%

The Fund's cash and cash equivalents are held with Fund's depository Swedbank AS, which parent company Swedbank AB is rated A+ as of 20/09/2024 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 28/11/2024 (Standard & Poor's).

Deposits in EUR

	31/12/2024	% of NAV	31/12/2023	% of NAV
Short term deposits*	0	0.00%	1,507,826	2.80%
TOTAL	0	0.00%	1,507,826	2.80%

*Accrued interest in the amount of 7,826.40 EUR has been added to the value of deposits.

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

In EUR
31/12/2024

	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	6,191,580	-	-	-	-	-
Shares and units	53,043,662	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	17,223	-	-	-	-
Receivables for units subscribed	-	-	-	-	73,478	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	194,555	-
Payables to the depository	-	-	-	-	-	-	-	9,353	-
TOTAL	53,043,662	-	-	6,191,580	90,701	-	-	203,908	-

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost amounts approximate fair value.

There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

In EUR

31/12/2023

	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	3,950,513	-	-	-	-	-
Term deposits	-	-	-	-	1,507,826	-	-	-	-
Shares and units	49,077,074	-	-	-	-	-	-	-	-
Receivables for units subscribed	-	-	-	-	361	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	482,122	-
Payables to the depository	-	-	-	-	-	-	-	20,251	-
Other liabilities*	-	-	-	-	-	-	-	96,595	-
TOTAL	49,077,074	-	-	3,950,513	1,508,187	-	-	598,968	-

* Liabilities are carried in the balance sheet under "Other liabilities"

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost amounts approximate fair value.

There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In EUR

	01/01/2024- 31/12/2024	01/01/2023- 31/12/2023
Net gain/loss from financial assets at fair value through profit or loss		
From shares and units		
Sales profit/(-loss)	2,662,711	3,217,809
Unrealised profit /(-loss)	3,562,317	8,193,974
Total net gain/(-loss)	6,225,028	11,411,783

NOTE 6. RECEIVABLES AND PREPAYMENTS

In EUR

	31/12/2024	31/12/2023
Dividend receivable	17,223	0
Receivables for units subscribed	73,478	361
TOTAL	90,701	361

NOTE 7. TRANSACTIONS WITH RELATED PARTIES

In addition to the Fund Management Company, companies belonging to the same group, other investment funds managed by the Management Company and shareholders of the management company are considered to be related parties to the Fund.

The transactions with related parties were in EUR as follows:

	01/01/2024- 31/12/2024	01/01/2023- 31/12/2023
Fund Management Company		
Paid management and performance fees	764,364	962,033
Other investment funds managed by Fund Management Company		
Sale of securities	0	292,000
TOTAL	764,364	1,254,033

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

	31/12/2024	31/12/2023
Fund Management Company		
Management and performance fee payable	194,555	482,122

The market value of Avaron Emerging Europe Fund units owned by the shareholders of the Fund Management Company amounted to 95,159 EUR as of 31/12/2024 (31/12/2023: 82,401 EUR).

STATEMENT OF INVESTMENTS**In EUR as of 31/12/2024**

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
COCA-COLA HBC AG	CH0198251305	CH	S&P	BBB+	GBP	22.80	2,559,387	33.02	3,706,837	6.27%
KRKA	SI0031102120	SI			EUR	77.96	1,926,437	139.00	3,434,551	5.81%
RICHTER GEDEON NYRT	HU0000123096	HU			HUF	18.62	2,497,807	25.26	3,388,730	5.73%
KOMERCNI BANKA	CZ0008019106	CZ	S&P	A	CZK	29.50	2,581,570	33.64	2,943,844	4.98%
NOVA LJUBLJANSKA BANKA DD	SI0021117344	SI	S&P	BBB	EUR	62.57	1,323,845	127.50	2,697,518	4.56%
OTP BANK SHARE	HU0000061726	HU			HUF	33.59	1,665,962	52.69	2,613,381	4.42%
LPP SA	PLLPP0000011	PL			PLN	3,404.52	2,328,689	3634.28	2,485,849	4.20%
TITAN CEMENT INTERNATIONAL SA	BE0974338700	BE	S&P	BB+	EUR	11.25	623,222	39.90	2,210,660	3.74%
POLSKI KONCERN NAFTORNY ORLEN	PLPKN0000018	PL	Fitch	BBB+	PLN	13.99	2,567,925	11.03	2,024,723	3.42%
BRD Gr Societe Generale SA RON	ROBRDBACNOR2	RO	Fitch	BBB+	RON	2.38	1,227,590	3.74	1,932,929	3.27%
POWSZECHNY ZAKLAD UBEZP SHARE	PLPZU0000011	PL	S&P	A-	PLN	6.01	1,060,317	10.71	1,888,796	3.19%
ERSTE GROUP BANK AG	AT0000652011	AT	S&P	A+	EUR	31.05	946,979	59.66	1,819,630	3.08%
BANK PEKAO SA	PLPEKAO00016	PL	S&P	A-	PLN	14.57	765,544	32.23	1,693,076	2.86%
JUMBO SA	GRS282183003	GR			EUR	14.71	918,039	25.56	1,594,893	2.70%
SPHERA FRANCHISE GROUP SA	ROSGPACNOR4	RO			RON	4.89	880,260	8.09	1,455,554	2.46%
ATHENS INTERNATIONAL AIRPORT	GRS536003007	GR			EUR	8.09	1,392,692	8.00	1,377,808	2.33%
METLEN ENERGY METALS SA	GRS393503008	GR	S&P	BB+	EUR	16.64	678,867	33.52	1,367,616	2.31%
PKO BANK POLSKI	PLPKO0000016	PL			PLN	8.33	759,640	13.97	1,273,414	2.15%
BANK HANDLOWY W WARSZAWIE	PLBH00000012	PL	Fitch	A-	PLN	15.96	895,077	20.73	1,162,406	1.97%
MOTOR OIL (HELLAS) SA	GRS426003000	GR			EUR	14.07	784,460	20.64	1,151,134	1.95%
PIRAEUS FINANCIAL HOLDINGS SA	GRS014003032	GR	S&P	BB-	EUR	3.90	1,143,629	3.85	1,128,050	1.91%
OMV PETROM SA (RON)	ROSNPPACNOR9	RO			RON	0.07	563,860	0.14	1,097,606	1.86%
WARSAW STOCK EXCHANGE	PLGPW0000017	PL			PLN	9.40	808,298	9.45	812,838	1.37%
WIRTUALNA POLSKA HOLDING SA	PLWRTPL00027	PL			PLN	17.83	766,482	18.30	786,825	1.33%
ALLEGRO.EU SA	LU2237380790	LU			PLN	8.21	991,627	6.33	764,692	1.29%
CYFROWY POLSAT SA	PLCFRPT00013	PL	S&P	BB	PLN	3.29	760,776	3.30	763,395	1.29%
DIGI COMMUNICATIONS NV	NL0012294474	NL	S&P	BB-	RON	8.04	458,027	12.85	732,398	1.24%
TITAN CEMENT INTERNATIONAL GRE	BE0974338700	BE	S&P	BB+	EUR	11.69	198,761	40.20	683,400	1.16%
FOURLIS SA	GRS096003009	GR			EUR	3.68	570,442	3.71	575,050	0.97%
MOL HUNGARIAN OIL AND GAS PLC	HU0000153937	HU	S&P	BBB-	HUF	5.65	454,327	6.63	533,022	0.90%
NOVA LJUBLJANSKA BANKA GDR	US66980N2036	SI	S&P	BBB	EUR	12.17	194,678	24.90	398,400	0.67%
IGNITIS GRUPE AB	LT0000115768	LT	S&P	BBB+	EUR	21.07	400,317	19.58	372,020	0.63%
TALLINK GRUPP	EE3100004466	EE			EUR	0.76	483,624	0.58	370,749	0.63%
PROFILE SYSTEMS and SOFTWARE	GRS472003011	GR			EUR	5.35	339,798	5.25	333,737	0.56%
TALLINNA SADAM AKTSIA	EE3100021635	EE			EUR	1.77	503,328	1.06	300,792	0.51%
BANCA TRANSILVANIA SA (RON)	ROTLVAACNOR1	RO	Fitch	BBB-	RON	5.26	241,480	5.42	248,924	0.42%
GRUPA PRACUJ SA	PLGRPRC00015	PL			PLN	11.21	104,752	13.37	124,956	0.21%
SHARES TOTAL							37,368,514		52,250,203	88.38%

Statement of investments as of 31/12/2024 (continued)

Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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FUNDS:**CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:**

BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.93	375,450	1.97	793,459	1.34%
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CLOSED-END FUNDS TOTAL						375,450		793,459	1.34%
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SHARES AND FUNDS TOTAL						37,743,964		53,043,662	89.72%
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Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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CASH

CURRENT ACCOUNT		EE	Swedbank	PLN			331,130		331,130	0.56%
CURRENT ACCOUNT		EE	SEB	EUR			421		421	0.00%
CURRENT ACCOUNT		EE	Swedbank	RON			1,561,853		1,561,853	2.65%
CURRENT ACCOUNT		EE	Swedbank	CZK			-		-	0.00%
CURRENT ACCOUNT		EE	Swedbank	BGN			-		-	0.00%
CURRENT ACCOUNT		EE	Swedbank	HUF			799,841		799,841	1.35%

CURRENT ACCOUNT TOTAL							6,191,581		6,191,580	10.47%
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INVESTMENTS TOTAL							43,935,544		59,235,241	100.19%
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Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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OTHER ASSETS

DIVIDEND RECEIVABLE				EUR					17,223	0.03%
RECEIVABLE FOR SUBSCRIBED SHARES				EUR					73,478	0.12%

OTHER ASSETS TOTAL									90,701	0.15%
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TOTAL ASSETS OF THE FUND									59,325,942	100.34%
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LIABILITIES									-203,908	-0.34%
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NET ASSETS OF THE FUND									59,122,035	100.00%
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In EUR as of 31/12/2023

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
COCA-COLA HBC AG	CH0198251305	GR	S&P	BBB+	GBP	23.04	3,255,126	26.58	3,755,114	6.96%
RICHTER GEDEON NYRT	HU0000123096	HU			HUF	18.09	2,927,344	22.69	3,672,542	6.81%
KOMERCNI BANKA	CZ0008019106	CZ	S&P	A	CZK	30.33	2,857,499	29.30	2,759,721	5.12%
KRKA	SI0031102120	SI			EUR	77.96	1,926,437	110.00	2,717,990	5.04%
OTP BANK SHARE	HU0000061726	HU	S&P	BBB-	HUF	31.51	1,991,239	40.98	2,589,765	4.80%
POLSKI KONCERN NAFTORNY ORLEN	PLPKN0000018	PL			PLN	13.90	2,349,451	15.04	2,541,616	4.71%
BANK PEKAO SA	PLPEKAO00016	PL	S&P	BBB+	PLN	14.36	977,091	34.91	2,375,098	4.40%
POWSZECHNY ZAKLAD UBEZP SHARE	PLPZU0000011	PL	S&P	A-	PLN	6.04	1,226,836	10.85	2,204,334	4.09%
OMV PETROM SA (RON)	ROSNPPACNOR9	RO			RON	0.07	1,250,083	0.12	1,986,757	3.68%
BRD Gr Societe Generale SARON	ROBRDBACNOR2	RO	Fitch	BBB+	RON	2.38	1,227,590	3.60	1,859,798	3.45%
JUMBO SA	GRS282183003	GR			EUR	14.73	1,054,351	25.12	1,798,542	3.33%
NOVA LJUBLJANSKA BANKA DD	SI0021117344	SI	S&P	BBB	EUR	62.57	1,323,845	85.00	1,798,345	3.33%
ERSTE GROUP BANK AG	AT0000652011	AT	S&P	A+	EUR	30.04	1,246,461	36.73	1,524,295	2.83%
MOTOR OIL (HELLAS) SA	GRS426003000	GR			EUR	14.07	849,501	23.76	1,434,439	2.66%
BANK HANDLOWY W WARSZAWIE	PLBH00000012	PL	Fitch	A-	PLN	15.96	895,077	23.28	1,305,467	2.42%
TITAN CEMENT INTERNATIONAL SA	BE0974338700	BE	S&P	BB	EUR	11.25	623,222	21.25	1,177,356	2.18%
PKO BANK POLSKI	PLPKO0000016	PL			PLN	8.33	759,640	11.55	1,053,401	1.95%
MYTILINEOS SA	GRS393503008	GR	S&P	BB+	EUR	5.17	131,334	36.70	932,180	1.73%
SPHERA FRANCHISE GROUP SA	ROSGFPACNOR4	RO			RON	4.89	880,260	5.16	928,997	1.72%
ALLEGRO.EU SA	LU2237380790	LU			PLN	8.21	991,627	7.65	924,489	1.71%
MOL HUNGARIAN OIL AND GAS PLC	HU0000153937	HU	S&P	BBB-	HUF	5.64	678,903	7.33	882,256	1.64%
WIRTUALNA POLSKA HOLDING SA	PLWRTPL00027	PL			PLN	16.27	504,325	27.92	865,408	1.60%
WARSAW STOCK EXCHANGE	PLGPW0000017	PL			PLN	9.40	808,298	9.76	839,012	1.56%
EPSILON NET SA	GRS498003003	GR			EUR	5.65	460,356	9.56	779,551	1.45%
S.P.E.E.H. HIDROELECTRICA S.A.	RO4Q0Z5RO1B6	RO			RON	21.01	604,157	25.72	739,508	1.37%
CYFROWY POLSAT SA	PLCFRPT00013	PL	S&P	BB	PLN	3.29	760,776	2.83	653,969	1.21%
FOURLIS SA	GRS096003009	GR			EUR	3.68	570,442	4.00	620,000	1.15%
DIGI COMMUNICATIONS NV	NL0012294474	NL	S&P	BB-	RON	8.04	458,027	8.84	503,938	0.93%
FIRST INVESTMENT BANK	BG1100106050	BG	Fitch	B	BGN	0.82	244,721	1.49	447,876	0.83%
TALLINK GRUPP	EE3100004466	EE			EUR	0.76	483,624	0.69	441,064	0.82%
ARENA HOSPITALITY GROUP DD	HRARNTRA0004	HR			EUR	57.97	755,350	30.40	396,082	0.73%
TITAN CEMENT INTERNATIONAL GRE	BE0974338700	BE	S&P	BB	EUR	11.69	198,761	21.45	364,650	0.68%
IGNITIS GRUPE AB	LT0000115768	LT	S&P	BBB+	EUR	21.07	400,317	18.84	357,960	0.66%
ENEFIT GREEN AKTSIA	EE3100137985	EE			EUR	2.90	276,689	3.56	339,278	0.63%
TALLINNA SADAM AKTSIA	EE3100021635	EE			EUR	1.77	503,328	1.13	321,301	0.60%
ENTERSOFT SA SOFTWARE DEVELO	GRS503003014	GR			EUR	5.71	253,006	6.36	281,971	0.52%
NOVA LJUBLJANSKA BANKA GDR	US66980N2036	SI	S&P	BBB	EUR	12.17	194,678	16.95	271,200	0.50%
GRUPA PRACUJ SA	PLGRPRC00015	PL			PLN	11.21	104,752	14.24	133,058	0.25%
SHARES TOTAL							37,004,522		48,578,328	90.06%

Statement of investments as of 31/12/2023 (continued)

Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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FUNDS:

CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:

BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.93	375,450	1.24	498,746	0.92%
CLOSED-END FUNDS TOTAL						375,450		498,746	0.92%
SHARES AND FUNDS TOTAL						37,379,972		49,077,074	90.98%

Credit Institution	Deposit type	Credit Institution's country	Rating agency	Rating	FX	Interest rate	Start date	Maturity	Average acquisition cost	Total market value	Share of market value of fund's net assets
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DEPOSITS*

Swedbank AS	Deposit	EE	A+ (Swedbank AS)	EUR	4.0000%	14/11/2023	14/05/2024	0	502,555	0.93%
Swedbank AS	Deposit	EE	A+ (Swedbank AS)	EUR	3.7500%	14/11/2023	14/02/2024	0	502,396	0.93%
Swedbank AS	Deposit	EE	A+ (Swedbank AS)	EUR	4.5000%	14/11/2023	14/11/2024	0	502,875	0.93%
DEPOSITS TOTAL								0	1,507,826	2.79%

*Accrued interest in the amount of 7826.40 EUR has been added to the value of deposits

Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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CASH

CURRENT ACCOUNT		EE	Swedbank	PLN			682,595		682,595	1.27%
CURRENT ACCOUNT		EE	SEB	EUR			455		455	0.00%
CURRENT ACCOUNT		EE	Swedbank	EUR			997,619		997,619	1.85%
CURRENT ACCOUNT		EE	Swedbank	RON			920,917		920,917	1.72%
CURRENT ACCOUNT		EE	Swedbank	BGN			33,244		33,244	0.06%
CURRENT ACCOUNT		EE	Swedbank	HUF			1,315,682		1,315,682	2.44%
CURRENT ACCOUNT TOTAL							3,950,513		3,950,513	7.32%
INVESTMENTS TOTAL							42,838,311		54,535,413	101.09%

Statement of investments as of 31/12/2023 (continued)

Name	ISIN	Credit Institution's country	Credit Institution	FX	Interest rate	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
OTHER ASSETS										
RECEIVABLE FOR SUBSCRIBED SHARES				EUR					361	0.00%
OTHER ASSETS TOTAL									361	0.00%
TOTAL ASSETS OF THE FUND									54,535,774	101.09%
LIABILITIES									-598,968	-1.09%
NET ASSETS OF THE FUND									53,936,806	100.00%

STATEMENT OF COMMISSIONS

In EUR

01/01/2024-31/12/2024

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Santander Biuro Maklerskie	8	3,423,630	2,033	0.06%
Eurobank Equities Investment Firm S.A	14	3,241,778	3,024	0.09%
Interkapital vrijednosni papiri d.o.o.	7	2,533,036	3,012	12.00%
Patria Finance A.S.	6	1,712,855	901	0.05%
Wood and Company Financial Services a.s.	17	1,411,939	2,608	0.18%
Raiffeisen Bank International AG	2	853,276	599	0.07%
Euroxx Securities SA	1	547,534	834	0.15%
Erste Group Bank AG	2	436,346	306	0.07%
LHV Pank AS	2	183,036	0	0.00%
Swedbank AS	1	83,916	0	0.00%
OTC trades				
Corporate actions	2	1,332,841	979	0.07%
TOTAL	62	15,760,187	14,296	0.09%

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

In EUR

01/01/2023-31/12/2023

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Patria Finance A.S.	16	4,715,330	2,201	0.05%
Santander Biuro Maklerskie	16	3,616,216	1,717	0.05%
Wood and Company Financial Services a.s.	12	2,612,770	1,693	0.06%
Interkapital vrijednosni papiri d.o.o.	16	2,603,148	3,762	0.14%
Eurobank Equities Investment Firm S.A	19	1,482,755	1,333	0.09%
Erste Group Bank AG	4	1,470,130	1,378	0.09%
Swiss Capital S.A.	1	190,802	382	0.20%
SEB Pank AS	1	68,397	103	0.15%
Third country securities market transactions				
Shares				
OYAK Yatirim Menkul Degerler A.S.	3	1,748,834	872	0.05%
OTC trades				
Bonds				
Avaron Flexible Strategies Fund	1	157,000	0	0.00%
LHV PANK AS	1	157,000	0	0.00%
Avaron Bond Fund	1	135,000	0	0.00%
Inbank AS	1	135,000	0	0.00%
TOTAL	92	19,092,382	13,441	0.07%

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

REPORT ON REMUNERATION OF THE FUND MANAGEMENT COMPANY

The remuneration principles of all Avaron employees including investment managers and risk-takers are set in the Company's Remuneration Policy. The remuneration of Avaron employees consists of fixed and variable remuneration. The total remuneration is based on local labour market conditions, and is designed so as to achieve a reasonable balance between the fixed and variable components of the salary.

Avaron employees receive a fixed salary, which reflects relevant professional experience and organisational responsibility as set out in the employee's job description. Variable remuneration depends on the performance of the employee, the business unit concerned and Avaron's overall results. The assessment of the performance is set in a three-year framework, to ensure, that the assessment process is based on longer-term performance taking into account the business cycle of the Company and its business risks. After awarding a bonus to the employees the Company has a three-year period during which it has the right to reduce the bonus, stop the payments of the announced bonus or even require partial or full repayment. The full Remuneration Policy of AS Avaron Asset Management can be downloaded here www.avaron.com/documents.

The Fund Management Company employed 15 specialists as at the end of 2024 (end-2023: 15 specialists). Total remuneration amounted to:

In EUR

	2024	2023
Wages and salaries	266,310	435,116
Social tax and unemployment insurance contributions	161,588	161,811
Total	427,898	596,927
incl. bonus program cost with applicable taxes	93,587	76,353

The Members of the Management Board did not receive extra remuneration for participating in the work of the managing bodies. Independent member of the Supervisory Board did not receive any payments with applicable social tax in the financial year 2024.

No remuneration has been paid by the Fund.

INDEPENDENT CERTIFIED AUDITOR'S REPORT

Independent auditor's report is available in Estonian at Avaron's website:

<https://avaron.ee/dokumendid/>