

Investment Objectives & Approach

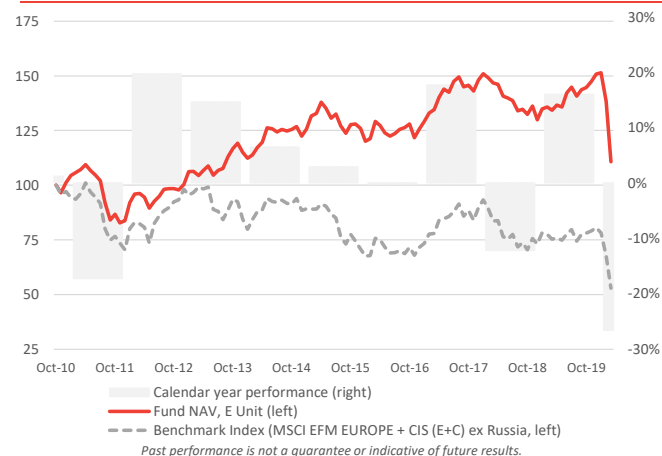
The Fund invests actively in listed equities of European Union new member states and accession countries (Emerging Europe, ex Russia). Benchmark agnostic, it emphasizes bottom-up, value oriented stock picking with a strong small and mid-cap bias. The Fund's investment objective is to maximise upside to internally set target prices, taking into account company quality, liquidity and FX outlook. By implementing our investment process we aim to outperform the market with lower volatility. The Fund typically invests in 30-40 regional companies, who generally demonstrate a competitive advantage or attractive risk/return features. It adheres to the UN Principles for Responsible Investment. Suitable for investors seeking a stock picking portfolio in Emerging Europe, it acts as medium to long term diversifier in a global Emerging Markets, European or Global Equity portfolio.

Fund Manager's Comment, March 2020

Fears related to Covid-19 escalated rapidly in March resulting in one of the worst months for equity investors. MSCI World lost 13.5% (both in \$ and €) slightly outperforming MSCI EM (-15.6%). Emerging Europe, down 21.6% in €, was a clear underperformer for the second consecutive month. Amid the broad risk-off wave regional currencies were similarly sold off. Polish zloty, Hungarian forint, Czech koruna and Turkish lira lost 5-7.1% of the value to euro. Avaron Emerging Europe Fund lost 20.0% in March driven by large negative contribution from Poland (-5.0ppt) and Turkey (-4.2ppt). Q1 performance of the Fund was a bit better on relative basis as it lost 26.6% compared to 34.2% of the benchmark. Following the market plunge and repositioning in March the cash level in the Fund has slightly increased to 12% from 10% at the end of February. Geographically we have reduced Romanian, Turkish and Vienna-listed companies, while adding exposure in Greece and Hungary, and keeping the allocation to Polish names intact. Should further volatility emerge, which in our view is likely, we are looking to put the remaining cash to work. We remain confident in the liquidity and solvency of our portfolio companies. Assuming their current liquidity buffers and fixed cost base without untapped credit lines nor potential savings measures there are two companies (1.7% of NAV) we own that would face liquidity problems in case of a prolonged lockdown. The portfolio companies trade at 0.88x book value and 8.2x 2021 expected earnings. We see the current market level as an appealing level for investor entry.

To receive detailed fund manager comment please send a request to info@avaron.com.

Performance, E Unit

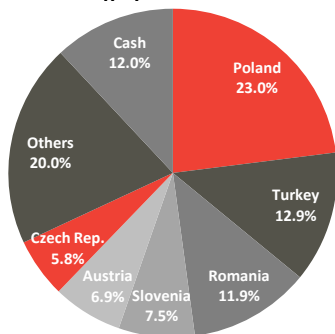


Perf overview	E Unit return	Index return*
1 month	-20.0%	-21.6%
YTD	-26.6%	-34.2%
3 months	-26.6%	-34.2%
6 months	-23.0%	-31.7%
1 year	-17.6%	-29.6%
3 years	-17.8%	-32.0%
5 years	-16.7%	-40.5%
7 years	5.9%	-46.6%
8 years	15.1%	-35.7%

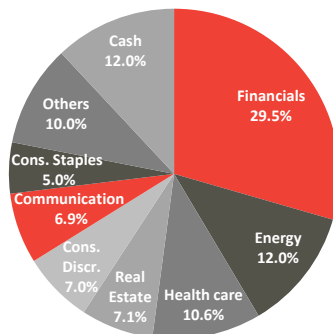
* MSCI EFM EUROPE + CIS (E+C) ex Russia

Calendar year return, E Unit			
Year	Gross	Net	Index*
2019	18.0%	16.0%	10.3%
2018	-10.9%	-12.2%	-18.6%
2017	19.2%	17.7%	25.3%
2016	2.1%	-0.1%	1.2%
2015	6.7%	2.9%	-20.0%
2014	9.4%	6.5%	4.7%
2013	18.5%	14.6%	-13.9%
2012	21.1%	19.7%	39.3%
2011	-16.3%	-17.3%	-27.5%

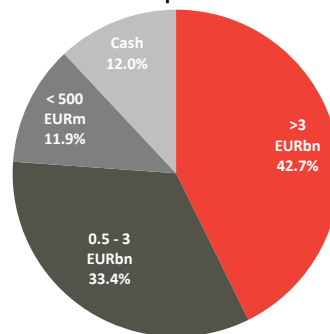
Geographic breakdown



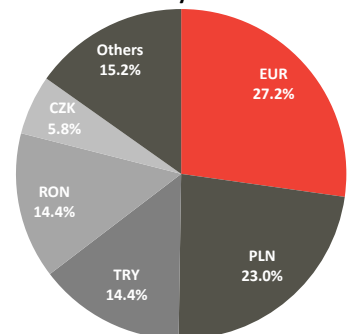
Sector breakdown



Market Cap breakdown



Net currency breakdown



Country allocation

	Mar-20	1 mo	3 mo	12 mo	3 years	5 years
Poland	23.0%	0.4%	0.0%	2.7%	10.9%	11.4%
Turkey	12.9%	-2.4%	-2.3%	0.9%	-10.1%	3.6%
Romania	11.9%	-2.3%	-3.0%	-6.7%	-8.8%	-3.4%
Hungary	9.3%	1.9%	4.2%	4.7%	8.6%	8.4%
Slovenia	7.5%	0.3%	0.7%	2.1%	4.1%	4.5%
Austria	6.9%	-1.7%	-1.3%	-0.6%	-5.4%	-16.7%
Czech Rep.	5.8%	-0.8%	-1.2%	-2.0%	-5.4%	-3.9%
Greece	5.5%	2.5%	3.5%	5.1%	5.5%	5.5%
Baltics	2.2%	-0.2%	-0.1%	-0.8%	0.5%	-2.0%
Others	2.9%	-0.2%	0.1%	-0.1%	0.5%	-0.1%

Change

Contribution analysis

	1 mo	3 mo	12 mo	YTD	3 years	5 years
Poland	-5.0%	-6.8%	-6.1%	-6.8%	-4.7%	-4.0%
Turkey	-4.2%	-4.1%	-2.0%	-4.1%	-8.1%	-8.9%
Romania	-2.8%	-4.4%	0.4%	-4.4%	3.1%	6.0%
Hungary	-1.1%	-1.5%	-0.9%	-1.5%	-0.8%	0.0%
Slovenia	-1.0%	-1.2%	-0.2%	-1.2%	0.5%	0.2%
Austria	-2.0%	-2.3%	-1.4%	-2.3%	0.5%	2.7%
Czech Rep.	-2.1%	-2.9%	-3.2%	-2.9%	-1.5%	-1.7%
Greece	-0.4%	-0.9%	-0.6%	-0.9%	-0.6%	-0.6%
Baltics	-0.6%	-0.7%	-0.6%	-0.7%	-0.2%	0.4%
Others	-0.7%	-0.8%	-0.5%	-0.8%	-0.8%	0.1%

Risk metrics

	5Y risk*
Alpha	2%
Volatility & stand. deviation	12.1%
Beta	0.55
Sharpe ratio	-0.27
Information ratio	0.60
Tracking error	10.4%

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

Turnover

	Adj*
FY 2019	26.1%
	32.9%

* Adjusted for fund flows

Sector allocation

	Change
Financials	29.5%
Energy	12.0%
Health care	10.6%
Real Estate	7.1%
Cons. Discr.	7.0%
Communication	6.9%
Industrial	5.9%
Consumer Staples	5.0%
Others	4.1%

Change

Contribution analysis

	1 mo	3 mo	12 mo	YTD	3 years	5 years
Financials	-9.1%	-11.5%	-10.7%	-11.5%	-12.9%	-8.7%
Energy	-1.7%	-3.2%	-1.2%	-3.2%	0.3%	2.0%
Health care	-0.7%	-1.2%	0.3%	-1.2%	1.1%	1.4%
Real Estate	-1.7%	-1.9%	-1.2%	-1.9%	0.4%	-1.4%
Cons. Discr.	-2.6%	-3.0%	-1.6%	-3.0%	-1.7%	0.0%
Communication	-0.6%	-1.0%	0.1%	-1.0%	-0.1%	0.3%
Industrial	-1.4%	-1.6%	-1.5%	-1.6%	-1.0%	-0.8%
Consumer Staples	-1.1%	-0.8%	-0.1%	-0.8%	0.5%	0.6%
Others	-1.1%	-1.2%	0.7%	-1.2%	0.8%	0.8%

Style allocation

	Change
Cyclical	56.7%
Non-cyclical	24.2%
Asset play	7.1%
Cash	12.0%

Change

Contribution analysis

	1 mo	3 mo	12 mo	YTD	3 years	5 years
Cyclical	-15.3%	-19.7%	-15.1%	-19.7%	-16.6%	-10.9%
Non-cyclical	-2.5%	-3.3%	-0.2%	-3.3%	2.3%	2.4%
Asset play	-2.3%	-2.4%	0.1%	-2.4%	2.1%	1.3%
Cash	-0.1%	-0.1%	-0.1%	-0.1%	-0.5%	-0.5%

Fund statistics

Number of positions	44
Top10	45.0%
Top20	67.5%
Gross exposure	88.0%
Net exposure	88.0%
Concentration coefficient	34
Median market cap MEUR	1425
Average market cap MEUR	2181

Liquidity analysis*

	20%	50%
3 days	68.6%	77.5%
2 weeks	82.5%	94.9%
4 weeks	95.9%	99.3%

* Proportion of portfolio that can be turned into cash based on past 6 month average trading volume if Fund accounted for 20% & 50% of trading volume

Fund Facts - Avaron Emerging Europe Fund

Investment Manager	AS Avaron Asset Management	Cut-off	10am CET
Fund type	UCITS V	NAV frequency	Daily dealing, T+3
Launch date	April 23, 2007	Supervised by	Estonian FSA
Domicile	Estonia	Custodian	Swedbank AS
Currency	EUR	Transfer agent	Swedbank AS
Dividends	reinvested	NAV calculation	Swedbank AS
Fund size, MEUR	45.3	External auditor	KPMG
Total AUM, MEUR	300.0	Internal auditor	PWC

	NAV			
	31-Mar-2020	ISIN code	TER 2019	
B unit	3.9406 EUR	EE3600090056	1.63%	
C unit	13.3500 EUR	EE3600102901	1.53%	
D unit	11.0270 EUR	EE3600108866	2.38%	
E unit	11.0638 EUR	EE3600108874	1.25%	
Public offering	France, Switzerland, Germany, United Kingdom, Finland, Sweden, Estonia, Latvia, Lithuania			
Tax transparency	Germany, Switzerland			
Platforms & execution	Allfunds, MFEX, Clearstream AFS, SIX SIS AG, RBC Investor Services			
Morningstar rating	Yes, four stars (3 years)			
Fund documents & prospectus	www.avaron.com/documents			
	WKN code	Telekurs ID	Bloomberg ticker	Reuters RIC
C unit	A0PEFO	CH10799792	AVAEESC ET	LP68063797
D unit	A1W7P0	CH12407332	AVEMEUD ET	LP68083763
E unit	A113GN	CH12414216	AVEMEUE ET	LP68083764

Unit class	D (Retail)	C (Institutional)	E (Institutional)
Min. initial investment	-	500,000 EUR	500,000 EUR
Front-end load	-	-	-
Management fee	2%	1.15%	0.85%
Performance fee (unit based)	-	-	15% over MSCI EFM EUROPE + CIS (E+C) ex RU index, annual reset (June 30)
Back-end load	-	-	-

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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 250 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 17 professionals (including 11 in the investment team), based in Estonia and Poland, takes care of around 400 million 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.

Signatory of:



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