



Avaron Emerging Europe Fund

ANNUAL REPORT FOR THE FINANCIAL YEAR 2025

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
Fund established	3 April 2007
Start of the Fund's activities	23 April 2007
Reporting period	1 January 2025 - 31 December 2025

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 5 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, Denmark, 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.

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 followed the vast majority of our listed equity universe for nearly two decades – a depth of knowledge that is difficult to replicate – forming a genuine competitive advantage in evaluating the long-term potential of companies we invest in. Central to this approach is our **strategic decision to keep ESG analysis in-house** rather than delegating it to third-party providers. This ensures that sustainability considerations are fully embedded in our research culture rather than treated as a compliance overlay.

Avaron has been a signatory of the Principles for Responsible Investment since 2011 – a commitment that predates many industry peers and reflects the genuine role ESG has played in shaping our investment culture from an early stage. In November 2025, PRI published our annual Transparency Report, available on our website alongside our Responsible Investment Policy, Voting Policy and Voting Records. This year we elected to follow the streamlined reporting option, covering only the Senior Leadership Statement and Other RI Reporting Obligations modules. As a result, no PRI Assessment Report was produced for this reporting cycle. We remain committed to the PRI framework as a signatory and will continue to report on our responsible investment activities in future cycles.

Avaron Emerging Europe Fund's sustainability framework is built around **a proprietary ESG rating system** – researched, developed and maintained by our own investment team – that goes beyond conventional negative and norms-based screening to embed ESG considerations directly into how we evaluate and price every investment. Crucially, these ratings feed directly into our company valuations, ensuring that ESG is not a parallel process but an integral part of every investment decision. Our approach is set out in detail in our [Responsible Investment Policy](#).

The Fund is categorised as an Article 8 product under SFDR, meaning it promotes environmental and social characteristics through our investment process.

The Fund considers principal adverse impacts (PAI) of investment decisions on sustainability factors. The latest PAI statement is available [here](#). Further details on SFDR-related disclosures can be found in the appendix to this report and in the Fund Prospectus.

Signatory of: _____



In spring 2025, following LuxFLAG's annual review process, **Avaron Emerging Europe Fund was awarded the LuxFLAG ESG Label for the 3rd consecutive time** (first label was received in 2023). On this occasion the label was granted for a three-year period, valid from 1 April 2025 through 31 March 2028, and subject to annual review. As the first Emerging Europe-focused fund to have received this designation, we view its continued renewal as meaningful third-party validation of the rigour and consistency of our ESG integration.



Our [commitment](#) to pursuing net-zero investments in the Fund by 2050 remains in place. We continue to rely primarily on the transformation of Emerging Europe issuers themselves, using exclusion, engagement and ESG integration as our three principal levers. Climate-focused engagements initiated in 2023 with Bank Pekao, Grupa Pracuj and Jumbo continued through 2025, with both Bank Pekao and Grupa Pracuj indicating they intend to formalise climate transition plans within the next two years. New individual engagements were initiated with Metlen Energy & Metals

on SBTi target commitments following a corporate restructuring, with Jumbo on climate scenario analysis, and with Profile Systems & Software on Scope 3 emissions reporting. **The Fund's [annual climate metrics report](#), published on our website, tracks progress against these objectives in detail.** 2024 data show continued improvement – the portfolio carbon footprint declined 33% against the 2020 baseline, Scope 3 emissions data coverage reached 94.7%, and the share of the portfolio invested in companies with SBTi commitments rose to 25.6%.

Issuer engagements form an important pillar of being an active responsible owner of listed equities. In 2025, 9 engagements were launched with 8 portfolio companies (2024: 15 engagements with 12 issuers). Two were reactive, prompted by ESG controversies identified during the year, while nine were proactive. Throughout the year, nine ESG-related incidents were identified across eight portfolio companies. Five were recorded in the controversy adjustment of the relevant companies' ESG ratings – including regulatory fines imposed on OTP Bank, Coca-Cola Icecek, Astor Transformator and Bank Pekao. The remaining four incidents were assessed as low materiality and did not result in rating adjustments.

For the 8th consecutive year, Avaron participated in the [CDP Non-Disclosure Campaign](#), this time taking the lead investor role with six companies on climate change and water security disclosure, four of which were held in the Fund portfolio. While none of the targeted companies submitted to the CDP platform as a result of this year's campaign, we regard persistent engagement on disclosure as a long-term undertaking and will continue these efforts.

Voting at shareholder meetings remains a cornerstone of our active ownership approach. In 2025 we voted at 85% of shareholder meetings held by Fund portfolio companies – 67 out of 79 meetings (2024: 89%). Cases of non-participation were attributable to insufficient advance disclosure of candidate or agenda information, or to technical restrictions. Full voting records of the Fund are published in the [Responsible Investment](#) section on Avaron website.

Strong performance from 2025

In 2025, the Fund unit NAV increased by 35.5% (E-unit), compared to the index's 34.6%. The main contributors to the Fund's performance were companies from Poland, Greece, Slovenia and Hungary. By sector, financials made the largest contribution. In 2025, the performance of Emerging European markets outpaced all other major regional benchmarks. The Fund's net asset value grew from €59 million to €114 million in 2025.

Graph 1. E unit performance

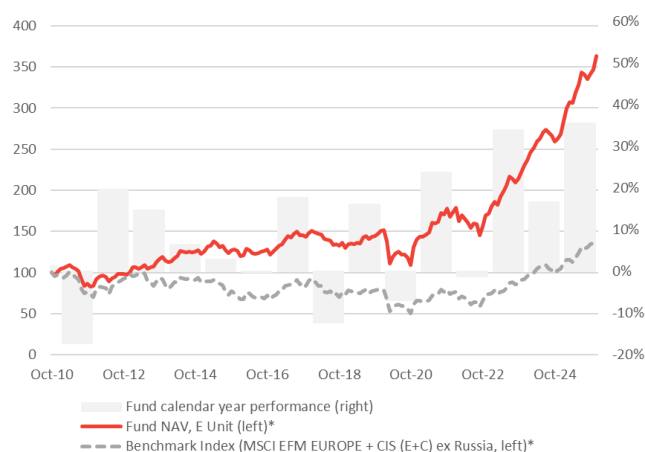


Table 1. Cumulative rate of net return of Fund's NAV and index, in EUR

	A unit	B unit	C unit	D unit	E unit	Index*	Excess return (E unit)
2025	35.8%	35.7%	35.5%	34.6%	35.5%	34.6%	0.9%
3 years	113.0%	114.5%	114.3%	109.5%	111.7%	92.1%	19.7%
5 years	160.4%	164.9%	165.2%	154.9%	158.9%	113.7%	45.3%
7 years	182.4%	190.2%	191.1%	175.1%	179.5%	93.3%	86.2%
10 years	187.4%	200.3%	197.3%	177.7%	188.4%	99.6%	88.8%
12 years	222.1%	240.0%	231.3%	209.6%	216.1%	67.2%	148.8%

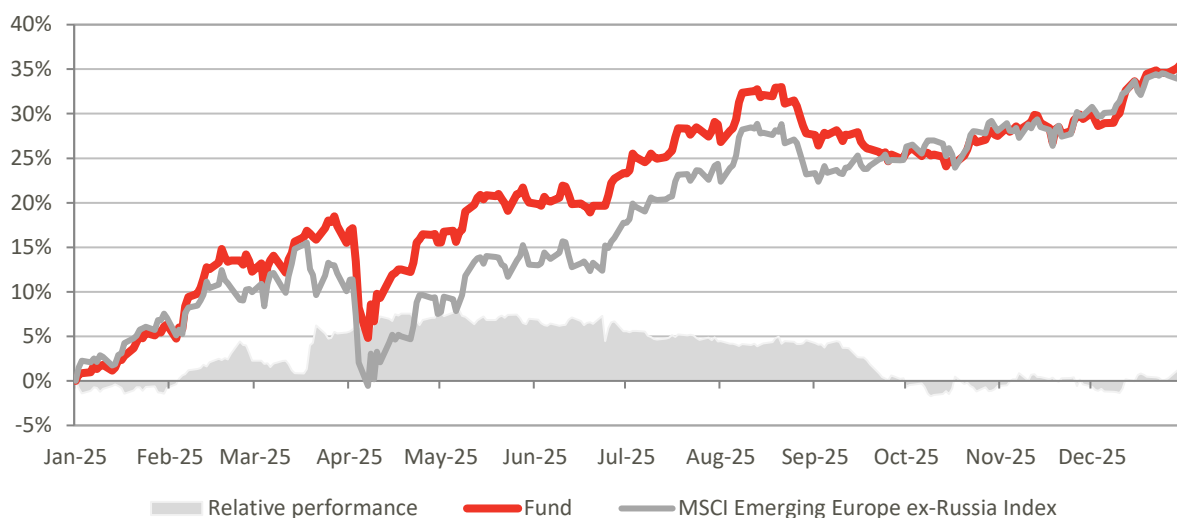
* MSCI EFM EUROPE + CIS (E+C) ex Russia index

Table 2. Fund’s calendar year performance (2021 - 2025)

	C unit	D unit	E unit	Index*	Excess return (E unit)
2025	35.5%	34.6%	35.5%	34.6%	0.9%
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%

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

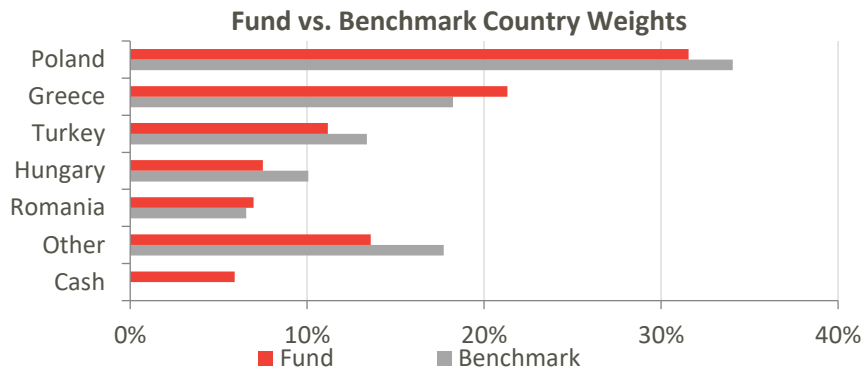
Graph 2. Fund performance and index performance 2025



Regionally, the Fund remains primarily invested in companies from Poland (32% of the portfolio) and Greece (21%), followed by Turkey (11%), Hungary (8%), Romania (7%), and Slovenia (5%). Poland’s economic growth accelerated in 2025 and is expected to remain around 3.5% in 2026, supported by rising investment activity, easing inflation, and resilient household consumption. Greece’s economy continues to expand at a solid pace above 2%, driven by EU-funded investments and strength in services sectors such as tourism and IT. In addition to the favourable macro backdrop, corporate earnings outlook and valuations remain attractive in both markets.

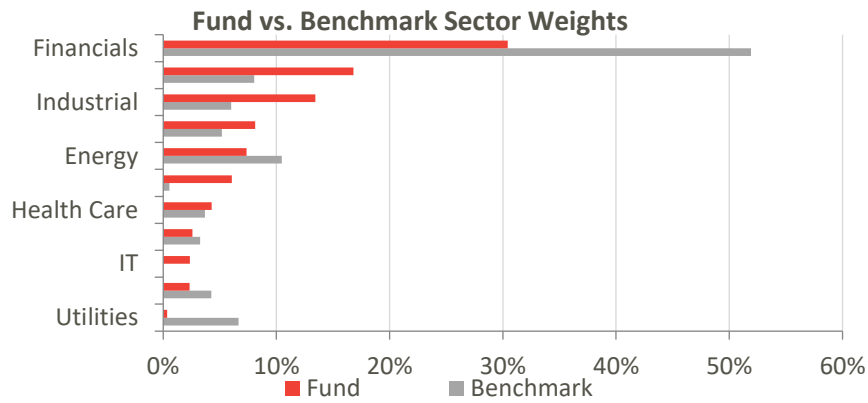
By sector, the strongest contribution came from financials, particularly banks, which benefited from resilient profitability and improving operating conditions. Financials were the largest contributor to annual returns, with several banking positions among the Fund’s top individual performers. Consumer-related and industrial companies also made meaningful contributions. The portfolio remains tilted toward cyclical companies, reflecting the improving regional macro-outlook and strong earnings expectations.

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



27 March 2025

Kristel Kivinurm-Priisalm
Member of the Management Board

CONFIRMATION OF ANNUAL FINANCIAL STATEMENTS OF 2025

The Management Board of the Fund Management Company has prepared the annual Financial Statements of Avaron Emerging Europe Fund on 27 March 2026.

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”.

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	27/03/2026	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company / Investment manager	27/03/2026	/Signed digitally/
Peter Priisalm Investment manager	27/03/2026	/Signed digitally/

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

ASSETS	Note	31/12/2025	31/12/2024
Cash and cash equivalents	3	6,698,866	6,191,580
Financial assets at fair value through profit or loss:			
Shares and units	4	107,577,168	53,043,662
Receivables and prepayments	4; 6	217,305	90,701
TOTAL ASSETS		114,493,340	59,325,943
LIABILITIES			
Other financial liabilities			
Payables to the management company	4	152,082	194,555
Payables to the depository	4	11,362	9,353
Other liabilities	4	2,578	0
TOTAL LIABILITIES		166,022	203,908
NET ASSETS ATTRIBUTABLE TO HOLDERS		114,327,318	59,122,035

STATEMENT OF INCOME AND EXPENSES

In EUR

INCOME	Note	01/01/2025- 31/12/2025	01/01/2024- 31/12/2024
Interest income		14,512	19,034
From deposits		14,512	19,034
Dividend income		3,134,211	2,753,218
From shares and units		3,134,211	2,753,218
Net gain/loss from financial assets at fair value through profit or loss		21,666,962	6,225,028
From shares and units	5	21,666,962	6,225,028
Net gain/loss from foreign exchange		-730,713	-103,911
TOTAL INCOME		24,084,972	8,893,369
OPERATING EXPENSES			
Management fees	7	845,610	622,233
Performance fees	7	88,836	142,131
Custodian fees		232,871	179,796
Transaction fees		6,250	1,959
Other operating expenses		65,447	67,375
TOTAL OPERATING EXPENSES		1,239,014	1,013,494
NET INCOME		22,845,958	7,879,875

STATEMENT OF CHANGES IN NET ASSETS

In EUR

	01/01/2025- 31/12/2025	01/01/2024- 31/12/2024	01/01/2023- 31/12/2023
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	59,122,035	53,936,806	36,768,331
Cash received for fund units issued	51,969,987	8,469,702	5,877,919
Cash paid for fund units redeemed	-19,610,661	-11,164,348	-2,278,446
Net result of the Fund	22,845,958	7,879,875	13,569,002
NET ASSET VALUE AT THE END OF THE PERIOD	114,327,318	59,122,035	53,936,806
NUMBER OF THE UNITS IN CIRCULATION AT THE END OF REPORTING PERIOD			
Number of A units in circulation:	263,778.805	76,695.127	67,681.988
Number of B units in circulation:	1,299,584.344	580,194.196	317,434.427
Number of C units in circulation:	674,051.214	105,162.129	89,427.954
Number of D units in circulation:	614,613.683	531,747.892	466,641.702
Number of E units in circulation:	1,145,061.062	1,313,320.905	1,633,678.373
NET ASSET VALUE OF AN UNIT AT THE END OF REPORTING PERIOD			
Net asset value of the A unit:	12.1390	8.9386	7.6829
Net asset value of the B unit:	13.2890	9.7950	8.3935
Net asset value of the C unit:	45.1050	33.2964	28.5272
Net asset value of the D unit:	35.5840	26.4405	22.8334
Net asset value of the E unit:	36.3139	26.7964	22.9827
TOTAL NET ASSET VALUE OF THE FUND UNITS			
Total net asset value of the A units:	3,202,021	685,546	519,997
Total net asset value of the B units:	17,270,120	5,683,001	2,664,391
Total net asset value of the C units:	30,403,051	3,501,524	2,551,132
Total net asset value of the D units:	21,870,443	14,059,670	10,655,026
Total net asset value of the E units:	41,581,684	35,192,294	37,546,258
TOTAL NET ASSET VALUE	114,327,319	59,122,035	53,936,806

STATEMENT OF CASH FLOWS

In EUR

	01/01/2025- 31/12/2025	01/01/2024- 31/12/2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	12,763	26,860
Dividends received	3,040,481	2,735,539
Net result from foreign exchange	-58,382	-68,908
Sale of investments	24,263,262	10,479,053
Purchase of investments	-57,849,566	-6,758,156
Operating expenses paid	-1,260,986	-1,408,555
	-31,852,428	5,005,834
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	50,870,037	8,348,053
Payments on redemption of units	-18,539,398	-11,115,816
	32,330,639	-2,767,762
TOTAL CASH FLOWS	478,211	2,238,072
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	6,191,580	3,950,513
Effect of exchange rate fluctuations on cash and cash equivalents	29,075	2,995
Cash and cash equivalents at the end of the period	6,698,866	6,191,580

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The annual financial statements of Avaron Emerging Europe Fund for 2025 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 fund as established in the regulation issued pursuant to § 54(11) of the Investment Funds Act, as well as other specific provisions set out in the aforementioned Regulation 8.

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

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

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),
- Amendments to IAS 21 “The Effects of Change in Foreign Exchange Rates.” (effective for annual periods beginning on or after 1 January 2027).

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.
- Debt securities for which there is no active market or for which price information is not regularly available, such as certain unlisted debt instruments, are valued on an individual basis. As a general rule, such instruments are measured at nominal value plus accrued interest. An exception applies in cases where there are objective indications that the issuer may not be able to service the bonds in accordance with the agreed terms, as a result of which investors should expect, or consider highly probable, a change in the instrument's discounted cash flows. If, in the opinion of the Management Company, it is unlikely that the debt security can be sold (in the absence of an active market) prior to its call or maturity, the bond is not valued above its call or redemption price. The Management Company assesses such instruments at least on a quarterly basis, or more frequently if circumstances arise that would result in changes to the instruments' discounted cash flows. In determining fair value, the Management Company uses various valuation techniques, including, inter alia, off-market transactions between third parties, discounted cash flow analysis, and indirect valuation based on comparable instruments.
- Currency forwards and swaps shall be valued by using valuation date spot rate and forward points, interpolated to maturity.

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.

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):

	31/12/2025	% of NAV	31/12/2024	% of NAV
Cash and cash equivalents	6,698,866	5.86%	6,191,580	10.47%
Receivables and prepayments	217,305	0.19%	90,701	0.15%
TOTAL	6,916,171	6.05%	6,282,281	10.62%

The Fund's assets can be invested in bonds that are liquid and transferable. When investing in debt securities the issuer's credit risk is thoroughly analyzed, using, among other things, the company's financial data and the bond's prospectus.

The Fund had no investments in bonds as at 31 December 2025 nor 31 December 2024.

The Fund's cash and cash equivalents are held with Fund's depository Swedbank AS, which parent company Swedbank AB is rated AA- as of 23/09/2025 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 20/11/2025 (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 31/12/2025.

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

	Up to 3 days		Up to 1 month		Over 1 month	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Payables to the management company	-	-	152,082	194,555	-	-
Payables to the depository	-	-	11,362	9,353	-	-
Payables for redeemed units	695	-	-	-	-	-
Other liabilities	-	-	-	-	1,883	-
TOTAL	695	-	163,444	203,908	1,883	-

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	
			31/12/2025	31/12/2024
NOVA LJUBLJANSKA BANKA DD	Slovenia	Financials	3.38%	4.56%
ONE UNITED PROPERTIES SA	Romania	Real Estate	1.93%	-
LHV GROUP SHARE	Estonia	Financials	1.73%	-
SPAN DD	Croatia	IT	1.30%	-
FOURLIS SA	Greece	Consumer Discretionary	1.28%	0.97%
SPHERA FRANCHISE GROUP SA	Romania	Consumer Discretionary	1.17%	2.46%
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	0.49%	1.34%
ATLANTIC GRUPA	Croatia	Consumer Staples	0.82%	-
TALLINK GRUPP AS	Estonia	Industrial	0.33%	0.63%
TALLINNA SADAM AS	Estonia	Industrial	0.32%	0.51%
KRKA	Slovenia	Health Care	-	5.81%
BRD Gr Societe Generale SA	Romania	Financials	-	3.27%
WIRTUALNA POLSKA HOLDING SA	Poland	Communication Services	-	1.33%
TOTAL			12.75%	20.88%

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 a 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 risk arises from adverse movements in foreign exchange rates relative to the fund's base currency, the euro, resulting in a decrease in the value of assets denominated in foreign currencies. Currency breakdown of the Fund's assets in EUR:

	31/12/2025	% of Fund's assets	31/12/2024	% of Fund's assets
EUR	42,921,231	37.48%	18,062,464	33.12%
PLN	34,516,060	30.15%	13,578,448	24.90%
TRY	14,076,701	12.29%	0	0.00%
HUF	8,580,096	7.49%	8,460,246	15.51%
RON	7,980,137	6.97%	6,939,915	12.73%
GBP	3,578,463	3.13%	3,755,114	6.89%
CZK	2,285,115	2.00%	2,759,721	5.06%
BGN	555,537	0.49%	979,866	1.80%
TOTAL	114,493,340	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 2025. 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 2024 has been made using the same assumptions.

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

	31/12/2025			31/12/2024		
	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	-3,451,606	-35%	30.15%	-1,411,210	-35%	23.79%
TRY	-1,407,670	-55%	12.29%	0	0%	0.00%
HUF	-858,010	-28%	7.49%	-733,497	-28%	12.36%
RON	-798,014	-20%	6.97%	-702,927	-20%	11.85%
GBP	-357,846	-25%	3.13%	-370,684	-25%	6.25%
CZK	-228,512	-22%	2.00%	-294,384	-22%	4.96%
BGN	-55,554	0%	0.49%	-79,346	0%	1.34%
TOTAL	-7,157,211		62.51%	-3,592,048		60.55%

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:

	31/12/2025	% of NAV	31/12/2024	% of NAV
Financials	34,787,391	30.43%	20,613,207	34.87%
Consumer Discretionary	19,210,193	16.80%	6,876,037	11.63%
Industrial	15,359,239	13.43%	3,541,921	5.99%
Consumer Staples	9,289,610	8.13%	3,706,837	6.27%
Energy	8,397,405	7.35%	4,806,485	8.13%
Real Estate	6,922,885	6.06%	793,459	1.34%
Health Care	4,891,185	4.28%	6,823,281	11.54%
Materials	2,964,344	2.59%	2,894,060	4.90%
IT	2,699,975	2.36%	333,737	0.56%
Communication Services	2,652,141	2.32%	2,282,618	3.86%
Utilities	402,800	0.35%	372,020	0.63%
TOTAL	107,577,168	94.10%	53,043,662	89.72%

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

	31/12/2025	% of NAV	31/12/2024	% of NAV
Poland	36,076,662	31.56%	12,252,883	20.72%
Greece	24,376,689	21.33%	14,669,675	24.81%
Turkey	12,772,824	11.17%	-	0.00%
Hungary	8,580,096	7.50%	6,535,133	11.05%
Romania	7,980,137	6.98%	7,587,019	12.83%
Slovenia	5,673,196	4.96%	3,095,918	5.24%
Croatia	3,897,518	3.41%	-	0.00%
Estonia	2,720,387	2.38%	370,749	0.63%
Czech Rep.	2,285,115	2.00%	2,943,844	4.99%
Netherlands	2,256,207	1.97%	-	0.00%
Bulgaria	555,537	0.49%	793,459	1.34%
Lithuania	402,800	0.35%	-	0.00%
Austria	-	0.00%	1,819,630	3.08%
Luxembourg	-	0.00%	764,692	1.29%
Belgium	-	0.00%	2,210,660	3.74%
TOTAL	107,577,169	94.10%	53,043,662	89.72%

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 2024 has been made with using the same assumptions.

	probability	+/- possible change of Fund's NAV during year	
		31/12/2025	31/12/2024
σ	68.27%	13.36%	13.35%
2σ	95.45%	26.72%	26.69%
3σ	99.73%	40.08%	40.04%

NOTE 3. CASH AND CASH EQUIVALENTS

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

	31/12/2025	% of NAV, converted into EUR	31/12/2024	% of NAV, converted into EUR
Swedbank AS		5.86%		10.47%
EUR	5,280,062	4.62%	3,498,335	5.92%
PLN	483,424	0.10%	1,416,804	0.56%
TRY	65,545,485	1.14%	-	-
HUF	-	-	329,262,234	1.35%
RON	-	-	7,779,435	2.64%
AS SEB Pank		0.00%		0.00%
EUR	331	0.00%	421	0.00%
TOTAL		5.86%		10.47%

The Fund's cash and cash equivalents are held with Fund's depository Swedbank AS, which parent company Swedbank AB is rated AA- as of 23/09/2025 by Standard & Poor's, with AS SEB Bank, which parent company Skandinaviska Enskilda Banken AB is rated AA- as of 20/11/2025 (Standard & Poor's).

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

In EUR
31/12/2025

	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	-	-	-	6,698,866	-	-	-	-	-
Shares and units	107,577,168	-	-	-	-	-	-	-	-
Dividend receivable	-	-	-	-	78,961	-	-	-	-
Receivables for units subscribed	-	-	-	-	102,859	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	152,082	-
Payables to the depository	-	-	-	-	-	-	-	11,362	-
Payments on redemption of units*	-	-	-	-	-	-	-	695	-
Other liabilities*	-	-	-	-	-	-	-	1,883	-
TOTAL	107,577,168	-	-	6,698,866	217,305	-	-	166,022	-

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
31/12/2024

	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	-

* 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

	01/01/2025- 31/12/2025	01/01/2024- 31/12/2024
Net gain/loss from financial assets at fair value through profit or loss		
From shares and units		
Sales profit/(-loss)	10,500,546	2,662,711
Unrealised profit /(-loss)	11,166,416	3,562,317
Total net gain/(-loss)	21,666,962	6,225,028

NOTE 6. RECEIVABLES AND PREPAYMENTS

In EUR

	31/12/2025	31/12/2024
Dividend receivable	78,961	17,223
Receivables for units subscribed	102,859	73,478
Other receivables	35,485	0
TOTAL	217,305	90,701

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:

	01/01/2025- 31/12/2025	01/01/2024- 31/12/2024
Fund Management Company		
Paid management and performance fees	934,446	764,364
TOTAL	934,446	764,364

Avaron Emerging Europe Fund

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

	31/12/2025	31/12/2024
Fund Management Company		
Management and performance fee payable	152,082	194,555

The market value of Avaron Emerging Europe Fund units owned by the shareholders of the Fund Management Company amounted to 130,461 EUR as of 31/12/2025 (31/12/2024: 96,159 EUR).

STATEMENT OF INVESTMENTS

In EUR as of 31/12/2025

Name	ISIN	Emitent country	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:								
LPP SA	PLLPP0000011	PL	PLN	3,427.43	3,814,726	4,933.03	5,490,466	4.80%
COCA-COLA ICECEK AS	TRECOLA00011	TR	TRY	1.15	4,694,290	1.17	4,771,169	4.17%
BANCA TRANSILVANIA SA	ROTLVAACNOR1	RO	RON	5.32	3,983,441	5.93	4,437,289	3.88%
SANTANDER BANK POLSKA SA	PLBZ00000044	PL	PLN	118.48	4,028,765	129.29	4,396,427	3.85%
ALLEGRO SA	LU2237380790	PL	PLN	7.68	4,355,870	7.35	4,172,659	3.65%
METLEN ENERGY METALS PLC	GB00BTQGS779	GR	EUR	31.02	2,878,909	43.80	4,064,640	3.56%
NOVA LJUBLJANSKA BANKA DD	SI0021117344	SI	EUR	62.57	1,323,845	182.50	3,861,153	3.38%
OTP BANK SHARE	HU0000061726	HU	HUF	33.45	1,394,955	90.85	3,788,651	3.31%
COCA-COLA HBC AG	CH0198251305	GR	GBP	24.90	2,022,225	44.07	3,578,463	3.13%
TAV HAVALIMANLARI HOLDING	TRETAVH00018	TR	TRY	5.49	3,290,874	5.93	3,553,255	3.11%
MOTOR OIL SA	GRS426003000	GR	EUR	19.81	2,193,967	31.40	3,478,241	3.04%
JUMBO SA	GRS282183003	GR	EUR	21.43	2,623,582	27.90	3,414,904	2.99%
BANK PEKAO SA	PLPEKAO00016	PL	PLN	19.86	1,371,740	48.62	3,358,564	2.94%
POWSZECHNY ZAKLAD UBEZP SHARE	PLPZU0000011	PL	PLN	7.50	1,568,185	15.82	3,306,545	2.89%
PIRAEUS BANK SA	GRS831003009	GR	EUR	4.06	1,864,899	6.79	3,118,446	2.73%
MOL HUNGARIAN OIL AND GAS PLC	HU0000153937	HU	HUF	7.03	2,511,762	7.61	2,719,650	2.38%
KOMERCNI BANKA	CZ0008019106	CZ	CZK	28.57	1,359,895	48.01	2,285,115	2.00%
ASTOR TRANSFORMATOR ENERJI	TREASTR00013	TR	TRY	2.02	1,976,857	2.33	2,273,615	1.99%
PKO BANK POLSKI	PLPKO0000016	PL	PLN	15.29	1,723,764	20.19	2,275,408	1.99%
CTP NV	NL00150006R6	NL	EUR	16.65	2,105,623	17.84	2,256,207	1.97%
ONE UNITED PROPERTIES SA	ROJ8YZPDHWW8	RO	RON	4.61	1,747,040	5.84	2,210,347	1.93%
POLSKI KONCERN NAFTORNY ORLEN	PLPKN0000018	PL	PLN	12.49	1,205,807	22.78	2,199,514	1.92%
MAVI GIYIM SANAYI VE TICARET A	TREMAVI00037	TR	TRY	0.88	2,217,088	0.87	2,174,786	1.90%
TITAN CEMENT INTERNATIONAL GRE	BE0974338700	GR	EUR	30.18	1,237,264	52.50	2,152,500	1.88%
RICHTER GEDEON NYRT	HU0000123096	HU	HUF	20.18	1,637,078	25.54	2,071,795	1.81%
LHV GROUP SHARE	EE3100102203	EE	EUR	3.54	1,959,369	3.58	1,978,566	1.73%
MURAPOL SA	PLMURPL00190	PL	PLN	9.10	1,846,866	9.36	1,900,794	1.66%
WIRTUALNA POLSKA HOLDING SA	PLWRTPL00027	PL	PLN	16.01	1,904,958	14.39	1,712,234	1.50%
INPOST SA	LU2290522684	PL	EUR	12.83	2,052,291	10.47	1,675,200	1.47%
DIAGNOSTYKA SA	PLDGNST00012	PL	PLN	25.04	979,105	40.54	1,584,947	1.39%
SPAN DD	HRSPANRA0007	HR	EUR	55.73	1,304,188	63.60	1,488,240	1.30%
FOURLIS SA	GRS096003009	GR	EUR	3.80	1,311,603	4.26	1,467,975	1.28%
KONCAR-ELEKTROINDUSTRIJA DD	HRKOEIRA0009	HR	EUR	660.67	1,386,750	700.00	1,469,300	1.29%
BANK HANDLOWY W WARSZAWIE	PLBH00000012	PL	PLN	15.96	895,077	25.03	1,403,628	1.23%
SPHERA FRANCHISE GROUP SA	ROSGPACNOR4	RO	RON	4.89	880,260	7.41	1,332,501	1.17%
KRKA	SI0031102120	SI	EUR	105.12	639,212	203.00	1,234,443	1.08%
PROFILE SYSTEMS and SOFTWARE	GRS472003011	GR	EUR	5.90	890,301	8.03	1,211,735	1.06%

**Statement of investments as of 31/12/2025
(continued)**

Name	ISIN	Emitent country	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
AUTO PARTNER SA	PLATPRT00018	PL	PLN	4.15	1,220,840	3.94	1,156,904	1.01%
ATHENS INTERNATIONAL AIRPORT	GRS536003007	GR	EUR	7.74	776,919	10.74	1,077,942	0.94%
ATLANTIC GRUPA	HRATGRRRA0003	HR	EUR	44.64	896,506	46.80	939,978	0.82%
CYFROWY POLSAT SA	PLCFRPT00013	PL	PLN	3.48	1,132,011	2.89	939,908	0.82%
TITAN CEMENT INTERNATIONAL SA	BE0974338700	GR	EUR	9.51	146,538	52.70	811,844	0.71%
NOVA LJUBLJANSKA BANKA GDR	US66980N2036	SI	EUR	12.17	194,678	36.10	577,600	0.51%
GRUPA PRACUJ SA	PLGRPRC00015	PL	PLN	12.73	584,043	10.98	503,467	0.44%
IGNITIS GRUPE AB	LT0000115768	LT	EUR	21.07	400,317	21.20	402,800	0.35%
TALLINK GRUPP	EE3100004466	EE	EUR	0.76	483,624	0.58	372,667	0.33%
TALLINNA SADAM AKTSIA	EE3100021635	EE	EUR	1.77	503,328	1.30	369,154	0.32%
SHARES TOTAL					81,521,232		107,021,632	93.61%

Name	ISIN	Fund country	Fund Management company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
FUNDS									
CLOSED-END FUNDS LISTED ON STOCK EXCAHNGE									
BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.93	197,293	2.74	555,537	0.49%
CLOSED-END FUNDS TOTAL						197,293		555,537	0.49%
SHARES AND FUNDS TOTAL						81,718,525		107,577,169	94.10%

Statement of investments as of 31/12/2025 (continued)

Name	Credit Institution`s country	Credit Institution	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
CASH								
CURRENT ACCOUNT	EE	Swedbank	PLN		114,596		114,596	0.10%
CURRENT ACCOUNT	EE	SEB	EUR		331		331	0.00%
CURRENT ACCOUNT	EE	Swedbank	EUR		5,280,062		5,280,062	4.62%
CURRENT ACCOUNT	EE	Swedbank	TRY		1,303,877		1,303,877	1.14%
CURRENT ACCOUNT TOTAL					6,698,866		6,698,866	5.86%
INVESTMENTS TOTAL					88,417,391		114,276,035	99.96%
Name	Credit Institution`s country	Credit Institution	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
OTHER ASSETS								
DIVIDEND RECEIVABLE			EUR				78,961	0.07%
OTHER RECEIVABLE			EUR				35,485	0.03%
RECEIVABLE FOR SUBSCRIBED SHARES			EUR				102,859	0.09%
OTHER ASSETS TOTAL							217,305	0.19%
TOTAL ASSETS OF THE FUND					88,417,391		114,493,340	100.15%
LIABILITIES							- 166 022	-0.15%
NET ASSETS OF THE FUND							114,327,318	100.00%

Avaron Emerging Europe Fund

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	PLLP00000011	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	ROSFGPACNOR4	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	PLWRTPL000027	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%
CLOSED-END FUNDS TOTAL						375,450		793,459	1.34%
SHARES AND FUNDS TOTAL						37,743,964		53,043,662	89.72%

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%	
INVESTMENTS TOTAL						43,935,544		59,235,241	100.19%	

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%

TOTAL ASSETS OF THE FUND

LIABILITIES									-203,908	-0.34%
NET ASSETS OF THE FUND									59,122,035	100.00%

STATEMENT OF COMMISSIONS

In EUR

01/01/2025-31/12/2025

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Erste Group Bank AG	17	9,067,794	6,355	0.07%
Eurobank Equities Investment Firm S.A	24	9,025,700	9,018	0.10%
First Financial Brokerage House	3	519,413	2,086	0.40%
INTERCAPITAL SECURITIES LTD	6	2,697,669	3,917	0.15%
Interkapital vrijednosni papiri d.o.o.	22	4,822,571	7,541	0.16%
LHV PANK AS	5	953,494	953	0.10%
ODDO BHF SCA	24	7,753,679	4,493	0.06%
Patria Finance A.S.	8	3,594,614	1,892	0.05%
PKO Bank Polski	1	149,515	224	0.15%
Santander Biuro Maklerskie	39	19,067,037	14,292	0.07%
Swedbank AS	8	1,005,875	1,005	0.10%
Swiss Capital S.A.	18	8,067,086	15,027	0.19%
Wood and Company Financial Services a.s.	3	1,127,684	1,457	0.13%
Third country securities market transactions				
Shares				
OYAK Yatirim Menkul Degerler A.S.	14	6,631,122	6,921	0.10%
Tera Yatirim Menkul Degerler A.S.	14	5,547,987	2,773	0.05%
Wood and Company Financial Services a.s.	3	1,970,777	986	0.05%
TOTAL	209	82,002,019	78,941	0.10%

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

Avaron Emerging Europe Fund

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)

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 16 specialists as at the end of 2025 (end-2024: 15 specialists). Total remuneration amounted to:

In EUR

	2025	2024
Wages and salaries	610,030	266,310
Social tax and unemployment insurance contributions	196,102	161,588
Total	806,132	427,898
incl. bonus program cost with applicable taxes	93,410	93,587

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 in the financial year 2025.

No remuneration has been paid by the Fund.

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.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective : ___% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input type="checkbox"/> 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 <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> 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 fully met its environmental and social characteristics throughout the reporting period. Investments were made in compliance with Avaron's Responsible Investment (RI) Policy, with preference given to issuers demonstrating sound ESG practices. 100% of the Fund's portfolio was covered by ESG analysis, with all issuers assigned a rating using Avaron's proprietary ESG rating system. Throughout the year, all issuers were subject to ongoing controversy monitoring to detect potential ESG-related incidents. All identified controversies were addressed in accordance with the engagement principles set out in the RI Policy. The Fund adhered to relevant international sanctions regimes to avoid exposure to controversial jurisdictions, as well as recommendations related to combating money laundering and terrorist financing.

- In accordance with the exclusion principles of the RI Policy, no investments were made in:
- issuers involved in the design, development, production, sale, distribution, or overhaul of controversial weapons - including anti-personnel mines, cluster munitions, chemical weapons, biological weapons, white phosphorus munitions, depleted uranium weapons, and nuclear weapons - or issuers providing essential components or services for the production of such weapons;
 - issuers involved in the production, publication, printing, or distribution of pornographic material, and retailers generating 5% or more of revenues from the distribution of adult content;
 - issuers involved in the production or distribution of tobacco or alternative smoking products (including e-cigarettes and next-generation tobacco/nicotine products), and retailers generating 15% or more of revenues from the distribution of tobacco products;



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

- issuers generating more than 15% of revenue from the production or distribution of alcoholic beverages;
- issuers generating more than 10% of revenue from commercial gambling or from specialised gambling software development;
- issuers generating more than 20% of revenues from the extraction of any type of coal (including lignite), coal-based energy production, or both activities combined, unless they have established net-zero commitments aligned with the Science-Based Targets initiative (SBTi) Net-Zero Standard;
- issuers in breach of international law and norms on environmental protection, human rights, labour standards, and anti-corruption, or of corporate governance guidelines for listed companies, where engagement has not resulted in a positive change;
- issuers assigned an internal Avaron ESG rating below 2, indicating an excessively high ESG and sustainability risk profile.

During 2025, the exclusion principles were updated with respect to the defence sector. The previous policy excluded defence sector companies in their entirety; the revised policy applies exclusions exclusively to companies involved in controversial weapons. This change reflects a refinement in the Fund's approach to targeting clearly harmful activities rather than broad sector exclusions.

In 2025, the Fund renewed the ESG label awarded by LuxFLAG, an independent Luxembourg-based labelling agency, confirming that the Fund integrates ESG considerations into its investment process and that the portfolio meets LuxFLAG's established ESG requirements. The label is valid for three years (2025-28) subject to annual review.

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

The primary sustainability indicator of the Fund is its proprietary ESG rating, calculated as the weighted average of the ESG ratings of all issuers in the Fund's portfolio, excluding cash and cash equivalents, on a scale of 1 to 5. At the issuer level, the overall rating comprises separate environmental, social, and governance ratings - each weighted at one-third - subject to a controversy adjustment.

At the end of 2025, the Fund's overall ESG rating stood at 3.39 (2024: 3.37), remaining well above the minimum threshold of 2.0 below which investments are excluded. Minor deterioration was recorded in the environmental and social ratings that stood at 3.16 (2024: 3.17) and 3.46 (2024: 3.47), respectively. Governance rating improved to 3.67 (2024: 3.64) alongside an improvement in the controversy adjustment to -0.04 (2024: -0.06).

The secondary sustainability indicator is the number of companies restricted as a result of the exclusion policy, which measures the reduction of exposure to controversial activities. In 2025, the ESG exclusion list comprised 24 companies (2024: 32) out of a formal investment universe of 552 companies (2024: 549) - defined as companies with a market capitalisation above €100 million and a six-month average daily turnover above €100,000 - representing a 4.3% reduction of the investable universe.

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

In 2025, the Fund's overall ESG rating edged up modestly, rising approximately 0.6% compared to end-2024. The governance rating and controversy adjustment both improved, while the environmental and social ratings saw marginal deterioration, remaining broadly stable. The overall movement in the ESG rating was modest, reflecting relatively limited portfolio turnover and broadly stable ESG performance of existing holdings during the year.

The share of companies excluded from the investment universe due to ESG exclusions declined from 5.8% to 4.3%. The primary driver of this reduction was an amendment to the defence-related exclusion principle. The previous policy excluded the defence sector in its entirety, whereas the revised policy applies exclusions only to companies involved in controversial weapons. The formal investment universe remained broadly stable, growing marginally from 549 to 552 companies.

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 (PAIs) on sustainability factors, as outlined in the Regulation, are assessed annually using a combination of third-party ESG data and company disclosures. The results are integrated into Avaron's proprietary ESG rating assigned to each issuer - for further detail on the ESG rating methodology and performance, see the sustainability indicators section above - and material adverse impacts identified during the assessment may trigger engagement with the issuer in accordance with the principles set out in the RI Policy. The Fund reports on all mandatory indicators related to PAIs on sustainability factors as set out in Table 1 of Annex I of the Regulatory Technical Standards. In addition, the Fund includes at least one additional indicator related to PAIs on climate or other environment-related sustainability factors from Table 2, and at least one additional indicator related to PAIs on social, employee, human rights, anti-corruption, or anti-bribery sustainability factors from Table 3 of Annex I.

The PAI statement for the reporting period 2024 is available on the Fund's website: https://avaron.com/wp-content/uploads/Avaron_Emerging_Europe_Fund_PAIs_0101_3112024.pdf. The respective statement for the reporting period 2025 shall be published by 30 June 2026.



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 31/12/2025

Largest investments	Sector	% Assets	Country
COCA-COLA ICECEK AS	Consumer Discretionary	4.8%	Poland
BANCA TRANSILVANIA SA	Consumer Staples	4.2%	Turkey
SANTANDER BANK POLSKA SA	Financials	3.9%	Romania
ALLEGRO SA	Financials	3.8%	Poland
METLEN ENERGY & METALS PLC	Consumer Discretionary	3.6%	Poland
NOVA LJUBLJANSKA BANKA DD	Industrial	3.6%	Greece
OTP BANK PLC	Financials	3.4%	Slovenia
COCA COLA HBC AG	Financials	3.3%	Hungary
TAV HAVALIMANLARI HOLDING AS	Consumer Staples	3.1%	Greece
MOTOR OIL (HELLAS) SA	Industrial	3.1%	Turkey
JUMBO SA	Energy	3.0%	Greece
BANK PEKAO SA	Consumer Discretionary	3.0%	Greece
POWSZECHNY ZAKLAD UBEZPIECZE	Financials	2.9%	Poland
PIRAEUS FINANCIAL HOLDINGS S	Financials	2.9%	Poland
MOL HUNGARIAN OIL AND GAS PL	Financials	2.7%	Greece

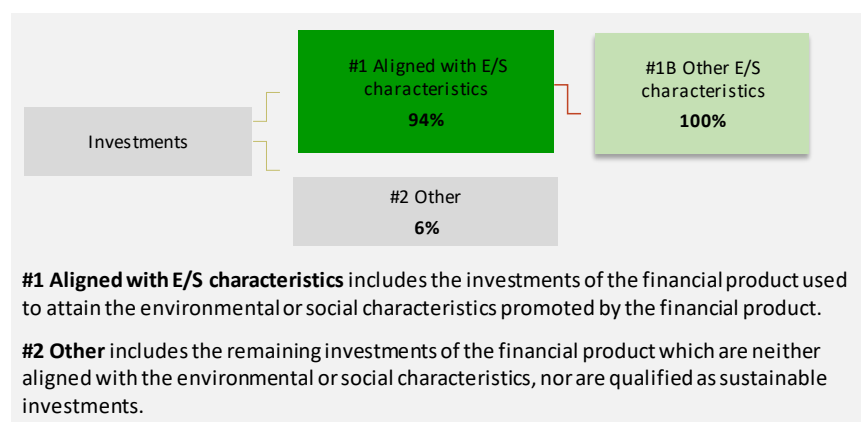


What was the proportion of sustainability-related investments?

The Fund did not hold any sustainable investments within the meaning of Article 2(17) of the SFDR. 94% of the portfolio was invested in assets used to attain the environmental and social characteristics promoted by the Fund, all of which falls within the category of other E/S characteristics (#1B). The remaining 6% was held in cash and cash equivalents, which are classified as other investments (#2).

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	27.5%
Soft Drinks & Non-alcoholic Beverages	7.3%
Apparel, Accessories & Luxury Goods	6.7%
Oil & Gas Refining & Marketing	5.0%
Airport Services	4.1%
Broadline Retail	3.6%
Real Estate Development	3.6%
Industrial Conglomerates	3.6%
Heavy Electrical Equipment	3.3%
Other Specialty Retail	3.0%
Multi-line Insurance	2.9%
Pharmaceuticals	2.9%
Construction Materials	2.6%
Integrated Oil & Gas	2.4%
Real Estate Operating Companies	2.0%
Interactive Media & Services	1.5%
Air Freight & Logistics	1.5%
Health Care Services	1.4%
IT Consulting & Other Services	1.3%
Homefurnishing Retail	1.3%
Restaurants	1.2%
Application Software	1.1%
Automotive Retail	1.0%
Packaged Foods & Meats	0.8%
Integrated Telecommunication Services	0.8%
Diversified REITs	0.5%
Human Resource & Employment Services	0.4%
Electric Utilities	0.4%
Marine Transportation	0.3%
Marine Ports & Services	0.3%



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

The Fund held 6% of its assets in cash and cash equivalents during the reporting period, classified under “#2 Other”. Cash is maintained for liquidity management purposes and does not form part of the investment strategy designed to attain the Fund's environmental and social characteristics. Cash holdings are therefore not subject to Avaron's ESG screening and analysis process. As a minimum safeguard, an annual sustainability assessment is conducted on the credit institutions where cash is held or deposited, to evaluate the degree to which they adhere to 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 the exclusion principles set in Avaron's 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.

Avaron Emerging Europe Fund

In 2025, 9 separate engagements were launched with Fund portfolio companies, targeting 8 issuers (2024: 15 engagements targeting 12 issuers). Two engagements were reactive in nature, related to discovered ESG controversies, while the remaining 7 were proactive, aimed at influencing companies to improve their ESG disclosure and sustainability practices.

Throughout the year, nine ESG-related incidents were identified across eight portfolio companies. Five incidents were recorded in the controversy adjustment of the respective companies' ESG ratings: the AML/CTF fine imposed on OTP Bank, two separate competition authority matters involving Coca-Cola Içecek, a competition fine on Astor Transformator, and a consumer protection fine on Bank Pekao. Engagements were conducted with Coca-Cola Içecek and Astor Transformator. The remaining four incidents - greenwashing charges against Allegro and InPost, a biosimilar litigation matter involving Gedeon Richter, and a refinery fire at MOL Group - were assessed as low materiality or non-qualifying and were not recorded as ESG controversies.

For the 8th consecutive year, Avaron participated in the CDP Non-Disclosure Campaign, targeting improved climate change and water security-related disclosure. We held the lead investor role in engagements with 6 companies within the 2025 campaign scope, 4 of which were held in the Fund portfolio: Digi Communications, Jumbo, Cyfrowy Polsat, and Auto Partner. None of the targeted companies submitted to the CDP platform as a result of the campaign.

Three ongoing climate change engagements with Bank Pekao, Grupa Pracuj, and Jumbo, initiated in 2023, continued during the year. Both Bank Pekao and Grupa Pracuj indicated they expect to formalise transition plans within two years. Individual proactive engagements were also initiated with Metlen Energy & Metals on SBTi target commitments following a corporate restructuring, with Jumbo on climate scenario analysis, and with Profile Systems & Software on Scope 3 emissions reporting.

A key part of being an active responsible owner of listed equities is exercising voting rights in an informed way at shareholder meetings. Since 2018, Avaron has committed to systematically exercising voting rights at all shareholder meetings of Fund portfolio companies. In 2025, we voted at 85% of shareholder meetings (67 out of 79 meetings), compared to 89% in the prior year. Instances of non-participation were due to insufficient disclosure of candidate or agenda information ahead of voting instruction deadlines, or technical restrictions. All voting details for the Fund are disclosed in the Responsible Investment section of Avaron's website.

INDEPENDENT CERTIFIED AUDITOR'S REPORT

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

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