

Investment Objectives & Approach

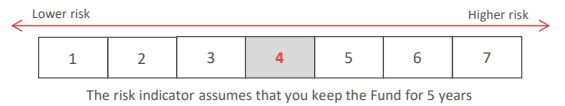
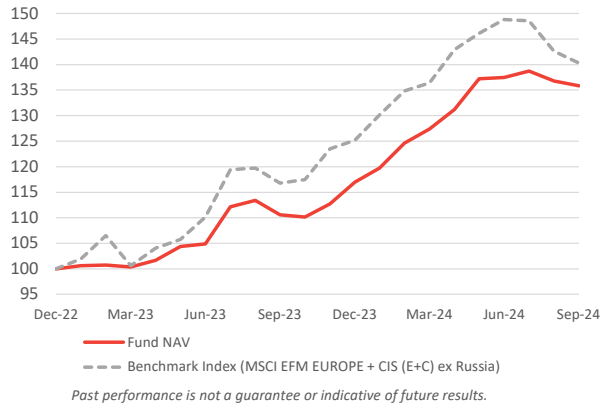
The Fund invests in public small and mid-cap companies in Emerging Europe ex-Russia region with an objective to deliver positive alpha over the period of five years. As stock exchanges in these markets are dominated by banking sector companies and state-owned enterprises, the Fund aims to limit investing into these segments, and focus on stock-picking mainly among attractively valued, privately owned, well-managed and fast growing smaller companies. The Fund is benchmark agnostic, portfolio is built fully bottom up, and the Fund has very low position overlap to regional indices. The Fund is run by seasoned investment managers Valdur Jaht and Peter Priisalm who are supported by Avaron's research team. The Fund is to complement investors' Emerging Markets portfolio.

Fund Manager's Comment, September 2024

Emerging Europe equities underperformed Europe and Emerging Markets for another consecutive month, ending the month at -1.6% return. Poland and Turkey were the main contributors to the poor performance in September. In Poland banks have come under slight pressure given decreasing rate environment globally. Investors also took more cautious approach to assess the potential impact of the mid-month floods (now estimated ca 0.3-0.7% of GDP). Turkish market continues to be driven by domestic flows, which have been negative over the past weeks as both retail and local funds have been selling amid sharply deteriorating local economic environment. We keep out of Turkey due to severe macro issues.

Avaron Emerging Europe Smaller Companies Fund lost 0.7% in September and is up 16.1% YTD. While the Polish positions detracted 0.4ppts and Slovenian and Estonian ones both 0.2ppts from the return, the Greek and Lithuanian companies posted positive returns. During September we sold out a Romanian telecom company and invested nearly 4% to a Greek IT sector enterprise. The Fund's current focus is sector-wise on consumer discretionary and IT sector, representing respectively 23% and 17% of the Fund.

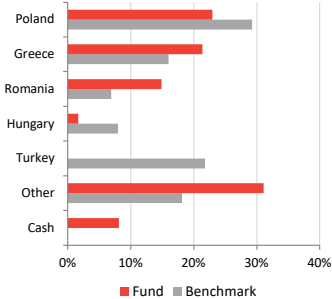
Performance since inception



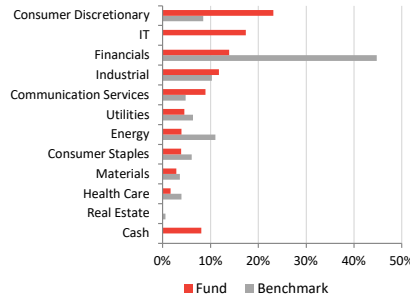
Perf overview	A Share return	Index return*	Excess return
1 month	-0.7%	-1.6%	0.9%
3 months	-1.2%	-5.7%	4.5%
6 months	6.6%	2.9%	3.7%
YTD	16.1%	12.1%	4.0%
1 year	22.8%	20.2%	2.7%
Since launch	35.8%	45.3%	-9.5%

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

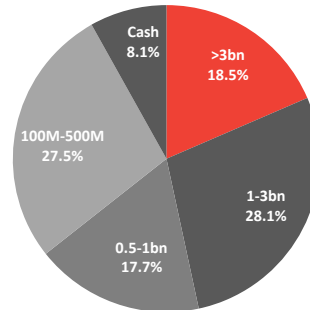
Country Weights



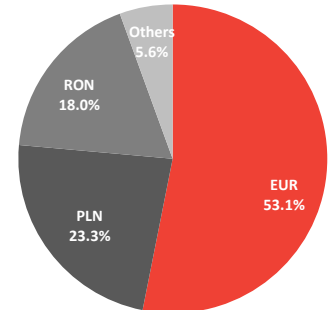
Sector Weights



Market Cap breakdown



Net currency breakdown



Note: Other for Avaron includes Slovenia, Estonia, Lithuania and Bulgaria. All are under Other for index as well.

Country allocation

	Sep-24	Change			
		1 mo	3 mo	6 mo	12 mo
Poland	22.9%	-0.3%	-1.0%	-2.4%	4.2%
Greece	21.4%	4.2%	-1.8%	3.8%	3.9%
Romania	14.9%	-2.0%	-1.7%	0.8%	2.5%
Slovenia	8.0%	-0.2%	-0.3%	0.2%	0.6%
Bulgaria	7.8%	0.0%	-0.1%	-0.4%	1.7%
Estonia	7.8%	-0.1%	-0.4%	-1.6%	-1.6%
Lithuania	7.6%	0.2%	0.3%	-1.3%	0.3%
Hungary	1.7%	0.0%	0.2%	0.2%	0.0%

Contribution analysis

	1 mo	3 mo	6 mo	12 mo	YTD
	-0.4%	-1.1%	-0.2%	3.9%	0.2%
	0.1%	0.3%	1.6%	3.8%	3.7%
	-0.1%	0.3%	4.6%	8.7%	6.5%
	-0.2%	-0.4%	1.2%	5.4%	3.9%
	0.0%	-0.3%	0.1%	3.7%	3.1%
	-0.2%	-0.6%	-0.4%	-0.7%	-0.3%
	0.2%	0.4%	0.6%	0.0%	0.5%
	0.0%	0.0%	0.0%	0.0%	0.0%

Fund statistics

Number of positions	25
Top10	55.5%
Top20	62.7%
Gross exposure	91.9%
Net exposure	91.9%
Concentration coefficient	23
Median market cap MEUR	1044
Average market cap MEUR	2259
Share of cyclical companies	75.4%
Share of non-cyclicals	16.5%

Sector allocation

	Sep-24	Change			
		1 mo	3 mo	6 mo	12 mo
Cons. Discr.	23.2%	0.0%	-0.1%	-0.2%	6.3%
IT	17.4%	4.4%	-2.0%	-2.3%	0.4%
Financials	13.9%	-0.2%	-0.3%	-0.5%	6.5%
Industrial	11.7%	0.1%	-0.3%	4.8%	1.9%
Communication	8.9%	-2.4%	-2.2%	-1.8%	-1.2%
Utilities	4.5%	0.1%	0.1%	-1.1%	-2.7%
Energy	3.9%	-0.1%	-0.2%	0.1%	0.1%
Consumer Staples	3.8%	-0.2%	0.1%	0.1%	0.0%
Materials	2.8%	0.2%	-0.2%	0.1%	0.2%
Health care	1.7%	0.0%	0.2%	0.2%	0.0%

Contribution analysis

	1 mo	3 mo	6 mo	12 mo	YTD
	-0.2%	-0.5%	1.9%	5.3%	3.4%
	0.3%	0.0%	1.7%	7.7%	6.1%
	-0.3%	-0.6%	0.8%	4.9%	3.4%
	0.0%	-0.5%	-0.4%	-0.5%	-0.2%
	-0.5%	-0.3%	1.1%	3.8%	1.4%
	0.2%	0.2%	0.5%	-0.1%	0.5%
	-0.1%	-0.1%	0.7%	1.3%	1.3%
	-0.2%	0.0%	0.4%	0.9%	0.9%
	0.2%	0.1%	0.5%	1.2%	0.5%
	0.0%	0.2%	0.3%	0.4%	0.4%

Turnover (adjusted for fund flows)

FY 2023	7.0%
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Liquidity analysis*

3 days	98.5%
2 weeks	100.0%
4 weeks	100.0%

**Turning portfolio into cash, based on 6 month average trading volume accounting for 30% of trading volume

Fund Facts - Avaron Emerging Europe Smaller Companies Fund

Investment Manager	AS Avaron Asset Management	Cut-off	10am CET
Fund type	UCITS	Shares issued every business day	
Launch date	December 09, 2022	Shares redeemed once a month	
Domicile	Estonia		
Currency	EUR	NAV frequency	Daily
Dividends	reinvested	Supervised by	Estonian FSA
Fund size, MEUR	0.68	Custodian	Swedbank AS
Total AUM, MEUR	200+	Transfer agent	Swedbank AS
		NAV calculation	Swedbank AS
		External auditor	KPMG
		Internal auditor	PWC

NAV	30-Sep-2024	ISIN code
A share	13.5813 EUR	EE3600001772
B share	13.5840 EUR	EE3600001780

Fund documents & prospectus www.avaron.com/documents

	Bloomberg ticker
A share	AVASMCA
B share	AVASMCB

Share class	A Share	B Share
Min. initial investment	-	-
Front-end load	-	-
Management fee	0.85%	1.15%
Performance fee (share based)	15% over MSCI EFM EUROPE + CIS (E+C) ex Russia Index	-
Back-end load	-	-

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About Avaron Asset Management

Avaron Asset Management (founded in 2007) is an independent management-owned investment manager with a clear focus on stock-picking (bottom-up) and value investing in Emerging Europe region. We aim to deliver positive risk-adjusted return to our clients over the market cycle. Our portfolios are long-only and invest in listed stocks. Investment ideas are generated through in-house proprietary research of approximately 300 Emerging Europe companies, backed by regular on the ground visits and meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models that we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 16 professionals (including 8 in the investment team), based in Estonia and Poland, takes care of 200M+ euros of mainly professional investor assets. We adhere to the *UN Principles for Responsible Investment* (PRI) and are supervised by the Estonian Financial Supervision Authority.



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