



**Avaron Eastern Europe
Fixed Income Fund**

SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2016
(UNAUDITED)

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FUND FACTS

Avaron Eastern Europe Fixed Income Fund is registered in the Republic of Estonia as a contractual open-ended investment fund the units of which are publicly offered. 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 Eastern Europe Fixed Income Fund
Fund Management Company	AS Avaron Asset Management (registration number 11341336)
Registered address and contact details of the Fund Management Company	Address: Narva road 7D, 10117 Tallinn, Estonia Phone: +372 664 4200 Facsimile: +372 664 4201 E-mail: info@avaron.com www.avaron.com
Depository & custody bank	Swedbank AS (registration number 10060701)
Fund administration (NAV calculation) & Transfer Agent services	Swedbank AS (registration number 10060701)
Auditor	AS Deloitte Audit Eesti (registration number 10687819)
Supervisor	Estonian Financial Supervision Authority
Fund managers	Kristel Kivinurm-Priisalm, Valdur Jaht, Peter Priisalm
Fund established	4 July 2012
Start of the Fund's activities	10 July 2012
Reporting period	1 January 2016 – 30 June 2016

INVESTMENT MANAGERS' REPORT

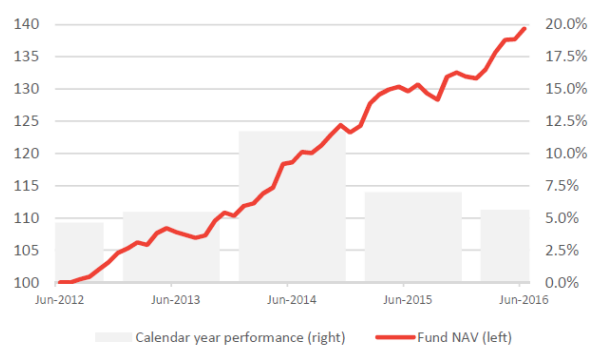
Avaron Eastern Europe Fixed Income Fund (hereinafter: "the Fund") invests in high yield corporate bonds, government bonds and convertibles in Emerging Europe, Russia and CIS countries. The Fund may also invest in regional currencies, if deems them undervalued or may hedge its currency exposure to its base currency euro. The Fund's investment objective is to maximise yield from investment, taking into account company quality, instrument maturity and FX outlook. The Fund adheres to the UN Principles for Responsible Investment. The Fund is suitable for investors who are prepared to bear higher risk compared to a similar investment in an investment grade corporate or sovereign fixed income instruments with the potential to earn a higher yield.

First half of 2016 was a successful period for Avaron Eastern Europe Fixed Income Fund investors. The Fund returned +5.6% during the first half of the year and is up 39.4% since inception in July 2012.

	2012*	2013	2014	2015	6M 2016
A unit	4.5%	5.1%	11.3%	6.6%	5.4%
B unit	4.6%	5.5%	11.7%	7.0%	5.6%

* Fund launched 10/07/2012

Net return of the Fund units, in EUR



Performance of Fund's NAV (10/07/2012-30/06/2016)

At the end of the first half of 2016, the Fund is invested only in corporate bonds and holds 22 instruments (excluding forward contracts and deposits) from 22 issuers. The bond portfolio has a weighted average maturity of 4.8 years without perpetuals. The current yield of the portfolio is 5.8% and yield to maturity is 5.1%. Perpetual bonds make up 3.9% of the Fund and have a current yield of 7.3%.

16 August 2016

Kristel Kivinurm-Priisalm

Fund Manager and Member of the Management Board

CONFIRMATION OF SEMI-ANNUAL FINANCIAL STATEMENTS FOR 2016

The Management Board of the Fund Management Company has prepared the semi-annual Financial Statements of Avaron Eastern Europe Fixed Income Fund on 16 August 2016.

The Financial Statements have been prepared in compliance with the requirements stipulated in the Estonian Accounting Act, the Investment Funds Act and Minister of Finance Regulation no 21 of 13/04/2011 "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 Eastern Europe Fixed Income Fund. The Management Board considers Avaron Eastern Europe Fixed Income Fund to carry its activities as a going concern.

The semi-annual Financial Statements of Avaron Eastern Europe Fixed Income Fund have been approved by the Fund Management Company and the fund managers.

Name	Date	Signature
Kristel Kivinurm-Priisalm Member of the Management Board of the Fund Management Company / Fund manager	16/08/2016	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company/ Fund manager	16/08/2016	/Signed digitally/
Peter Priisalm Fund manager	16/08/2016	/Signed digitally/

BALANCE SHEET

In EUR

ASSETS	Note	30/06/2016	31/12/2015
Cash and cash equivalents	3	1,499,544	594,399
Financial assets at fair value through profit or loss:			
Bonds	4	6,462,121	7,488,960
Derivative instruments	4; 7	113,322	-
TOTAL ASSETS		8,074,987	8,083,359
LIABILITIES			
Financial liabilities at fair value through profit or loss:			
Derivative instruments	7	41,497	137,553
Other financial liabilities			
Payables to the management company	4; 6	3,964	4,100
Payables to the depository	4	2,051	2,138
Other liabilities	4	393	1,391
TOTAL LIABILITIES (excluding net assets attributable to holders)		47,904	145,182
NET ASSETS ATTRIBUTABLE TO HOLDERS		8,027,082	7,938,177

STATEMENT OF INCOME AND EXPENSES

In EUR	Note	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
INCOME			
Interest income		187,042	251,240
From bonds		187,023	251,183
From deposits		19	57
Net gain/loss from financial assets at fair value through profit or loss		378,937	-172,092
From bonds	5	183,776	162,154
From derivative instruments	5	195,161	-334,247
Net gain/loss from foreign exchange		-119,436	454,897
Other Income		3,031	-
TOTAL INCOME		449,573	534,045
OPERATING EXPENSES			
Management fees	6	23,310	32,226
Custodian fees		8,762	10,894
Transaction fees		106	265
Other operating expenses		1,177	1,061
TOTAL OPERATING EXPENSES		33,355	44,446
NET INCOME		416,219	489,599

STATEMENT OF CHANGES IN NET ASSETS

In EUR	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	7,938,177	9,768,992
Cash received for fund units issued	905,132	1,596,251
Cash paid for fund units redeemed	-1,232,446	-3,905,190
Net result of the Fund	416,219	489,599
NET ASSET VALUE AT THE END OF THE PERIOD	<u>8,027,082</u>	<u>7,949,651</u>
Number of A units in circulation at the end of the period:	14,911.080	14,268.210
Number of B units in circulation at the end of the period:	<u>561,335.988</u>	<u>599,160.671</u>
Net asset value of an A unit:	13.7378	12.8240
Net asset value of an B unit:	<u>13.9350</u>	<u>12.9626</u>

STATEMENT OF CASH FLOWS

In EUR	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	202,027	261,262
Net result from foreign exchange	-30,579	97,100
Sale of investments	1,323,215	1,766,448
Purchase of investments	-216,001	-915,209
Operating expenses paid	-34,577	-46,085
	1,244,085	1,163,516
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of unit	905,132	1,596,251
Payments on redemption of units	-1,232,446	-3,905,190
	-327,314	-2,308,939
TOTAL CASH FLOWS	916,771	-1,145,423
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	594,399	1,300,588
Effect of exchange rate fluctuations on cash and cash equivalents	-11,626	-2,814
Cash and cash equivalents at the end of the period	1,499,544	152,351

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Eastern Europe Fixed Income Fund for 2016 have been prepared in compliance with the Estonian Accounting Act, effective Investment Funds Act as supplemented by the regulations of the Minister of Finance. As stipulated in Minister of Finance Regulation no 21 of 13/04/2011 "Requirements for the reports of investment funds to be published" the financial statements have been prepared using the accounting policies and information presentation principles of International Financial Reporting Standards (hereinafter: "IFRS") approved by European Commission taking into account the specifications of the regulation and Rules for Calculating Net Asset Value of Funds.

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 various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The adoption of these amendments to the existing standards has not led to any changes in the Fund's accounting policies.

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 9 "Financial Instruments" (Effective for annual periods beginning on or after 1 January 2018),
- IFRS 14 "Regulatory Deferral Accounts". The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018; not yet endorsed for use in the EU),
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019; not yet endorsed for use in the EU),
- IFRS 2 "Share-based Payment" (Effective for annual periods beginning on or after 1 January 2018),
- IAS 12 "Income Taxes" - Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- IAS 7 "Statement of Cash Flows" (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (EU endorsement currently halted),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (overall effective for annual periods beginning on or after 1 January 2016).

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and semi-annual report.

At the same time the hedge accounting principles for the portfolio of financial assets and liabilities that have not been adopted by the EU, are still unregulated. According to the Fund's estimates, the application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as at the balance sheet date.

Changes in the presentation of information

After assessing the liquidity risks, the calculation of positions that may take more than 7 days to liquidate has been amended. Up to this point, the six months average trading volume was based on 100% of the total trading. Evaluating the liquidity risk calculations, the management considers that 30% of total trading volume represents the actual liquidity risk of trading with single instrument more adequately. Recalculations for the previous period have been made in note 2.

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 circumstances. 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. Prices quoted in active markets are mostly used for measuring the fair value of financial instruments. 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 that are based on valuation models that use unobservable inputs.

Foreign currency transactions

Upon recording foreign currency transactions, the last bid rate established by the depository for the funds managed by AS Avaron Asset Management on the transaction date has been used (hereinafter referred to as the depository bid rate). The rate is based on market inputs. The assets and liabilities fixed in foreign currency are translated into EUR based on the depository bid rate applicable on the balance sheet 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 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 other 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 four categories in accordance to the principles of IAS 39 taking into account the purpose of their acquisition:

1. financial assets at fair value through profit or loss;
2. financial assets held to maturity;
3. loans and receivables;
4. financial assets available for sale.

The Fund does not hold financial assets held to maturity and available for sale.

Financial instruments at fair value through profit and loss

Classification

The Fund classifies its investments into debt, equity and derivative instruments as financial assets or liabilities through profit or loss. This category has two sub-categories: held for trading and financial assets and liabilities through profit and loss – designation upon initial recognition. The Fund reports all the investments under the second category as designated at fair value through profit and loss using the fair value option on initial recognition according to the Fund's investment strategy.

Recognition

During normal economic activities recognising investments into shares and units, bonds and derivative instruments trade date accounting principles are used. Trade date is defined as when the Fund takes the obligation to buy or sell the investment. Financial assets and liabilities are initially recognised at acquisition cost, which is the fair value of the consideration paid for the financial asset. Initial acquisition

cost of financial assets at fair value through profit or loss includes direct expenses related to financial asset or liability (commission). According to IFRS 13 these commissions should be recognized directly in statement of income and expenses. Commissions recognized at acquisition cost are insignificant and have no impact on Fund's assets or net income. Commissions are shown in semi-annual report under "Net gain/loss from financial assets at fair value through profit or loss" through revaluation. If the commissions were directly expensed, they would have been included under operating expenses.

After initial recognition all financial assets and liabilities are measured at fair value in the category "at fair value through profit or loss". 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 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

The fair value of Fund's financial assets and financial liabilities is measured in accordance with IFRS 13. IFRS 13 is applied also to previous periods.

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 considered inputs that shall be determined based on the market data (such as publicly available information about actual events or transactions) that reflect the assumptions which market participants would use when pricing an asset or 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 the one that is more liquid and the most representative based on professional judgement 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 balance sheet date. If the closing price is unavailable, the official mid price is used. If mid price is also unavailable, the last official bid price is used.
- In Avaron's opinion the market price of bonds may not reflect the fair value of the securities even when the market price is available. The value of bonds not traded on a regulated market is determined based on the average of the bid and ask quotes as provided by the price feed service provider being used. If the quotes are not available or if the quotes do not reflect the fair value of the bond in the opinion of the Fund Management Company, the price is determined based on the yield curve method.

- The value of options not traded on a regulated market is determined based on the Black & Scholes valuation model. The inputs that are necessary for the calculation are determined by the Fund Management Company after consulting with the counterparty of the option.

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 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. The sale amount of securities includes commissions related to the transaction.

Offsetting

Financial assets and liabilities at fair value through profit and loss are offset only when the Fund has a legal right to offset the amounts and intends to use the right.

Cash and cash equivalents and cash flows

Cash and cash equivalents comprise 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 term is at maximum 12 months. Deposits are initially recognised at acquisition cost and subsequently measured at amortized cost using effective interest rate method.

Receivables

Receivables include revenues calculated on the accrual basis but not received yet including dividend receivables and other accrued income. Miscellaneous receivables include receivables from unsettled sale 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 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 two classes of units which are redeemable at demand of 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 from which the redemption fee and penalty charge may be deducted.

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 shall be reflected in changes in Unit's net asset value.

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. Commissions which arose and were paid in acquisition of securities, but are not clearly identifiable are included within the acquisition cost of securities.

Related parties

Parties that are considered as related parties to the Fund are management company AS Avaron Asset Management, other investment funds managed by the management company, all group companies. According to the Fund rules the Fund pays management fees to the management company on monthly basis. Transactions with group companies have been made at market conditions.

NOTE 2. RISK MANAGEMENT

Short Overview of Investment and Risk Management Techniques

The Fund Management Company deploys value investing and bond-picking investment style with focus on credit, sector and macro analyses. Company-specific credit analysis is the core of the investment process, focusing on the issuer's business model, financial situation and outlook with an aim to assess the company's credit risk.

Various risks that may affect the return from the investment are related to investing into the Fund. The activities of the Fund may or may not be profitable. Taking into account the investment objectives and investment policy of the Fund, the most critical risks that are most likely to have an impact on the market value of the assets of the Fund include market risk, issuer's price risk, liquidity risk, foreign currency risk, credit risk, interest rate risk and the risk arising from the concentration of asset classes or markets.

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. Maturity of single securities and the full portfolio and makes relevant changes to the portfolio based on its view on the macroeconomic and interest rate developments.

The Fund Management Company has established procedures for internal risk management in order to identify, monitor, measure and hedge the risks associated to the Fund's investments. The Fund Management Company regularly examines that the Fund is in compliance with its investment restrictions.

Credit risk

Credit risk is the risk that the issuer of securities 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 issued debt obligations, a counterparty to a trade does not deliver securities or cash during the settlement, a counterparty defaults on a loan granted by the Fund) cause damage to the Fund.

Maximum exposure to credit risk as of the end of the period in EUR:

	30/06/2016	% of Fund's assets	31/12/2015	% of Fund's assets
Cash and cash equivalents	1,499,544	18.67%	594,399	7.48%
Corporate bonds	6,462,121	80.44%	7,488,960	94.25%
TOTAL	7,961,665	99.11%	8,083,359	101.73%

Fund's assets are invested in bonds that are liquid and transferable. Basic financial data of the issuer and terms of the issue (prospectus) will be analysed in case of debt securities with investment grade rating by S&P (or Moody's equivalent) of BBB- or higher. In case of debt securities with no rating / non-investment grade rating, higher due diligence requirements apply.

Allocation of bonds according to rating in Standard & Poor's rating scale in EUR:

	30/06/2016	% of NAV	31/12/2015	% of NAV
BBB	-	-	706,316	8.90%
BBB-	914,565	11.39%	1,261,151	15.89%
BB+	1,474,639	18.37%	1,258,979	15.86%
BB	2,162,876	26.94%	2,186,030	27.54%
BB-	194,514	2.42%	588,980	7.42%
B+	170,344	2.12%	166,993	2.10%
A+	312,240	3.89%	-	-
A-	-	-	308,279	3.88%
No rating	1,232,943	15.36%	1,012,232	12.75%
TOTAL	6,462,121	80.50%	7,488,960	94.34%

The Fund's cash and cash equivalents are held with Fund's depository Swedbank, which is rated AA- as of 17/06/2016.

Liquidity risk

Liquidity risk is the risk that a financial instrument cannot be sold due to low liquidity at the time desired or at a reasonable price, or there is no market (buyer) at all. Liquidity risk is particularly relevant in case of investing into small cap companies and in 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 share capital/ free float ownership.

The Fund maintains the credit lines of 200,000 EUR that it can access to meet short-term liquidity needs. These resources have not been used as of 30/06/2016.

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

	Up to 1 month		Over 1 month	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Payables to the management company	3,964	4,100	-	-
Payables to the depository	2,051	2,138	-	-
Other liabilities	-	-	393	1,391
Assets attributable to holders	-	-	8,027,082	7,938,177
TOTAL	6,015	6,238	8,027,475	7,939,568

Positions that may take more than 7 days to liquidate based on six months average trading volume (30% of trading volume).

Instrument	Country	Sector	% of NAV	
			30/06/2016	31/12/2015
MAINOR EUR 26.11.2018	Estonia	Real Estate	4.39%	4.44%
LHV GROUP SUBORDIN 29.10.25	Estonia	Financials	3.08%	3.22%
TOTAL			7.47%	7.66%

Market risk

Market risk is the risk of suffering losses due to adverse price movements at a specific securities market or at a market for other assets. Adverse price movements may be caused by a country's weak

macroeconomic data, poor financial results of an industry sector, unstable securities market, investor behaviour and psychology and other factors.

Diversification among sectors, countries, currencies and instruments are the main risk management tools used.

Currency risk

Fund is open to foreign currency risk. Currency risk is the risk that the value of an investment denominated in a foreign currency shall change in an adverse direction due to fluctuations in exchange rates.

Currency breakdown of Fund's assets in EUR:

	30/06/2016	% of NAV	31/12/2015	% of NAV
USD	5,068,257	63.14%	5,241,951	66.03%
EUR	2,643,163	32.93%	2,703,856	34.06%
NOK	229,412	2.86%	-	-
RUB	92,657	1.15%	-	-
TOTAL	8,033,489	100.08%	7,945,807	100.10%

Taking active views on regional currencies is part of the Fund's investment strategy. It is based on in-house regional macroeconomic analysis. Derivatives may be used for taking currency positions or for hedging.

Currency risk sensitivity analysis

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 30 June 2016. The sensitivity analysis uses the weakening of foreign currency rates against EUR during the last seven years from the highest value to the lowest. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2015 has been made using the same assumptions.

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

	30/06/2016			31/12/2015		
	Currency weakening	Possible impact in EUR	Currency's % of NAV	Currency weakening	Possible impact in EUR	Currency's % of NAV
USD	-31%	51,976	63.14%	-31%	19,054	62.81%
NOK	-63%	-342,694	2.86%	-	-	-
RUB	-27%	-61,055	1.15%	-	-	-

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 an issuer's securities is affected by developments in the issuer's financial results, changes in competitive environment, analyst estimates and commentaries, etc.

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

	30/06/2016	% of NAV	31/12/2015	% of NAV
Financials	2,941,742	36.65%	4,366,637	55.01%
Energy	1,220,974	15.21%	1,194,819	15.05%
Consumer Discretionary	916,277	11.41%	663,773	8.36%
Industrial	535,375	6.67%	523,734	6.60%
Real estate	352,314	4.39%	352,382	4.44%
Insurance	312,240	3.89%	-	-
Telecom	183,199	2.28%	387,616	4.88%
TOTAL	6,462,121	80.50%	7,488,960	94.34%

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

	31/12/2015	% of NAV	31/12/2014	% of NAV
Turkey	3,293,643	41.03%	3,973,419	50.05%
Estonia	1,025,099	12.77%	809,685	10.20%
Austria	949,779	11.83%	1,338,716	16.86%
Hungary	451,871	5.63%	450,424	5.67%
Russia	384,027	4.78%	356,979	4.50%
Norway	207,845	2.59%	202,547	2.55%
Sweden	149,857	1.87%	357,190	4.50%
TOTAL	6,462,121	80.50%	7,488,960	94.34%

Main technique to manage issuer's price risk is diversification of instruments.

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.

	probability	+/- possible change of Fund's NAV during year/half-year	
		6m 2016	2015
σ	68.27%	3.63%	3.79%
2σ	95.45%	7.25%	7.58%
3σ	99.73%	10.88%	11.37%

Interest risk

Interest rate risk is the risk that investment's value will change due to a change in the absolute level of interest rates. Interest rate risk depends on portfolio's maturity profile, the level of yield to maturity, and the size and frequency of the coupon payments of the underlying instruments. Interest risk exposure is managed based on in-house security and macroeconomic analysis. Macaulay and modified duration are used for monitoring the level of interest rate risk.

Macaulay duration measures the sensitivity of the bond portfolio to a change in interest rates. It indicates the number of weighted average years required to recover the true cost of the bond portfolio,

taking into account the present value of all coupon and principal payments received in the future. Modified duration measures the responsiveness of the portfolio's value to interest rate changes. It is reflected as the percentage change in value for a 100bps point change in interest rates.

Portfolio structure of the Fund across the maturity of underlying instruments and Fund's risk metrics as of the end of the period:

Period	% of Fund NAV	
	30/06/2016	31/12/2015
Up to 1 year	-	2.37%
1-3 years	16.45%	9.09%
3-5 years	29.53%	31.08%
5-10 years	30.63%	47.92%
Over 10 years	3.89%	3.88%
TOTAL BONDS	80.50%	94.34%

Risk metrics	30/06/2016	31/12/2015
Yield to maturity	5.09%	5.41%
Macaulay duration	4.4	4.84
Modified duration	4.23%	4.68%

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by currency

	30/06/2016	% of NAV, converted into EUR	31/12/2015	% of NAV, converted into EUR
USD	1,065,770	11.95%	427,541	4.96%
EUR	534,487	6.66%	200,739	2.53%
NOK	51,193	0.07%	-	-
TOTAL		18.68%		7.49%

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

In EUR
30/06/2016

	Designated as at fair value			Loans and receivables			Other financial liabilities		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Bonds	5,885,904	223,904	352,314	-	-	-	-	-	-
Derivative instruments	-	113,322	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	1,499,544	-	-	-	-	-
LIABILITIES									
Derivative instruments	-	-41,497	-	-	-	-	-	-	-
Payables to the management company	-	-	-	-	-	-	-	3,964	-
Payables to the depository	-	-	-	-	-	-	-	2,051	-
Other liabilities	-	-	-	-	-	-	-	393	-
Net assets attributable to holders	-	-	-	-	-	-	8,027,082	-	-
TOTAL	5,885,904	295,729	352,314	1,499,544	-	-	8,027,082	6,408	-

* Additional information for instruments categorised under Level 3

	30/06/2016
Starting balance of Level 3 instruments	352,382
Purchases	-
Interest received	12,250
Interest accrued	2,314
Total Level 3 investments fair value as of 31.12.2015	352,314

In EUR
31/12/2015

	Designated as at fair value			Loans and receivables			Other financial liabilities		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Bonds	6,881,323	255,256	352,382	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	594,399	-	-	-	-	-
LIABILITIES									
Derivative instruments	-	-137,553	-	-	-	-	-	-	-
Payables to the management company	-	-	-	-	-	-	-	4,100	-
Payables to the depository	-	-	-	-	-	-	-	2,138	-
Other liabilities	-	-	-	-	-	-	-	1,391	-
Net assets attributable to holders	-	-	-	-	-	-	7,938,177	-	-
TOTAL	6,881,323	117,703	352,382	594,399	-	-	7,938,177	7,629	-

* Additional information for instruments categorised under Level 3

	2015
Starting balance of Level 3 instruments	-
Purchases	350,000
Interest received	9,421
Interest accrued	2,382
Total Level 3 investments fair value as of 31.12.2015	352,382

According to the estimates of the Fund Management Company the carrying value of financial instruments “Loans and receivables” and other financial liabilities 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

	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Net gain/loss from financial assets at fair value through profit or loss		
From bonds		
Sales profit/(-loss)	2,621	72,514
Unrealised profit /(-loss)	181,155	89,640
From derivative instruments		
Sales profit/(-loss)	-14,216	86,600
Unrealised profit /(-loss)	209,377	-420,846
Total net gain/loss	378,937	-172,092

Sales profit/loss and unrealised profit/loss include commissions paid to brokers on acquisition and disposal of securities. According to the principles of IAS 39 and IFRS 13 the commissions should be reflected in the statement of income and expenses under transaction costs. According to the estimates of the Fund Management Company the effect of commissions to net gain/loss from financial assets is not significant.

NOTE 6. TRANSACTIONS WITH RELATED PARTIES

In addition to the Fund Management Company related parties to the Fund are considered to be companies belonging to the same group, other investment funds managed by the Management Company and shareholders of the management company.

The transactions with related parties were as follows:

	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Fund Management Company		
Paid management fees	23,310	32,226
Other investment funds managed by Fund Management Company		
Sale of securities	186,351	925,302
TOTAL	209,661	957,528

The balances outstanding with related parties were as follows:

	30/06/2016	31/12/2015
Fund Management Company		
Management fee payable	3,964	4,100

Avaron Eastern Europe Fixed Income Fund

Related parties of the Fund Management Company owned the units of Avaron Eastern Europe Fixed Income Fund in market value as follows:

	30/06/2016	31/12/2015
Avaron Flexible Strategies Fund	6,861,057	5,995,150
Fund Management Company	543,196	263,858
TOTAL	7,404,253	6,259,008

NOTE 7. DERIVATIVE INSTRUMENTS

In EUR
30/06/2016

Type of Instrument	Issuer of Instrument	Quantity of underlying	The underlying currency	Exercise date	Price of Instrument /premium	Exercise price		Market value		Equity of the issuer of the instrument
						Per unit	Total	Date	Total	
Forward	Swedbank AS	34,123,200 360,000	RUB	03/02/2017	0.0133	0.0106	360,000	30/06/2016	92,657	1,507,764,000 EUR
			EUR	03/02/2017	1	1	360,000	30/06/2016	-	1,507,764,000 EUR
Swap	AS SEB Pank	1,928,977 2,176,850	EUR	07/10/2016	1	1	1,928,977	30/06/2016	-	734,754,000 EUR
			USD	07/10/2016	0.8970	0.8861	1,928,977	30/06/2016	-23,639	734,754,000 EUR
Swap	AS SEB Pank	1,455,026 1,650,000	EUR	08/02/2017	1	1	1,455,026	30/06/2016	-	734,754,000 EUR
			USD	08/02/2017	0.8927	0.8818	1,455,026	30/06/2016	-17,858	734,754,000 EUR
Swap	Swedbank AS	1,829,319 2,022,313	EUR	21/12/2016	1	1	1,829,319	30/06/2016	-	1,507,764,000 EUR
			USD	21/12/2016	0.8943	0.9046	1,829,319	30/06/2016	20,665	1,507,764,000 EUR
TOTAL									71,824	

31/12/2015

Type of Instrument	Issuer of Instrument	Quantity of underlying	The underlying currency	Exercise date	Price of Instrument /premium	Exercise price		Market value		Equity of the issuer of the instrument
						Per unit	Total	Date	Total	
Forward	AS SEB Pank	1,446,607	EUR	09/02/2016	1	1	1,446,607	31/12/2015	-	714,408,000 EUR
		1,650,000	USD	09/02/2016	0.9198	0.8767	1,446,607	31/12/2015	-71,116	714,408,000 EUR
Swap	AS SEB Pank	1,928,977	EUR	07/10/2016	1	1	1,928,977	31/12/2015	-	714,408,000 EUR
		2,176,850	USD	07/10/2016	0.9122	0.8861	1,928,977	31/12/2015	-56,733	714,408,000 EUR
Swap	Swedbank AS	1,829,319	EUR	21/12/2016	1	1	1,829,319	31/12/2015	-	1,490,012,000 EUR
		2,022,313	USD	21/12/2016	0.9094	0.9046	1,829,319	31/12/2015	-9,704	1,490,012,000 EUR
TOTAL									-137,553	

REPORT OF INVESTMENTS

In EUR as of 30/06/2016

Name	ISIN	Country	Nominal value	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
BONDS*													
RAIFFEISEN BK 6.625% 18.05.21	XS0619437147	AT	100000.00	18/05/2021	6.625%	BB	EUR	6	101.82	610,916	105.476	637,539	7.94%
ARCELIK AS 5%USD 03.04.2023	XS0910932788	TR	1000.00	03/04/2023	5.000%	BB+	USD	600	64.9	389,414	89.3315	542,516	6.76%
MOL MAGYAR EUR 6.25 26.09.19	XS0834435702	HU	1000.00	26/09/2019	6.250%	BB	USD	450	76.57	344,562	98.9466	451,872	5.63%
LUKOIL USD 6.656% 07.06.2022	XS0304274599	RU	1000.00	07/06/2022	6.656%	BB+	USD	375	77.11	289,160	102.0244	384,027	4.78%
TURKIYE VAKIFLAR BANK 01.11.22	XS0849728190	TR	1000.00	01/11/2022	6.000%	BB	USD	400	65.82	263,274	91.2659	368,605	4.59%
TURK SISE FAB 4.25% 09.05.20	XS0927634807	TR	1000.00	09/05/2020	4.250%	BB+	USD	400	67.61	270,438	90.7158	365,031	4.55%
YAPI VE KR D BK 5.5% 06.12.22	XS0861979440	TR	1000.00	06/12/2022	5.500%	BB	USD	400	66.94	267,764	90.0333	361,454	4.50%
TURKIYE HALK 3.875% 05.02.20	XS0882347072	TR	1000.00	05/02/2020	3.875%	BBB-	USD	400	68.63	274,508	87.7397	356,580	4.44%
MAINOR EUR 26.11.2018	EE3300110691	EE	1000.00	26/11/2018	7.000%		EUR	350	100	350,000	100	352,314	4.39%
VIENNA INSURANCE GROUP 8% PERP	AT0000A09SA8	AT	1000.00	12/06/2049	8.000%	A+	EUR	268	110.08	295,024	110.125	312,240	3.89%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE	1000.00	29/10/2025	6.500%		EUR	228	100	228,000	107.175	246,870	3.08%
TALLINK GRUPP AS FRN 18.10.18	NO0010682255	EE	1000000.00	18/10/2018			NOK	2	10.84	216,825	11.064	223,904	2.79%
B2 HOLDING AS FRN EUR 08.12.20	NO0010753072	NO	100000.00	08/12/2020	7.500%		EUR	2	100.2	200,400	103.464	207,845	2.59%
NELJA ENERGIA FRN 02.06.21 EUR	NO0010737174	EE	50000.00	02/06/2021	6.500%		EUR	4	100	200,000	100.5	202,011	2.52%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	1000.00	10/12/2023	7.850%	BB-	USD	200	86.24	172,488	96.8641	194,514	2.42%
FINANSBANK 6.25% 30.04.19 USD	XS1063442484	TR	1000.00	30/04/2019	6.250%	BB	USD	200	71.9	143,798	95.8373	193,550	2.41%
TURKIYE GARAN 5.25% 13.09.22	USM8931TAF68	TR	1000.00	13/09/2022	5.250%	BBB-	USD	200	78.34	156,685	93.8062	190,422	2.37%
AK FIN KIRALAMA 4.125%17.04.18	XS0914394688	TR	1000.00	17/04/2018	4.125%	BBB-	USD	200	70.78	141,565	91.4288	184,364	2.30%
TURK TELEKOM 3.75% 19.06.19	XS1028952155	TR	1000.00	19/06/2019	3.750%	BBB-	USD	200	76.85	153,709	91.4964	183,199	2.28%
TUPRAS-TURKI 4.125% 02.05.18	XS0849020556	TR	1000.00	02/05/2018	4.125%	BB+	USD	200	71.74	143,472	90.9336	183,064	2.28%
GL LIMAN ISLETM 8.125%14.11.21	XS1132825099	TR	1000.00	14/11/2021	8.125%	B+	USD	200	69.34	138,680	84.2374	170,344	2.12%
TVN FINANCE 7.375% 15.12.20EUR	XS0954674668	SE	1000.00	15/12/2020	7.375%	BB	EUR	141	111.1	156,429	106.125	149,857	1.87%
BONDS TOTAL										5,407,112		6,462,121	80.50%

* Accrued interest in the amount of 69,071.83 EUR has been added to the value of bonds

Statement of investments as of 30/06/2016 (continued)

Name	ISIN	Country	Nominal value	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
DERIVATIVES													
Exchange-Forward RUB/EUR Swedbank		EE		03/02/2017			RUB					92,657	1.15%
Exchange-Swap EUR/USD Swedbank		EE		21/12/2016			USD					20,665	0.26%
Exchange-Swap EUR/USD SEB Bank		EE		08/02/2017			USD					-17,858	-0.22%
Exchange-Swap EUR/USD SEB Bank		EE		07/10/2016			USD					-23,639	-0.29%
DERIVATIVES TOTAL												71,824	0.89%
CASH													
CURRENT ACCOUNT		EE					USD			959,548		959,548	11.95%
CURRENT ACCOUNT		EE					EUR			534,487		534,487	6.66%
CURRENT ACCOUNT		EE					NOK			5,509		5,509	0.07%
CURRENT ACCOUNT TOTAL										1,499,544	1,499,544	18.68%	
TOTAL ASSETS OF THE FUND										5,412,621	8,033,489	100.08%	
LIABILITIES												-6,407	-0.08%
NET ASSETS OF THE FUND												8,027,082	100.00%

In EUR as of 31/12/2015

Name	ISIN	Country	Nominal value	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
BONDS*													
RAIFFEISEN BK 6.625% 18.05.21	XS0619437147	AT	100000.00	18/05/2021	6.625%	BB	EUR	600,000	101.82	610,916	102.527	639,816	8.06%
ARCELIK AS 5%USD 03.04.2023	XS0910932788	TR	1000.00	03/04/2023	5.000%	BB+	USD	600,000	64.9	389,414	84.1442	511,617	6.45%
MOL MAGYAR EUR 6.25 26.09.19	XS0834435702	HU	1000.00	26/09/2019	6.250%	BB	USD	450,000	76.57	344,562	98.5756	450,424	5.67%
ERSTE GROUP BR 7.125% 10.10.22	XS0840062979	AT	1000.00	10/10/2022	7.125%	BB+	EUR	325,000	111.07	360,975	118.595	390,622	4.92%
TURKIYE GARAN 4.75% 17.10.19	XS1057541838	TR	1000.00	17/10/2019	4.750%	BBB	USD	400,000	72.51	290,057	91.6463	370,181	4.66%
LUKOIL USD 6.656% 07.06.2022	XS0304274599	RU	1000.00	07/06/2022	6.656%	BBB-	USD	375,000	77.11	289,160	94.7859	356,979	4.50%
YAPI VE KRD BK 5.5% 06.12.22	XS0861979440	TR	1000.00	06/12/2022	5.500%	BB	USD	400,000	66.94	267,764	88.85	356,807	4.49%
TURK SISE FAB 4.25% 09.05.20	XS0927634807	TR	1000.00	09/05/2020	4.250%	BB+	USD	400,000	67.61	270,438	88.6198	356,740	4.49%
TURKIYE VAKIFLAR BANK 01.11.22	XS0849728190	TR	1000.00	01/11/2022	7.375%	BB	USD	400,000	65.82	263,274	88.0835	356,017	4.48%
MAINOR EUR 26.11.2018	EE3300110691	EE	1000.00	26/11/2018	7.000%		EUR	350,000	100	350,000	100	352,382	4.44%
TURKIYE HALK 3.875% 05.02.20	XS0882347072	TR	1000.00	05/02/2020	3.875%	BBB-	USD	400,000	68.63	274,508	86.58	352,108	4.44%
VIENNA INSURANCE GROUP 8% PERP	AT0000A09SA8	AT	1000.00	12/06/2049		A-	EUR	268,000	110.08	295,024	112.625	308,279	3.88%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE	1000.00	29/10/2025	6.500%		EUR	235,000	100	235,000	107.5	255,256	3.22%
EILEME 2 11.625% 31.01.20 USD	USW24505AA23	SE	1000.00	31/01/2020	11.625%	BB-	USD	200,000	87.21	174,410	98.0573	205,034	2.58%
B2 HOLDING AS FRN EUR 08.12.20	NO0010753072	NO	100000.00	08/12/2020			EUR	200,000	100.2	200,400	100.7945	202,547	2.55%
NELJA ENERGIA FRN 02.06.21 EUR	NO0010737174	EE	50000.00	02/06/2021			EUR	200,000	100	200,000	100.5	202,047	2.55%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	1000.00	10/12/2023	7.850%	BB-	USD	200,000	86.24	172,488	99.3141	199,471	2.51%
FINANSBANK 6.25% 30.04.19 USD	XS1063442484	TR	1000.00	30/04/2019	6.250%	BB	USD	200,000	71.9	143,798	96.6398	195,198	2.46%
FINANSBANK 5.5% 11.05.2016 USD	USM4R36CAA80	TR	1000.00	11/05/2016	5.500%	BB	USD	200,000	73.7	147,402	93.1811	187,769	2.37%
TUPRAS-TURKI 4.125% 02.05.18	XS0849020556	TR	1000.00	02/05/2018	4.125%	BBB-	USD	200,000	71.74	143,472	92.0726	185,369	2.34%
TURKIYE BANKASI 6% 24.10.22	XS0847042024	TR	1000.00	24/10/2022	6.000%	BB-	USD	200,000	66.66	133,329	91.2089	184,474	2.32%
AK FIN KIRALAMA 4.125%17.04.18	XS0914394688	TR	1000.00	17/04/2018	4.125%	BBB-	USD	200,000	70.78	141,565	91.2761	184,113	2.32%
TURKIYE GARAN 5.25% 13.09.22	USM8931TAF68	TR	1000.00	13/09/2022	5.250%	BBB	USD	200,000	78.34	156,685	90.5395	183,979	2.32%
TURK TELEKOM 3.75% 19.06.19	XS1028952155	TR	1000.00	19/06/2019	3.750%	BBB-	USD	200,000	76.85	153,709	91.1758	182,582	2.30%
GL LIMAN ISLETM 8.125%14.11.21	XS1132825099	TR	1000.00	14/11/2021	8.125%	B+	USD	200,000	69.34	138,680	82.52	166,993	2.10%
TVN FINANCE 7.375% 15.12.20EUR	XS0954674668	SE	1000.00	15/12/2020	7.375%	BBB	EUR	140,800	111.1	156,429	107.7375	152,156	1.92%
BONDS TOTAL										6,303,459		7,488,960	94.34%

* Accrued interest in the amount of 98,629.82 EUR has been added to the value of bonds.

Statement of investments as of 31/12/2015 (continued)

Name	ISIN	Country	Nominal value	Maturity	Interest	Rating	FX	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets, %
DERIVATIVES													
Exchange-Swap EUR/USD SWEDBANK		EE		21/12/2016			USD					-9,704	-0.12%
Exchange-Swap EUR/USD SEB Bank		EE		07/10/2016			USD					-56,733	-0.71%
Exchange-Forward EUR/USD SEB Bank		EE		09/02/2016			USD					-71,116	-0.90%
DERIVATIVES TOTAL												-137,553	-1.73%
CASH													
CURRENT ACCOUNT		EE					USD			393,648		393,648	4.96%
CURRENT ACCOUNT		EE					EUR			200,751		200,751	2.53%
CURRENT ACCOUNT TOTAL										594,399	594,399	7.49%	
TOTAL ASSETS OF THE FUND										6,897,858	7,945,806	100.10%	
LIABILITIES												-7,629	-0.10%
NET ASSETS OF THE FUND												7,938,177	100.00%

STATEMENT OF COMMISSIONS

In EUR

01/01/2016 – 30/06/2016

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Citigroup Global Markets Ltd	1	388,571	-	-
Unicredit Bank AG London	1	367,132	-	-
Evli Bank Plc	1	217,372	-	-
OTHER*	1	194,372	-	-
AS SEB Pank	2	189,654	-	-
Avaron Flexible Strategies Fund	1	186,351	-	-
TOTAL	7	1,543,453	-	-

01/01/2015 – 30/06/2015

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Avaron Flexible Strategies Fund	5	925,302	-	-
AS SEB Pank	4	663,940	-	-
Redgate Capital	1	300,000	-	-
Unicredit Bank AG London	1	278,118	-	-
Swedbank Fixed	1	200,000	-	-
DNB Nord	1	179,699	-	-
Stifel Nicolaus Europe Ltd	1	141,790	-	-
TOTAL	14	2,688,849	-	-

Fund executes all securities transactions at net price. In acquisition the commission fee is included in the acquisition cost and in disposal the commission is deducted from the sale amount.

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*Under "OTHER" repurchases resulting from corporate events, liquidations and maturities are shown.