

AVARON EMERGING EUROPE FUND

Fund Fact Sheet 30. April 2021

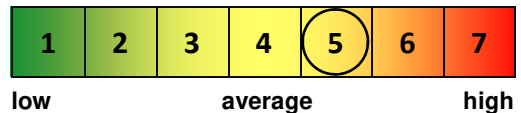
Investment policy

Avaron Emerging Europe Fund invests 60-100% of its assets in listed equities of European Union new member states and accession countries (Emerging Europe, ex-Russia). Up to 40% of fund's assets can be invested into obligations, deposits and derivative instruments of investment region. The Management Company is a value investor and invests in undervalued companies, in companies with high dividend yield and in growth companies. Benchmark agnostic, it emphasizes bottom-up, value oriented stock picking. Companies having substantial business interest in Emerging Europe but listed elsewhere are also considered part of the investment universe. The Fund typically invests in 30-45 regional companies, who generally demonstrate a competitive advantage or attractive risk/return features. It adheres to the UN Principles for Responsible Investment. The returns on the fund's investments will be reinvested.

General information

Fund management company	AS Avaron Asset Management
Fund managers	Kristel Kivinum-Priisalm, Valdur Jaht, Peter Priisalm
Type of the financial instrument	Equity fund; UCITS-compliant
Jurisdiction	Estonia
Additional information	www.avaron.com
Inception date*	23.04.2007
The unit type and ISIN-code	D-unit - EE3600108866
Fund currency	EUR
Management fee	2.0% p.a
Performance fee	-
Data publishing date	30.04.2021
Net asset value (NAV) of the unit	14,90 EUR
Total net assets of the fund	41,8 mln EUR
NAV calculation and publishing	daily

Risk Class of the Fund



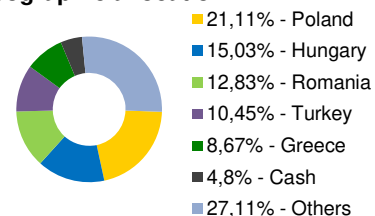
Description of the typical investor

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. Due to considerably high risk level of the fund, the investor has to be ready to accept considerable fluctuations of the value of the fund unit, therefore the suggested investment horizon of the fund is at least 5-10 years.

Fund Manager's Comment

Emerging Europe delivered strong return in April, up 3.9% in € driven by a marked rebound in Poland (+6.4%), especially in the banking sector stocks. Avaron Emerging Europe Fund gained 2.2% in April underperforming the benchmark due to overweight in select frontier countries that lagged in terms of performance. The largest positive monthly contributor (+1.0ppt) was Polish bank Pekao (+15.4% in €) amid the ruling of Swiss franc mortgages sparked rebound. Emerging Europe remains a laggard in 3-year horizon on an index basis, down 20.2% in € vs. +30.8% for the global equity market index MSCI ACWI. Part of this notable underperformance can be attributed to Turkey (-34% in 3 years). However, even ex-Turkey Emerging Europe has underperformed more than 30ppts. This can be explained by the high share and poor performance of financials (37% in Emerging Europe vs. 14% in MSCI ACWI) and sluggish fund flows driven by investor perception of Emerging Europe as a leveraged play on broader Europe, the weak spot for the global economy. Over the years the valuation gap between Emerging Europe and global equities or emerging markets has widened to a level that is in our view unjustified.

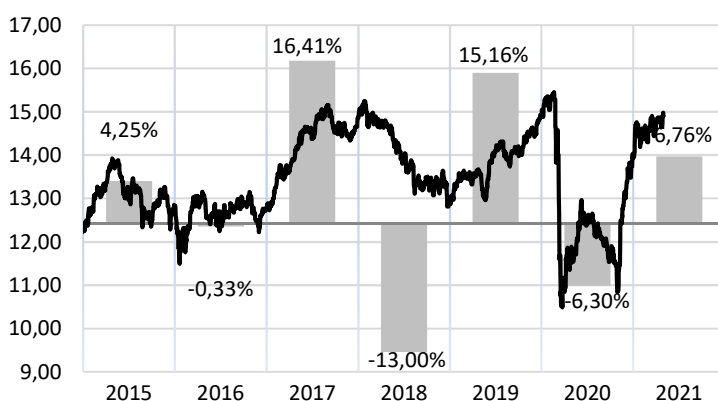
Geographic allocation



Largest positions

Omv Petrom Sa	8,24%
Bank Pekao Sa	7,56%
Krka	5,78%
Powszechny Zaklad Ubezpiecze	5,46%
Cez As	4,25%
Richter Gedeon Nyrt	4,09%
Komercni Banka As	3,93%
Brd-Groupe Societe Generale	3,92%
Otp Bank Plc	3,86%
Mol Hungarian Oil And Gas Pl	3,77%

History of the fund's NAV (EUR) and yearly performance



* The "D"-class of units was established on 27.09.2010; the reflected return for 2010 covers only the period from the establishment till the end of the year.

	Year-to-date	1 month	3 months	1 year	3 years	5 years	Since inception
Performance	6,76%	1,85%	4,37%	26,04%	1,87%	14,93%	48,81%
Per annum					0,62%	2,82%	2,97%
	2014	2015	2016	2017	2018	2019	2020
Performance	6,94%	4,25%	-0,33%	16,41%	-13,00%	15,16%	-6,30%

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