

AVALORN

Société d'Investissement à Capital Variable

**Unaudited semi-annual report
for the period from January 1, 2023 to
June 30, 2023**

R.C.S. Luxembourg B 196 536

No subscription can be received on the basis of these financial statements. Subscriptions may only be accepted on the basis of the current prospectus accompanied by an application form, the latest available annual report of the Fund and the latest semi-annual report if published thereafter.

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Société d'Investissement à Capital Variable

Management and administration

Registered Office

3, rue Gabriel Lippmann
L-5365 Munsbach
Luxembourg

Board of Directors

Marc Hoegger
Chairman
NS Partners S.A., Geneva
Switzerland

Paolo Faraone
Director
NS Partners Europe S.A., Luxembourg
Luxembourg

Patrick Piralla
Director
NS Partners S.A., Geneva
Switzerland

Management Company

NS Partners Europe S.A.
11, boulevard de la Foire
L-1528 Luxembourg
Luxembourg

Conducting Officers of the Management Company

Andrew Carter
NS Partners Europe S.A., Luxembourg
Luxembourg

Paolo Faraone
NS Partners Europe S.A., Luxembourg
Luxembourg

Girolamo Salice
NS Partners Europe S.A., Luxembourg
Luxembourg

Manaf Azmeh
NS Partners Europe S.A., Luxembourg
Luxembourg

Investment Advisors

CAM Global Investments Ltd
160, Main Street, Road Town
VG1110 Tortola
British Virgin Islands
(for Clarion Global Emerging Markets Bond Fund)

Investment Managers

Clarion Asset Management Ltda.
Rua Helena 260, Cj 12 (1ro andar) Vila Olimpia
04552-050 São Paulo
Brazil
(for Clarion Global Emerging Markets Bond Fund)

Management and administration (continued)**Investment Managers (continued)**

NS Partners S.A.
18, rue du Mont Blanc
CH-1201 Geneva
Switzerland
(since May 1, 2023)

98, rue de Saint Jean
CH-1201 Geneva
Switzerland
(until May 1, 2023)

**Administrative, Registrar
and Transfer Agent**

Apex Fund Services S.A.
3, rue Gabriel Lippmann
L-5365 Munsbach
Luxembourg

Depository Bank and Paying Agent

UBS Europe SE, Luxembourg Branch
33A, avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg

Auditor of the Fund

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
B.P. 1443
L-1014 Luxembourg
Luxembourg

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Combined statement of net assets as at June 30, 2023

	Notes	EUR
ASSETS		
Investments in securities at market value	2.3	211,189,760.55
Cash at banks		9,892,323.91
Income receivable		795,687.90
Prepaid expenses		36,812.17
Receivable on securities sold		509,084.74
Formation expenses	2.8	9,080.77
Unrealised gain on forward foreign exchange contracts	2.3, 10, 11	59,768.41
Other assets		192,043.99
Total Assets		<u><u>222,684,562.44</u></u>
LIABILITIES		
Management Company fees payable	3	90,269.12
Performance fees payable	4	17,642.79
Payable on securities purchased		1,245,066.28
Accrued expenses and other liabilities		406,029.83
Unrealised loss on forward foreign exchange contracts	2.3, 10, 11	417,118.05
Unrealised loss on spot exchange transaction		249.19
Total Liabilities		<u><u>2,176,375.26</u></u>
Net Asset Value		<u><u>220,508,187.18</u></u>

The accompanying notes form an integral part of these financial statements.

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Société d'Investissement à Capital Variable

Statement of net assets as at June 30, 2023

		Clarion Global Emerging Markets Bond Fund
	Notes	USD
ASSETS		
Investments in securities at market value	2.3	18,714,174.61
Cash at banks		1,463,107.56
Income receivable		354,544.73
Prepaid expenses		22,470.76
Receivable on securities sold		-
Formation expenses	2.8	-
Unrealised gain on forward foreign exchange contracts	2.3, 10, 11	24,755.35
Other assets		-
Total Assets		<u>20,579,053.01</u>
LIABILITIES		
Management Company fees payable	3	28,218.29
Performance fees payable	4	-
Payable on securities purchased		-
Accrued expenses and other liabilities		64,892.44
Unrealised loss on forward foreign exchange contracts	2.3, 10, 11	9,537.63
Unrealised loss on spot exchange transaction		-
Total Liabilities		<u>102,648.36</u>
Net Asset Value		<u><u>20,476,404.65</u></u>

The accompanying notes form an integral part of these financial statements.

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	Number of shares outstanding	Net Asset Value per share
Clarion Global Emerging Markets Bond Fund - USD		
Class A-CHF	3,989.756	CHF 78.65
Class AD-USD	1,400.000	USD 74.64
Class A-EUR	6,056.887	EUR 69.48
Class A-USD	170,535.822	USD 94.13
Class B-USD	28,565.964	USD 88.39
Class PR-USD	12,172.449	USD 80.92

The accompanying notes form an integral part of these financial statements.

Combined statement of operations and changes in net assets for the period from January 1, 2023 to June 30, 2023

	Notes	EUR
Net Asset Value at the beginning of the period		161,098,281.84
INCOME		
Interest income	2.6	1,285,965.09
Dividend income, net	2.6	1,264,090.93
Bank interest income	2.6	166,101.64
Other income	2.7	33,563.47
Total Income		2,749,721.13
EXPENSES		
Management Company fees	3	521,612.61
Performance fees	4	17,642.79
Depositary bank fees	3	57,159.75
Amortisation of formation expenses	2.8	5,441.19
Administration fees	3	148,236.16
Bank and interest expenses		61,823.91
Director fees		27,639.88
Distribution fees		22,088.24
Transaction fees	9	59,594.90
Operating fees		22,989.86
Professional fees		37,269.07
Taxe d'abonnement	5	32,678.26
Register fees		5,632.02
Regulatory fees		34,429.67
Risk management fees		19,258.18
Research fees		25,339.55
Other expenses		139,438.12
Total Expenses		1,238,274.16
Net investment income/(loss)		1,511,446.97

Combined statement of operations and changes in net assets for the period from January 1, 2023 to June 30, 2023 (continued)

	Notes	EUR
Net investment income/(loss)		1,511,446.97
Net realised gain/(loss):		
- on investments	2.4	1,436,390.96
- on forward foreign exchange contracts	2.3	2,617,094.04
- on futures contracts	2.3	75,246.33
- on foreign exchange translation	2.5	(125,095.78)
- on options	2.3	10,196.06
Net realised gain/(loss) for the period		4,013,831.61
Change in net unrealised gain/loss:		
- on investments		13,745,233.81
- on forward foreign exchange contracts	2.3	(2,185,654.22)
- on foreign exchange translation	2.5	(1,685,455.03)
- on options	2.3	20,295.18
Change in net unrealised gain/loss for the period		9,894,419.74
Net profit/(loss) from operations		15,419,698.32
Subscriptions		51,909,533.28
Redemptions		(4,562,420.95)
Dividends distributed	8	(5,315.12)
Exchange difference	2.5	(3,351,590.19)
Net Asset Value at the end of the period		220,508,187.18

The accompanying notes form an integral part of these financial statements.

**Statement of operations and changes in net assets for the period from
January 1, 2023 to June 30, 2023**

		Clarion Global Emerging Markets Bond Fund
	Notes	USD
Net Asset Value at the beginning of the period		24,102,188.61
INCOME		
Interest income	2.6	668,288.74
Dividend income, net	2.6	-
Bank interest income	2.6	72,042.09
Other income	2.7	1,731.66
Total Income		742,062.49
EXPENSES		
Management Company fees	3	184,345.45
Performance fees	4	-
Depositary bank fees	3	11,022.31
Amortisation of formation expenses	2.8	-
Administration fees	3	27,775.75
Bank and interest expenses		62,121.20
Director fees		4,042.25
Distribution fees		17,852.15
Transaction fees	9	15,194.86
Operating fees		-
Professional fees		5,970.84
Taxe d'abonnement	5	4,879.57
Register fees		675.04
Regulatory fees		5,433.28
Risk management fees		8,246.02
Research fees		27,645.45
Other expenses		45,671.57
Total Expenses		420,875.74
Net investment income/(loss)		321,186.75

The accompanying notes form an integral part of these financial statements.

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Statement of operations and changes in net assets for the period from January 1, 2023 to June 30, 2023 (continued)

		Clarion Global Emerging Markets Bond Fund
	Notes	USD
Net investment income/(loss)		<u>321,186.75</u>
Net realised gain/(loss):		
- on investments	2.4	
- on forward foreign exchange contracts	2.3	(1,231,483.49)
- on futures contracts	2.3	34,514.00
- on foreign exchange translation	2.5	82,093.75
- on options	2.3	(5,220.63)
		-
Net realised gain/(loss) for the period		<u>(1,120,096.37)</u>
Change in net unrealised gain/loss:		
- on investments		
- on forward foreign exchange contracts	2.3	1,327,844.63
- on foreign exchange translation	2.5	(22,595.50)
- on options	2.3	(20,790.61)
		-
Change in net unrealised gain/loss for the period		<u>1,284,458.52</u>
Net profit/(loss) from operations		<u>485,548.90</u>
Subscriptions		
Redemptions		872,067.19
Dividends distributed	8	(4,977,601.25)
		(5,798.80)
Net Asset Value at the end of the period		<u>20,476,404.65</u>

The accompanying notes form an integral part of these financial statements.

Statistical information

		June 30, 2023	December 31, 2022	December 31, 2021
Net Asset Value	USD	20,476,404.65	24,102,188.61	50,472,271.00
Class A-CHF				
Number of shares outstanding		3,989.756	3,989.756	3,989.756
Net Asset Value per share	CHF	78.65	78.77	97.61
Class AD-USD				
Number of shares outstanding		1,400.000	750.000	750.000
Net Asset Value per share	USD	74.64	75.47	97.30
Class A-EUR				
Number of shares outstanding		6,056.887	15,536.072	21,452.187
Net Asset Value per share	EUR	69.48	69.07	86.02
Class A-USD				
Number of shares outstanding		170,535.822	190,656.425	354,992.119
Net Asset Value per share	USD	94.13	92.34	112.07
Class B-USD				
Number of shares outstanding		28,565.964	40,187.860	60,567.348
Net Asset Value per share	USD	88.39	86.33	103.84
Class PRD-USD				
Number of shares outstanding		-	3,130.735	2,872.051
Net Asset Value per share	USD	-	71.16	91.89
Class PR-USD				
Number of shares outstanding		12,172.449	15,910.024	15,910.024
Net Asset Value per share	USD	80.92	79.44	96.57

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Société d'Investissement à Capital Variable

Clarion Global Emerging Markets Bond Fund

Statement of investments as at June 30, 2023

Currency	Quantity/ Nominal	Description	Cost USD	Market Value USD	% of Net Asset Value
<u>Transferable securities admitted to an official stock exchange and/or dealt in on another regulated market</u>					
Bonds					
<i>Argentina</i>					
USD	400,000	CITY OF BUENOS AIRES 7.500% 06/01/27	381,411.67	377,239.99	1.84%
<i>Total Argentina</i>			381,411.67	377,239.99	1.84%
<i>Austria</i>					
USD	400,000	KLABIN AUSTRIA GMBH 7.000% 04/03/49	417,450.00	386,032.00	1.89%
USD	650,000	SUZANO AUSTRIA GMBH 7.000% 03/16/47	716,650.00	657,091.50	3.20%
<i>Total Austria</i>			1,134,100.00	1,043,123.50	5.09%
<i>Brazil</i>					
USD	450,000	BANCO DO BRASIL (CAYMAN) FRN PERP	480,825.00	452,965.50	2.21%
USD	500,000	CEMIG GERACAO E TRANSM 9.250% 12/05/24	578,000.00	505,220.00	2.47%
USD	200,000	ITAU UNIBANCO HLDG SA/KY FRN PERP	199,400.00	194,986.00	0.95%
<i>Total Brazil</i>			1,258,225.00	1,153,171.50	5.63%
<i>British Virgin Islands</i>					
USD	400,000	GTL TRADE FINANCE INC 7.250% 04/15/44	485,020.00	424,356.00	2.07%
USD	700,000	WANDA PROPERTIES GLOBA 11.000% 01/20/25	585,725.00	320,565.00	1.57%
<i>Total British Virgin Islands</i>			1,070,745.00	744,921.00	3.64%
<i>Cayman Islands</i>					
USD	500,000	ALIBABA GROUP HOLDING 4.500% 11/28/34	480,000.00	459,540.00	2.24%
USD	2,800,000	EVERRE 8.750% 06/28/25 CORP	2,164,470.00	175,476.00	0.86%
USD	1,200,000	SINIC HOLDINGS GROUP CO 9.500% 10/18/21*	16,000.00	17,592.00	0.09%
USD	600,000	TERMOCANDELARIA POWER 7.875% 01/30/29	450,104.50	422,396.70	2.06%
USD	200,000	VALE OVERSEAS LIMITED 8.250% 01/17/34	241,200.00	232,930.00	1.14%
<i>Total Cayman Islands</i>			3,351,774.50	1,307,934.70	6.39%
<i>China</i>					
USD	350,000	COGARD 8.000% 01/27/24	349,487.50	234,496.50	1.15%
USD	500,000	SUNSHINE LIFE INSURANCE 4.500% 04/20/26	481,583.33	452,605.00	2.21%
<i>Total China</i>			831,070.83	687,101.50	3.36%
<i>Colombia</i>					
USD	1,000,000	CREDIVALORES SA 8.875% 02/07/25	877,410.71	322,210.00	1.57%
USD	800,000	ECOPETROL SA 7.375% 09/18/43	777,401.67	666,720.00	3.26%
USD	200,000	REPUBLIC OF COLOMBIA 8.000% 04/20/33	206,050.00	204,172.00	1.00%
<i>Total Colombia</i>			1,860,862.38	1,193,102.00	5.83%
<i>India</i>					
USD	300,000	ABJA INVESTMENT CORP 5.450% 01/24/28	297,750.00	297,588.00	1.45%
<i>Total India</i>			297,750.00	297,588.00	1.45%

*Default title

The accompanying notes form an integral part of these financial statements.

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Clarion Global Emerging Markets Bond Fund

Statement of investments as at June 30, 2023 (continued)

Currency	Quantity/ Nominal	Description	Cost USD	Market Value USD	% of Net Asset Value
<i>Kazakhstan</i>					
USD	600,000	KAZMUNAYGAS NATIONAL CO 6.375% 10/24/48	524,900.00	512,094.00	2.50%
<i>Total Kazakhstan</i>			524,900.00	512,094.00	2.50%
<i>Luxembourg</i>					
USD	500,000	NEXA RESOURCES SA 6.500% 01/18/28	537,946.43	480,310.00	2.34%
USD	600,000	UNIGEL LUXEMBOURG SA 8.750% 10/01/26	438,170.77	198,144.00	0.97%
<i>Total Luxembourg</i>			976,117.20	678,454.00	3.31%
<i>Mexico</i>					
USD	3,650,000	CREDITO REAL SAB DE CV 9.500% 02/07/26	3,653,450.00	427,780.00	2.09%
USD	650,000	DOCUFORMAS SA 10.250% 07/24/24	619,533.14	143,019.50	0.70%
USD	500,000	PETROLEOS MEXICANOS 10.000% 02/07/33	493,500.00	457,830.00	2.24%
USD	800,000	UNIFIN FINANCIERA SA DE 8.375% 01/27/28	740,634.44	31,048.00	0.15%
<i>Total Mexico</i>			5,507,117.58	1,059,677.50	5.18%
<i>Oman</i>					
USD	600,000	OMAN 7.000% 01/25/51	600,900.00	595,644.01	2.91%
<i>Total Oman</i>			600,900.00	595,644.01	2.91%
<i>Peru</i>					
USD	700,000	HUNT OIL CO OF PERU 6.375% 06/01/28	600,554.12	561,532.61	2.75%
USD	600,000	PETRPE 5.625% 06/19/47	483,516.00	387,636.00	1.89%
<i>Total Peru</i>			1,084,070.12	949,168.61	4.64%
<i>Supranational</i>					
USD	400,000	AFRICA FINANCE CORP 3.750% 10/30/29	335,300.00	332,176.00	1.62%
<i>Total Supranational</i>			335,300.00	332,176.00	1.62%
<i>The Netherlands</i>					
USD	500,000	BRASKEM NETHERLANDS 7.250% 02/13/33	501,000.00	491,430.00	2.40%
USD	400,000	PETROBRAS GLOBAL FINANCE 6.900% 03/19/49	421,869.14	369,640.00	1.81%
USD	500,000	TEVA PHARMACEUTICALS NE 6.750% 03/01/28	532,501.16	492,880.00	2.40%
<i>Total The Netherlands</i>			1,455,370.30	1,353,950.00	6.61%
<i>Turkey</i>					
USD	250,000	REPUBLIC OF TURKEY 9.125% 07/13/30	245,402.78	248,300.00	1.21%
<i>Total Turkey</i>			245,402.78	248,300.00	1.21%
<i>United States of America</i>					
USD	500,000	ASIAN DEVELOPMENT BANK 4.000% 01/12/33	508,719.00	498,680.00	2.44%
USD	500,000	ASIAN DEVELOPMENT BANK 4.250% 01/28/26	502,644.00	494,365.00	2.41%
USD	3,139,676	BBFI LIQUIDAT. 0.000% PERP	1,273,217.78	470,951.30	2.30%
USD	500,000	EUROPEAN INVESTMENT BANK 4.875% 02/15/36	553,000.00	537,560.00	2.63%
USD	500,000	INTER-AMERICAN DEVEL BK 3.000% 02/21/24	532,819.90	491,985.00	2.40%
USD	1,000,000	INTL BK RECON & DEVELOP 3.875% 02/14/30	996,500.00	983,180.00	4.80%

The accompanying notes form an integral part of these financial statements.

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Société d'Investissement à Capital Variable

Clarion Global Emerging Markets Bond Fund**Statement of investments as at June 30, 2023 (continued)**

Currency	Quantity/ Nominal	Description	Cost USD	Market Value USD	% of Net Asset Value
USD	400,000	NBM US HOLDINGS INC. 6.625% 08/06/29	387,200.00	367,092.00	1.79%
USD	500,000	SASOL FINANCING USA LLC 5.500% 03/18/31	440,450.00	394,655.00	1.93%
USD	1,000,000	TREASURY BILL 0.000% 05/16/24	953,788.33	954,497.00	4.66%
USD	1,000,000	TREASURY BILL 0.000% 09/28/23	976,743.81	987,563.00	4.82%
<i>Total United States of America</i>			7,125,082.82	6,180,528.30	30.18%
Total Bonds			28,040,200.18	18,714,174.61	91.39%
Total Transferable securities admitted to an official stock exchange and/or dealt in on another regulated market			28,040,200.18	18,714,174.61	91.39%
Total investments			28,040,200.18	18,714,174.61	91.39%

The accompanying notes form an integral part of these financial statements.

Geographical classification of investments as at June 30, 2023

	% of Net Assets
United States of America	30.18%
The Netherlands	6.61%
Cayman Islands	6.39%
Colombia	5.83%
Brazil	5.63%
Mexico	5.18%
Austria	5.09%
Peru	4.64%
British Virgin Islands	3.64%
China	3.36%
Luxembourg	3.31%
Oman	2.91%
Kazakhstan	2.50%
Argentina	1.84%
Supranational	1.62%
India	1.45%
Turkey	1.21%
Total	91.39%

Economic classification of investments as at June 30, 2023

	% of Net Assets
Government	35.46%
Materials	14.08%
Financial	13.40%
Energy	12.56%
Utilities	6.15%
Consumer, Non-cyclical	4.19%
Basic Materials	3.31%
Consumer Discretionary	2.24%
Total	91.39%

Notes to the financial statements as at June 30, 2023**Note 1 - General**

AVALORN (the “Fund”), was incorporated in the Grand Duchy of Luxembourg on April 24, 2015. AVALORN is an investment company with variable capital (Société d’Investissement à Capital Variable, “SICAV”), established in the Grand Duchy of Luxembourg under Part I of the Luxembourg amended law of December 17, 2010 related to undertakings for collective investments.

The Fund is managed by NS Partners Europe S.A. (the “Management Company”).

The Fund is established for an undetermined duration and the capital, for which the minimum must be EUR 1,250,000 (one million two hundred fifty thousand EUR) shall at all times be equal to the value of the net assets of all the Sub-Funds of the Fund.

The registered office of the Fund is at 3, rue Gabriel Lippmann, L-5365 Munsbach.

As at June 30, 2023, the Fund has 1 active Sub-Fund:

- Clarion Global Emerging Markets Bond Fund

The Class EUR is denominated in EUR. The A share classes are denominated in EUR, USD and CHF. The AD-USD, B and B-USD share classes are denominated in USD. The P share classes are denominated in EUR, USD and JPY. The PR share class is denominated in USD. All share classes are accumulating, however dividends may be distributed on an annual basis depending on the net revenues. For share classes A-EUR, A-USD, A-CHF and B2-USD the currency risk associated with a depreciation of the Reference Currency of the Sub-Fund against the Reference Currency of the relevant class is hedged via forward foreign exchange contracts.

The PR and PRD share classes are reserved to investors subscribing via platforms which have contractual relationships with the Investment Manager.

Note 2 - Summary of significant accounting policies*2.1 Basis of preparation*

The financial statements are prepared on a going concern basis of accounting in accordance with Luxembourg legal and regulatory requirement relating to the presentation of financial statements.

The net asset value of each Sub-Fund shall be determined by the Fund or its agent from time to time, but in no instance less than twice a month on such bank business day or days in Luxembourg as the Board of Directors by resolution may direct (every such valuation day for which the net asset value shall be determined will be referred to herein as “valuation day” and the day on which the net asset value will be calculated will be referred to as “calculation day”).

For the Sub-Funds Clarion Global Emerging Markets Bond Fund, the valuation day is Daily i.e every day of the week which falls on a business day in Luxembourg (referred as “business day”) or otherwise the next business day.

2.2 Calculation of the Net Asset Value

Any cash in hand or on deposit, lists of bills for discount, bills and sight bills, receivables, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received are valued taking their full value into account, unless it is unlikely that such amount is paid or received in full, in which case the value thereof will be

Notes to the financial statements as at June 30, 2023 (continued)

determined by applying a discount that the Board of Directors deems appropriate in order to reflect the true value of the asset.

The valuation of each Sub-Fund assets is, for transferable securities and money markets instruments or derivatives admitted to an official stock exchange or traded on any other regulated market, is based on the last available price on the principal market on which these securities, money market instruments or derivatives are traded, as provided by a recognised listing service approved by the Board of Directors. If such prices are not representative of the fair value, these transferable securities, money market instruments or derivatives as well as other authorised assets are valued on the basis of their foreseeable sales prices, as determined in good faith by the Board of Directors.

Securities and money market instruments which are not listed or traded on any regulated market are valued based on the last available price, unless such price is not representative of their true value; in this case, the valuation is based on the foreseeable sale price of the security, as determined in good faith by the Board of Directors.

The amortised cost valuation method may be used for short-term transferable securities of certain Sub-Funds of the Fund. This method involves valuing a security at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium regardless of the impact of fluctuating interest rates on the market value of the security.

While this method provides a fair valuation, the value determined by amortised cost may sometimes be higher or lower than the price the Sub-Fund would receive if it were to sell the securities. For some short-term transferable securities, the return for a shareholder may differ somewhat from the return that could be obtained from a similar Sub-Fund which values its portfolio securities at their market value.

2.3 Valuation principles

The value of investments in investment funds is calculated on the last available valuation. Generally, investments in investment funds is valued in accordance with the methods laid down for such investment funds. These valuations are usually provided by the fund administrator or by the agent in charge of valuations of this investment fund. To ensure consistency in the valuation of each Sub-Fund, if the time at which the valuation of an investment of an investment fund was calculated does not coincide with the Valuation Day of the Sub-Fund in question, and such valuation is determined to have changed substantially since its calculation, the Net Asset Value may be adjusted to reflect these changes as determined in good faith by the Board of Directors.

The valuation of derivatives traded over-the-counter (OTC), such as forwards or options not traded on a stock exchange or another regulated market, are based on their net liquidation value determined in accordance with the policies established by the Board of Directors, in a manner consistently applied for each type of contract. The net liquidation value of a derivative position corresponds to the unrealised profit/loss with respect to the relevant position.

The value of other assets is determined prudently and in good faith by the Board of Directors in accordance with generally accepted valuations principles and procedures.

Forward foreign exchange contracts remaining open at closing date are valued by reference to the forward foreign exchange rate corresponding to the remaining life of the contract.

Realised gains/(loss) and change in net unrealised gain/loss resulting therefrom are included in the statement of operations and changes in net assets respectively under “Net realised gain/(loss) on forward foreign exchange contracts” and “Change in net unrealised gain/loss on forward foreign exchange contracts”.

Futures contracts provide for the delayed delivery of the underlying instrument at a fixed price or a cash amount based on the change in the value of the underlying instrument at a specific date in the future. Upon entering into a futures contract, the Sub-Fund is required to deposit with the broker, cash or securities in an amount equal to a certain percentage of the contracts amount which is referred to as the initial margin account. Subsequent payments, referred

Notes to the financial statements as at June 30, 2023 (continued)

to as variation margin, are made or received by the Sub-Fund periodically and are based on changes in the market value of open futures contracts.

Changes in the market value of open futures contracts are recorded as changes in net assets under “Change in net unrealised gain/loss on futures contracts”. Realised gains or (losses), representing the differences between the value of the contract at the time it was opened and the value at the time it was closed, are reported at the closing or expiration of futures contracts in the statement of operations and changes in net asset under “Net realised gain/(loss) on futures contracts”.

Outstanding options traded on a regulated market are valued based on the closing price or the last available market price of the instruments.

OTC options are marked to market based upon prices obtained from third party pricing agents and verified against the value from the counterparty.

The realised gains/(losses) and change in net unrealised gain/loss on options are disclosed in the statement of operations and changes in net assets respectively under the headings “Net realised gain/(loss) on options” and “Change in net unrealised gain/loss on options”.

2.4 Net realised gain/(loss) on sales of securities

The realised gain or (loss) on the sales of securities are calculated on the basis of the average acquisition cost.

2.5 Foreign exchange translation

The financial statements are kept in reference currency of each Sub-Fund and the consolidated financial statements of the Fund are kept in EUR.

Cash at banks, other net assets and the value of portfolio securities in currencies other than the reference currency of each Sub-Fund are converted into the reference currency at the foreign exchange rate prevailing the valuation date. Income and expenses in currencies other than the reference currency of each Sub-Fund are converted into the reference currency at the foreign exchange rate applicable at the date they are accrued in the Sub-Fund. Realised gains or (losses) and change in net unrealised gain/loss on foreign exchange translation are accounted for in the statement of operations and changes in net assets.

The acquisition cost of securities in currencies other than the reference currency of each Sub-Fund is converted into the reference currency at the foreign exchange rate valid at the date of acquisition.

The consolidated financial statements are kept in EUR. For this purpose, the financial statements of the Sub-Funds are converted into EUR at the foreign exchange rates as of June 30, 2023.

1	EUR =	0.977	CHF
1	EUR =	157.460	JPY
1	EUR =	1.091	USD

2.6 Interest and dividend income

Dividends, net of withholding taxes, are recognized as income on the date upon which the relevant securities are first listed as “ex-dividend”. Interest income is accrued on a daily basis.

2.7 Other income

Other income includes among other thing:

Notes to the financial statements as at June 30, 2023 (continued)

- The trailer commissions received during the period,
- Commissions on subscriptions/redemptions,
- Fund manager rebates.

2.8 Formation expenses

Formation expenses are amortised on a straight-line basis over a period not exceeding five years.

Note 3 - Management Company fees, Depository bank fees, Administration fees and Investment Advisory fees

AVALORN shall pay a management company fee, payable monthly on the basis of the daily, weekly or bi-monthly Net Asset Value calculated during the relevant month; an administration fee, payable monthly and accrued on the basis of the Net Asset Value calculated on each valuation day; and depository bank fee, payable monthly and accrued on the basis of the Net Asset Value calculated on each valuation day.

Clarion Global Emerging Markets Bond Fund pays a management company fee of 1.75% for Class A-USD, AD-USD, A-EUR and A-CHF shares, 0.85% for Class B-USD shares and 1.90% for Class PR-USD and PRD-USD shares, a depository bank fee of 0.0475% and an administration fee of 0.05% p.a. with a minimum fee of USD 50,647.90⁽¹⁾.

The annual fees indicated above are paid from the Sub-Fund's Net Asset Value to the Management Company which in return will pay the Investment Managers or Investment Advisors.

Note 4 - Performance fees**Clarion Global Emerging Markets Bond Fund**

The Sub-Fund pays the Investment Manager a Performance fee. The Performance fee is based on High watermark (HWM) principle. The HWM is assessed on the Net Asset Value of the last business day (Valuation Point) of the calendar year (Calculation Period). The HWM used for the purpose of the Performance fee calculation corresponds to the highest Net Asset Value of any previous Valuation Point.

The Performance fee is accrued at each Net Asset Value calculation and paid to the Investment Manager within 25 business days following the end of each Calculation Period. In case of redemptions requested during a Calculation Period, the corresponding Performance fee will be crystalized and paid at the end of the relevant Calculation Period.

Performance fees formula:

$$P = (GAV_w - HWM)$$

If P is equal to 0 or negative, no Performance fees shall be calculated nor accrued.

If P is positive, Performance fees will be calculated and accrued as follows:

$$\text{Performance fees} = (P * \text{Performance fees rate}) * \text{Shares}$$

Where:

GAV_w: is the value of the NAV per share before accruing for Performance fees

HWM: is the highest NAV per share of any previous Valuation Point

P: is the difference between the GAV_w and HWM

Shares: is the number of outstanding shares of NAV_w

No performance fee was paid for Clarion Global Emerging Markets Bond Fund during the period.

Notes to the financial statements as at June 30, 2023 (continued)**Note 5 - Taxe d'abonnement**

Under the prevailing laws and regulations, the SICAV is subject in Luxembourg, on the basis of its investments, to a "taxe d'abonnement" at the annual rate of 0.05%, payable quarterly and calculated on the basis of the net assets of each Sub-Fund at the end of each quarter. The portion of net assets, which is invested in other undertakings for collective investment in securities under Luxembourg law, is exempt from this tax.

This annual tax is however reduced to 0.01% on the aggregate net asset value of the shares in the classes reserved to institutional investors, as well as in Sub-Funds that invest exclusively in certain short term transferable debt securities and other instruments pursuant to the Grand Ducal Regulation of April 14, 2004.

Note 6 - Portfolio movements

A detailed statement of investments changes is available free of charge, upon request, at the registered office of the Fund.

Note 7 - Risk management

The global exposure of the Sub-Funds is calculated on the basis of the commitment approach.

Note 8 - Dividend distribution

Dividends may be distributed on an annual basis depending on the net revenues of each Sub-Fund share classes.

A dividend distribution of USD (5,798.80) was paid for Clarion Global Emerging Markets Bond Fund during the period as described below:

Payment date	Amount per share		Total amount	
	Class AD-USD	Class PRD-USD	Class AD-USD	Class PRD-USD
January 13, 2023	USD 1.132029	USD 1.0674221	USD 849.02	USD 3,341.82
April 14, 2023	USD 1.1485414	-	USD 1,607.96	-

Note 9 - Transaction fees

Transaction fees include brokerage fees, stamp duty, local taxes and other foreign charges if incurred during the period. Transaction fees are only charged by the broker for any transaction booked.

For the period ended June 30, 2023, each Sub-Fund incurred transaction fees relating to purchase or sale of investments in securities and similar transactions, (including derivatives instruments or other eligible assets).

Not all transaction fees are separately identifiable. For fixed income investments, forward currency contracts and for some other derivative contracts, transaction fees are included in the purchase and sales price of the investment. Whilst not separately identifiable these transaction fees are captured within the performance of each Sub-Funds.

Transaction fees are included in the Statement of operations and changes in net assets under "Transaction fees".

Notes to the financial statements as at June 30, 2023 (continued)
Note 10 - Financial Derivative Instruments

The Sub-Funds may engage in derivative transactions for the purpose of efficient portfolio management.

Depending on the type of derivatives held, collateral might be received from the different counterparties to reduce the counterparty exposure. No collateral was received by the Fund to reduce the counterparty risk as of June 30, 2023.

For future contracts, margin accounts might be used.

Note 11 - Forward foreign exchange contracts

As at June 30, 2023, Clarion Global Emerging Markets Bond Fund has entered into the following forward foreign exchange contracts:

	Amount bought		Amount sold	Maturity	Unrealised gain USD	Counterparty	Share Class
EUR	1,108,970.60	USD	(1,198,614.68)	11/30/2023	21,243.71	UBS Europe SE, Luxembourg Branch	Sub-Fund ⁽¹⁾
CHF	324,514.21	USD	(365,574.23)	11/30/2023	3,380.46	UBS Europe SE, Luxembourg Branch	Sub-Fund ⁽¹⁾
USD	157,728.67	EUR	(143,271.53)	11/30/2023	131.18	UBS Europe SE, Luxembourg Branch	Sub-Fund ⁽¹⁾
				Total	24,755.35		

	Amount bought		Amount sold	Maturity	Unrealised (loss) USD	Counterparty	Share Class
USD	530,130.00	EUR	(489,574.17)	11/30/2023	(8,397.49)	UBS Europe SE, Luxembourg Branch	Sub-Fund ⁽¹⁾
USD	58,246.69	EUR	(53,830.45)	11/30/2023	(966.36)	UBS Europe SE, Luxembourg Branch	Sub-Fund ⁽¹⁾
USD	11,364.16	CHF	(10,148.20)	11/30/2023	(173.78)	UBS Europe SE, Luxembourg Branch	Sub-Fund ⁽¹⁾
				Total	(9,537.63)		

Note 12 - Pledged securities

The Fund pledges in favour of UBS Europe SE, Luxembourg Branch. (hereinafter “UBS”) all of his present and future cash and money claims in relation to or standing to the credit of the accounts and any sub-accounts opened now or to be opened in the future in the name of and/or held by the fund with UBS and held with any third parties in the Fund’s name or in UBS’ name for the benefit of the Fund, regardless of the respective currency (together hereinafter the “Claims”). The Fund pledges in favour of UBS all financial instruments, which are now held or may be held at any time in the future.

Note 13 - Swing pricing

The application of a dilution adjustment depends upon the net value of subscriptions, switches and redemptions received by the Sub-Fund for each Valuation Day. The Management Company therefore reserves the right to make a dilution adjustment where the Sub-Fund’s net cash movement in capital exceeds a pre-set threshold (established at 10% of the Total Net Asset Value of the Sub-Funds) of the previous Valuation Day’s total Net Asset Value. The relevant thresholds are set by the Directors from time to time. The Management Company may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of existing Shareholders to do so.

Where a dilution adjustment is made, it typically increases the Net Asset Value per Share when there are net inflows into the Sub-Fund and decreases the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in the Sub-Fund is calculated separately but any dilution adjustment, in percentage terms, affects the Net Asset Value per Share of each Share Class identically.

Notes to the financial statements as at June 30, 2023 (continued)

The dilution adjustment for the Sub-Fund is calculated by reference to the costs of dealing in the underlying investments, including any dealing spreads, which can vary with market conditions. As a result, the amount of the dilution adjustment can vary over time; however the adjustment is capped at 3% of the relevant Net Asset Value.

As dilution is related to the inflows and outflows of money from the Sub-Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the Management Company will need to make such dilution adjustments.

The Board of Directors is authorised to apply other appropriate valuation principles for the assets of the Funds and/or the assets of a given Share Class if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

No Swing Price has been applied during the period ended June 30, 2023.

Note 14 - Subsequent events

On August 21, 2023, the CSSF approved Ms. Maya Page-Feuz as new Director of the Fund. She will replace Mr. Hoegger.

Note 15 - Information concerning the SFTR disclosures

At the date of the financial statements, AVALORN does not use any instruments falling into the scope of the SFTR regulation 2015/2365 on transparency of securities financing transactions and of reuse.

Note 16 - Information concerning the SFDR disclosures

The Fund and its sub-funds are classified as Article 6 within the meaning of SFDR regulation (regulation EU 2019/2088 of November 27, 2019 on sustainability-related disclosures in the financial services sector) and are not taking into account the EU criteria for environmentally sustainable economic activities in their investment strategy.

Notes to the financial statements as at June 30, 2023 (continued)**Information for investors in Switzerland**

Additional information concerning the offering of shares in Switzerland

Shares of the Fund (the “Shares” and the “Fund”) can be offered in Switzerland exclusively to Qualified Investors as defined by Article 10 § 3 and 3^{ter} of the Collective Investment Scheme Act (CISA) (Qualified Investors). The Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA). This Report and/or any other offering materials relating to the Shares of the Fund may be made available in Switzerland solely to Qualified Investors. Publications in respect of the Shares of the Fund are effected on the electronic platform www.fundinfo.com.

Information for Swiss based Qualified Investors

The domicile of the Fund is Luxembourg.

1. Representative

The Representative of the Fund in Switzerland is:

OpenFunds Investment Services AG

Seefeldstrasse 35, CH-8008 Zurich

Tel +41 44 500 3108, www.open-funds.ch

2. Paying Agent

The Paying Agent in Switzerland is:

NPB Neue Privat Bank AG

Limmatquai 1

8001 Zürich

www.npb-bank.ch, +41 (0) 44 265 11 88

3. Location where the relevant documents may be obtained

The statutory documents of the Fund such as the prospectus, the key investor information document (if any), the memorandum and articles of association, the annual and semi-annual reports may be obtained free of charge from the Representative.

4. Payment of retrocessions and rebates

The Financial Intermediaries do not pay any retrocessions to third parties as remuneration for distribution activity in respect of Fund units in or from Switzerland.

In respect of distribution in or from Switzerland, the Financial Intermediaries do not pay any rebates to reduce the fees or costs incurred by the investor and charged to the Fund.

5. Place of performance and jurisdiction

In respect of the units offered in Switzerland, the place of performance is the registered office of the representative. The place of jurisdiction is at the registered office of the representative or at the registered office or place of residence of the investor.