



Avaron Flexible Strategies Fund

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

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FUND FACTS

Avaron Flexible Strategies Fund is a public closed-end contractual investment fund registered in the Republic of Estonia.

Name of the Fund	Avaron Flexible Strategies 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	25 November 2008
Start of the Fund's activities	17 December 2008
Report period	1 January 2016 – 30 June 2016

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 Flexible Strategies 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 Flexible Strategies Fund. The Management Board considers Avaron Flexible Strategies Fund to carry its activities as a going concern.

The semi-annual Financial Statements of Avaron Flexible Strategies 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	1,071,412	1,468,314
Term deposits	3	265,781	597,464
Financial assets at fair value through profit or loss:			
Shares and units	4	8,072,845	6,791,759
Bonds	4	1,329,078	1,599,786
Derivatives	4; 7	-	23,515
Receivables and prepayments	4	22,341	5,994
TOTAL ASSETS		10,761,457	10,486,832
LIABILITIES			
Financial liabilities at fair value through profit or loss:			
Derivative instruments	7	4,654	-
Other financial liabilities			
Payables to the management company	4; 6	49,460	59,069
Payables to the depository	4	2,670	2,698
Other liabilities	4	392	1,391
TOTAL LIABILITIES (except net assets attributable to holders)		57,176	63,158
NET ASSETS ATTRIBUTABLE TO HOLDERS		10,704,281	10,423,674

STATEMENT OF INCOME AND EXPENSES

In EUR	Note	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
INCOME			
Interest income		47,631	41,665
From bonds		45,566	38,514
From deposits		2,065	2,408
Repurchase agreements		-	742
Dividend income			
From shares and units		50,349	52,968
Net gain/loss from financial assets at fair value through profit or loss		334,931	294,811
From shares and units	5	353,770	266,346
From bonds	5	-9,865	46,880
From derivative instruments	5	-8,974	-18,416
Net gain/loss from foreign exchange		6,102	47,107
Other financial income			
Rebates from investments		22,592	17,248
TOTAL INCOME		461,606	453,798
OPERATING EXPENSES			
Management fees	6	66,025	62,775
Performance fees	6	38,524	40,521
Custodian fees		13,981	12,925
Transaction fees		225	193
Other operating expenses		1,207	1,185
TOTAL OPERATING EXPENSES		119,962	117,600
NET INCOME		341,644	336,197

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	10,423,674	9,563,365
Cash received for fund units issued	394,396	1,402,795
Cash paid for fund units redeemed	-455,434	-1,083,270
Net result of the Fund	341,644	336,197
NET ASSET VALUE AT THE END OF THE PERIOD	<u>10,704,281</u>	<u>10,219,087</u>
Number of B units in circulation at the end of the period:	<u>654,800.693</u>	<u>651,017.518</u>
Net asset value of an B unit:	<u>16.3474</u>	<u>15.6971</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	55,647	45,512
Dividends received	37,919	38,266
Net result from foreign exchange	16,360	11,576
Sale of investments	940,827	1,390,525
Purchase of investments	-1,280,591	-1,510,071
Operating expenses paid	-111,966	-139,073
	-341,804	-163,264
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	394,631	1,393,916
Payments on redemption of units	-455,668	-1,084,391
	-61,037	309,525
TOTAL CASH FLOWS	-402,841	146,261
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	1,468,314	977,270
Effect of exchange rate fluctuations on cash and cash equivalents	5,939	-10,130
Cash and cash equivalents at the end of the period	1,071,412	1,113,401

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Flexible Strategies 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 (hereafter: "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 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.

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

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) 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.

Reverse-repo transactions

Securities that are bought using reverse repurchase agreement (reverse-repo) are recognized under loans and prepayments to customers. The difference between the sales and repurchase price is considered as interest and is accrued during the contract period using effective interest rate method.

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 one class of units which are reported as financial liabilities. Units are issued on every banking day. Units are redeemed once a month, with prior notice of one to three months according to the Fund rules. Switching Units is not allowed. The redemption price of a Unit shall depend on the notice

period for fulfilling the redemption order, as chosen by the unit-holder. If the unit-holder has chosen notice period of one month, the redemption price shall be the net asset value of the Unit that shall be calculated as of the last banking day of the month that follows to the month of receiving the redemption order from which the redemption fee may be deducted. If the unit-holder has chosen notice period of three months, the redemption price shall be the net asset value of the Unit that shall be calculated as of the last banking day of the third month that follows to the month of receiving the redemption order from which the redemption fee may be deducted.

The net asset value of a unit is determined by dividing the total net asset value of the Fund by the number of units 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 Fund's income shall not be distributed to unit-holders but shall be reinvested. Unit-holders profit or loss shall be reflected in the changes of a 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.

Other financial income

Refunds of management fee received by the Fund are recognized under "Other financial income" in statement of income and expenses. When the assets of the Fund are invested in another investment fund managed by the Management Company, the Management Company refunds the management fee which were charged on the invested amount to the Fund making the investment. The management fee is deducted by fees related to fund size before payment. Refunds of management fee are made each quarter. If the Management Company has made an agreement on refunding management fees with other management companies which are managing funds in which the Fund is investing, the Fund Management Company transfers the full amount to the Fund and these amounts are also recognised under "Other income".

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 stock-picking investment style with focus on company-specific, sector and macro analysis. Company analysis comprises 3 phases: quantitative screening, qualitative analysis and valuation work. During the quantitative phase we conduct analysis of company liquidity and basic financial statements. Should the company fulfil our criteria, we will interview the management during qualitative analysis phase. During a management interview, among other things, we study the company's business model, strategy, growth prospects, transparency, dividend policy and compliance to UN Principles for Responsible Investing. If a company has successfully passed the qualitative phase, the Fund Management Company develops a financial model on the company and determines its target price. Companies with highest upside to target price adjusted to liquidity, transparency, business model cyclicalities and other risk parameters are invested in.

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. The Fund Management Company actively follows financial results of companies and makes relevant changes in the Fund portfolio based on companies' upside to target prices and its view on macroeconomic trends.

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 NAV	31/12/2015	% of NAV
Cash and cash equivalents	1,071,412	10.01%	1,468,314	14.09%
Term deposits	265,781	2.48%	597,464	5.73%
Government bonds	1,329,078	12.42%	1,599,786	15.35%
Receivables and prepayments	22,341	0.21%	5,994	0.06%
TOTAL	2,688,612	25.12%	3,671,558	35.23%

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
BB+	149,105	1.39%	-	-
BB	236,308	2.21%	238,012	2.28%
BB-	-	-	427,904	4.11%
No rating	943,665	8.82%	933,870	8.96%
TOTAL	1,329,078	12.42%	1,599,786	15.35%

The Fund's cash and cash equivalents are held with Fund's depository Swedbank, which was rated AA-. Term deposits are held in AS LHV Pank (no rating) and Nordea Bank Finland Plc Estonian Branch (rated AA-).

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	49,460	59,069	-	-
Payables to the depository	2,670	2,698	-	-
Other liabilities	-	-	5,046	1,391
Net Assets attributable to Holders	-	-	10,704,281	10,423,674
TOTAL	52,130	61,767	10,709,327	10,425,065

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
AVARON E-EUROPE FI FUND B	Eastern Europe	Fixed income fund	63.94%	57.43%
MAINOR EUR 26.11.2018	Estonia	Real Estate	4.23%	4.35%
TALLINK GRUPP AS FRN 18.10.18	Estonia	Consumer Discretionary	3.14%	3.12%
ADVANCE TERRAFUND SHARE	Bulgaria	Real Estate	1.90%	0.75%
LHV GROUP SUBORDIN 29.10.25	Estonia	Financials	1.45%	1.49%
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	0.60%	0.51%
AVARON E-EUROPE FI FUND A	Eastern Europe	Fixed income fund	0.07%	0.06%
TOTAL			75.33%	67.71%

Liquidation of remaining positions based on six months average trading volume may probably take less than 7 days.

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 breakdown of Fund's assets in EUR:

	30/06/2016	% of Assets	31/12/2015	% of Assets
EUR	9,216,222	85.68%	9,433,118	89.95%
NOK	382,535	3.56%	385,823	3.68%
TRY	320,794	2.98%	118,922	1.13%
RON	281,405	2.62%	293,728	2.80%
BGN	277,683	2.58%	142,907	1.36%
USD	185,018	1.72%	-	-
PLN	90,872	0.84%	98,693	0.94%
RSD	2,272	0.02%	13,641	0.13%
TOTAL	10,756,802	100.00%	10,486,832	100.00%

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	Currency's % of NAV	Currency weakening	Possible impact	Currency's % of NAV
NOK	-27%	-130,446	3.57%	-27%	-19,690	3.70%
TRY	-46%	-146,480	3.00%	-46%	-54,302	1.14%
RON	-13%	-36,388	2.63%	-13%	-39,527	2.82%
BGN	-3%	-8,148	2.59%	-5%	-7,070	1.37%
USD	-31%	-57,255	1.73%	-31%	-	-
PLN	-17%	-15,376	0.85%	-23%	-22,220	0.95%
RSD	-26%	-592	0.02%	-28%	-3,847	0.13%
TOTAL		-394,685	14.39%		-146,655	9.88%

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
Fixed income fund	6,851,751	64.01%	5,992,196	57.49%
Real estate	848,460	7.93%	584,598	5.61%
Consumer Discretionary	488,412	4.56%	468,526	4.49%
Financials	400,668	3.74%	436,027	4.18%
Equity funds	313,050	2.92%	98,693	0.95%
Utilities	263,273	2.46%	293,728	2.82%
Telecom	130,584	1.22%	408,441	3.92%
Energy	105,724	0.99%	109,336	1.05%
TOTAL	9,401,922	87.83%	8,391,545	80.50%

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

	30/06/2016	% of NAV	31/12/2015	% of NAV
Eastern Europe	6,851,751	64.01%	5,992,196	57.49%
Estonia	1,096,223	10.24%	1,076,914	10.33%
Turkey	318,905	2.98%	118,922	1.14%
Bulgaria	267,471	2.50%	131,535	1.26%
Romania	263,273	2.46%	293,728	2.82%
Hungary	254,829	2.38%	257,475	2.47%
Slovenia	130,584	1.22%	128,676	1.23%
Austria	128,014	1.20%	-	-
Luxembourg	90,872	0.85%	98,693	0.95%
Sweden	-	-	279,765	2.68%
Serbia	-	-	13,641	0.13%
TOTAL	9,401,922	87.83%	8,391,545	80.50%

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. Analysis as per 31 December 2015 has been made with using the same assumptions.

	Probability	+/- possible change of Fund's NAV during year/half-year	
		6m 2016	2015
σ	68.27%	2.84%	2.90%
2 σ	95.45%	5.69%	5.79%
3 σ	99.73%	8.53%	8.69%

NOTE 3. CASH AND CASH EQUIVALENTS**Deposits in EUR**

	30/06/2016	% of NAV	31/12/2015	% of NAV
Deposits, Nordea Pank	153,438	1.43%	153,399	1.47%
Deposits, LHV Pank	111,227	1.04%	441,227	4.23%
Total*	264,665	2.47%	594,626	5.70%

* "Term deposits" in balance sheet include also accrued interest in the amount of 1,116.30 EUR in 30/06/2016. and 2,837.22 EUR in 31/12/2015

Cash and cash equivalents by currency

	30/06/2016	% of NAV, converted into EUR	31/12/2015	% of NAV, converted into EUR
EUR	802,555	7.50%	1,420,116	13.62%
USD	205,500	1.73%	-	-
NOK	477,024	0.48%	353,824	0.35%
RON	82,063	0.17%	-	-
BGN	19,974	0.10%	22,242	0.11%
RSD	280,382	0.02%	-	-
TRY	6,050	0.02%	-	-
TOTAL		10.01%		14.09%

NOTE 4. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES TO CATEGORIES AND LEVELSIn 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									
Cash and cash equivalents	-	-	-	1,071,412	-	-	-	-	-
Term deposits	-	-	-	265,781	-	-	-	-	-
Shares and units	1,221,093	-	6,851,751	-	-	-	-	-	-
Bonds	721,268	154,835	452,975	-	-	-	-	-	-
Receivables for securities transactions	-	-	-	22,341	-	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	49,460	-
Payables to the depository	-	-	-	-	-	-	-	2,670	-
Other liabilities	-	-	-	-	-	-	-	392	-
Net assets attributable to holders	-	-	-	-	-	-	-	10,704,281	-
TOTAL	1,942,361	150,181	7,304,726	1,359,534	-	-	-	10,756,803	-

* Additional information for instruments categorised under Level 3

	30/06/2016	
	Shares and units	Bonds
Starting balance of Level 3 instruments	5,992,196	453,063
Purchases during 6m 2016	500,000	-
Total gains	359,555	-
Interest received	-	15,750
Interest accrued	-	2,975
Total level 3 investments fair value	6,851,751	452,975

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									
Cash and cash equivalents	-	-	-	1,468,314	-	-	-	-	-
Term deposits	-	-	-	597,464	-	-	-	-	-
Shares and units	799,562	-	5,992,196	-	-	-	-	-	-
Bonds	991,397	155,326	453,063	-	-	-	-	-	-
Derivative instruments	-	23,515	-	-	-	-	-	-	-
Receivables for securities transactions	-	-	-	5,994	-	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	59,069	-
Payables to the depository	-	-	-	-	-	-	-	2,698	-
Other liabilities	-	-	-	-	-	-	-	1,391	-
Net assets attributable to holders	-	-	-	-	-	-	-	10,423,674	-
TOTAL	1,790,959	178,841	6,445,259	2,071,772	-	-	-	10,486,832	-

* Additional information for instruments categorised under Level 3

	2015	
	Shares and units	Bonds
Starting balance of Level 3 instruments	-	-
Transfers from level 2 to level 3**	5,593,174	-
Purchases during 2015	6,610	450,000
Total gains	392,412	-
Interest received	-	7,875
Interest accrued	-	3,063
Total level 3 investments fair value	5,992,196	453,063

** The transfer from level 2 to 3 occurred due to the change of the assets of the Avaron Eastern Europe Fixed Income. An instrument in the Fund was categorised as Level 3 instrument, which resulted the total portfolio categorisation decrease.

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 shares and units		
Sales profit/(-loss)	-16,829	63,235
Unrealised profit /(-loss)	370,599	203,111
From bonds		
Sales profit/(-loss)	-17,361	20,395
Unrealised profit /(-loss)	7,496	26,485
From derivative instruments		
Sales profit/(-loss)	19,196	8,181
Unrealised profit /(-loss)	-28,169	-26,597
Total net gain/loss	334,932	294,811

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.

Consolidation exception applies for the Fund as it corresponds to Investment Entity's definition introduced in IFRS 10. The Fund carries its investment in Avaron Eastern Europe Fixed Income Fund at fair value through profit or loss. Avaron Flexible Strategies Fund, which operates in the location of the Management Company, Narva road 7D, Tallinn 10117, Estonia, owned 85.47% of Avaron Eastern Europe Fixed Income Fund units as at 30 June 2016 (75.52% as at 31/12/2015).

Avaron Flexible Strategies Fund

The transactions with related parties were as follows:

	6m 2016	2015
Fund Management Company		
Paid management and performance fees	66,793	177,631
Received management fees from investments to Management Company's other Fund	22,592	35,104
Other investment funds managed by Fund Management Company		
Purchase of securities	686,351	931,911
TOTAL	775,736	1,144,645

The balances outstanding with related parties were as follows:

Fund Management Company	30/06/2016	31/12/2015
Management and performance fee payable	49,460	59,069
Other receivables - management fees from investments to Management Company's other Funds	10,100	9,051

As at 30/06/2016 related parties of the Fund Management Company owned the units of Avaron Flexible Strategies Fund in market value of 1,770,163 euros (31.12.2015: 1,709,044 euros).

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	
Swap	AS SEB Pank	102,197	EUR	06/01/2017	1.0000	1.0000	102,197	30/06/2016	-	734,754,000 EUR
		1,000,000	NOK	06/01/2017	0.1069	0.1022	102,197	30/06/2016	-4,654	734,754,000 EUR
TOTAL									-4,654	

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	
Swap	AS SEB Pank	109,409	EUR	08/01/2016	1.0000	1.0000	109,409	31/12/2015	-	714,408,000 EUR
		1,000,000	NOK	08/01/2016	0.1041	0.1094	109,409	31/12/2015	5,358	714,408,000 EUR
Swap	AS SEB Pank	225,187	EUR	17/06/2016	1.0000	1.0000	225,187	31/12/2015	-	714,408,000 EUR
		2,000,000	NOK	17/06/2016	0.1035	0.1126	225,187	31/12/2015	18,157	714,408,000 EUR
TOTAL									23,515	

REPORT OF INVESTMENTS

In EUR as of 30/06/2016

Name	ISIN	Country	Nominal value	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, %
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
SC FONDUL PROPRIETATEA SA	ROFPTAACNOR5	RO	0.85	RON	1,641,250	0.13	215,272	0.16	263,273	2.46%
TURKISH LARGE CP BANKS ETF-A	TRYFNBK00048	TR	0.00	TRY	55,140	3.74	206,201	4.03	222,178	2.08%
TALLINK GRUPP	EE3100004466	EE	0.60	EUR	166,912	0.94	157,508	0.91	152,557	1.43%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	AT	0.00	EUR	33,190	3.09	102,412	3.86	128,014	1.20%
TURKIYE HALK BANKASI	TRETHAL00019	TR	1.00	TRY	36,290	2.86	103,681	2.67	96,728	0.90%
LYXOR ETF WIG20	LU0459113907	LU	0.00	PLN	1,960	48.09	94,257	46.36	90,872	0.85%
SHARES TOTAL							879,330		953,622	8.91%

Name	ISIN	Country	Nominal value	Fund Management Company	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, %
FUNDS											
CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:											
ADVANCE TERRAFUND SHARE	BG1100025052	BG	1.00	KAROLL FINANCE	BGN	199,740	0.92	182,916	1.02	203,733	1.90%
BULGARIA REAL ESTATE FUND	BG1100001053	BG	3.00	REAL ESTATE MANAGEMENT LTD	BGN	66,666	0.55	36,443	0.96	63,738	0.60%
REAL ESTATE FUNDS TOTAL							219,359		267,471	2.50%	

Name	ISIN	Country	Nominal value	Fund Management Company	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, %
BOND FUNDS											
AVARON E-EUROPE FI FUND B	EE3600109385	AIEF	1.00	AS AVARON ASSET MANAGEMENT	EUR	491,858	10.81	5,315,581	13.92	6,844,740	63.94%
AVARON E-EUROPE FI FUND A	EE3600109377	AIEF	10.00	AS AVARON ASSET MANAGEMENT	EUR	511	12.93	6,610	13.72	7,011	0.07%
BOND FUNDS TOTAL							5,322,190		6,851,751	64.01%	
FUNDS TOTAL							5,541,550		7,119,222	66.51%	

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, %
BONDS*													
MAINOR EUR 26.11.2018	EE3300110691	EE	1,000.00	26/11/2018	7.000%		EUR	450,000	100.00	450,000	100.00	452,975	4.23%
TALLINK GRUPP AS FRN 18.10.18	NO0010682255	EE	1,000,000.00	18/10/2018			NOK	3,000,000	12.51	375,237	11.06	335,855	3.14%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE	1,000.00	29/10/2025	6.500%		EUR	143,000	100.00	143,000	107.18	154,835	1.45%
OTP BANK 5.27% EUR 19.09.2016	XS0268320800	HU	1,000.00	19/09/2016	5.270%	BB+	EUR	142,000	103.50	146,970	100.90	149,105	1.39%
TEL.SLOVENJE 4.875% 21.12.16	XS0473928371	SI	1,000.00	21/12/2016	4.875%	BB	EUR	125,000	104.78	130,973	101.91	130,584	1.22%
MOL MAGYAR EUR 5.875% 20.04.17	XS0503453275	HU	1,000.00	20/04/2017	5.875%	BB	EUR	100,000	109.43	109,430	104.58	105,724	0.99%
BONDS TOTAL										1,355,610		1,329,078	12.42%
*Accrued interest in the amount of 18,651.20 EUR has been added to the value of bonds.													
DERIVATIVES													
FX-Swap EUR/NOK SEB Pank		EE		06/01/2017			NOK					-4,654	-0.04%
DERIVATIVES TOTAL												-4,654	-0.04%
SHARES TOTAL												9,397,268	87.79%
DEPOSITS *													
DEPOSIT- NORDEA PANK TLN(EUR)		EE	12/09/2016	25/04/2016	0.05%	AA-	EUR			122,771		122,790	1.15%
DEPOSIT- LHV PANK(EUR)		EE	14/08/2015	14/08/2016	1.10%		EUR			111,227		112,321	1.05%
DEPOSIT- NORDEA PANK TLN(EUR)		EE	25/10/2016	11/03/2016	0.05%	AA-	EUR			30,667		30,670	0.29%
DEPOSITS TOTAL										264,665		265,781	2.48%
*Accrued interest in the amount of 1,116.30 EUR has been added to the value of deposits.													
CASH													
CURRENT ACCOUNT		EE					EUR			802,555		802,555	7.50%
CURRENT ACCOUNT		EE					USD			185,018		185,018	1.73%
CURRENT ACCOUNT		EE					NOK			51,334		51,334	0.48%
CURRENT ACCOUNT		EE					RON			18,132		18,132	0.17%
CURRENT ACCOUNT		EE					BGN			10,212		10,212	0.10%
CURRENT ACCOUNT		EE					RSD			2,272		2,272	0.02%
CURRENT ACCOUNT		EE					TRY			1,888		1,888	0.02%
CURRENT ACCOUNT TOTAL										1,071,412		1,071,412	10.01%
INVESTMENT TOTAL										8,043,043		10,734,461	100.28%

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

Name	ISIN	Country	Start date	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, %
OTHER ASSETS													
RECIEVABLES FOR DIVIDENDS												15,594	0.15%
RECIEVABLES FOR SECURITIES TRANSACTIONS												6,747	0.06%
OTHER ASSETS TOTAL												22,341	0.21%
TOTAL ASSETS OF THE FUND										8,043,043		10,756,802	100.49%
LIABILITIES												-52,522	-0.49%
NET ASSETS OF THE FUND												10,704,280	100.00%

In EUR as of 31/12/2015

Name	ISIN	Country	Nominal value	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, %
SHARES										
SHARES LISTED ON STOCK EXCHANGE:										
SC FONDUL PROPRIETATEA SA	ROFPTAACNOR5	RO	1.00	RON	1,641,250	0.13	215,272	0.18	293,728	2.82%
TALLINK GRUPP	EE3100004466	EE	0.60	EUR	166,912	0.94	157,508	0.86	143,044	1.37%
TURKIYE HALK BANKASI	TRETHAL00019	TR	1.00	TRY	36,290	2.86	103,681	3.28	118,922	1.14%
LYXOR ETF WIG20	LU0459113907	FR	0.00	PLN	1,960	48.09	94,257	50.35	98,693	0.95%
AIK BANKA AD	RSAIKBE79302	RS	1,900.00	RSD	903	39.66	35,816	15.11	13,641	0.13%
SHARES TOTAL							606,534		668,028	6.41%

Name	ISIN	Country	Nominal value	Fund Management Company	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, %
FUNDS											
CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:											
ADVANCE TERRAFUND SHARE	BG1100025052	BG	1.00	KAROLL FINANCE	BGN	74,140	0.68	50,116	1.06	78,465	0.75%
BULGARIA REAL ESTATE FUND	BG1100001053	BG	1.00	REAL ESTATE MANAGEMENT LTD	BGN	200,000	0.18	36,443	0.27	53,070	0.51%
REAL ESTATE FUNDS TOTAL							86,559		131,535	1.26%	

Name	ISIN	Country	Nominal value	Fund Management Company	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, %
BOND FUNDS											
AVARON E-EUROPE FI FUND B	EE3600109385	EE	1.00	AS AVARON ASSET MANAGEMENT	EUR	453,918	10.61	4,815,581	13.19	5,985,541	57.43%
AVARON E-EUROPE FI FUND A	EE3600109377	AIEF	10.00	AS AVARON ASSET MANAGEMENT	EUR	511	12.93	6,610	13.02	6,655	0.06%
BOND FUNDS TOTAL							4,822,191		5,992,196	57.49%	
FUNDS TOTAL							4,908,750		6,123,731	58.75%	

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, %
BONDS*													
MAINOR EUR 26.11.2018	EE3300110691	EE	1,000.00	26/11/2018	7.000%		EUR	450,000	100.00	450,000	100.00	453,063	4.35%
TALLINK GRUPP AS FRN 18.10.18	NO0010682255	EE	1,000,000.00	18/10/2018			NOK	3,000,000	12.51	375,237	10.72	325,482	3.12%
EILEME 2 11.75% 31.01.2020 EUR	XS0731129747	SE	1,000.00	31/01/2020	11.750%	BB-	EUR	250,000	112.14	280,344	107.01	279,764	2.68%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE	1,000.00	29/10/2025	6.500%		EUR	143,000	100.00	143,000	107.50	155,326	1.49%
OTP BANK 5.27% EUR 19.09.2016	XS0268320800	HU	1,000.00	19/09/2016	5.270%	BB-	EUR	142,000	103.50	146,970	102.84	148,139	1.42%
TEL.SLOVENJE 4.875% 21.12.16	XS0473928371	SI	1,000.00	21/12/2016	4.875%	BB	EUR	125,000	104.78	130,972	102.81	128,676	1.24%
MOL MAGYAR EUR 5.875% 20.04.17	XS0503453275	HU	1,000.00	20/04/2017	5.875%	BB	EUR	100,000	109.43	109,430	105.24	109,336	1.05%
BONDS TOTAL										1,635,953		1,599,786	15.35%
*Accrued interest in the amount of 27,143.50 EUR has been added to the value of bonds.													
DERIVATIVES													
FX-Swap NOK/EUR SEB Pank		EE		17/06/2016			NOK					18,157	0.18%
FX-Swap EUR/NOK SWEDBANK		EE		08/01/2016			NOK					5,358	0.05%
DERIVATIVES TOTAL												23,515	0.23%
SHARES TOTAL											8,415,060	80.73%	
DEPOSITS *													
DEPOSIT- LHV PANK(EUR)		EE	16/05/2015	16/05/2016	1.10%	BBB-	EUR			330,000		332,339	3.19%
DEPOSIT- NORDEA PANK TLN(EUR)		EE	11/09/2015	11/03/2016	0.05%	AA-	EUR			122,739		122,759	1.18%
DEPOSIT- LHV PANK(EUR)		EE	14/08/2015	14/08/2016	1.10%	BBB-	EUR			111,227		111,703	1.07%
DEPOSIT- NORDEA PANK TLN(EUR)		EE	23/10/2015	25/04/2016	0.05%	AA-	EUR			30,660		30,663	0.29%
DEPOSITS TOTAL										594,626		597,464	5.73%
*Accrued interest in the amount of 2,837.22 EUR has been added to the value of deposits.													
CASH													
CURRENT ACCOUNT		EE					EUR			1,420,116		1,420,116	13.62%
CURRENT ACCOUNT		EE					NOK			36,826		36,826	0.35%
CURRENT ACCOUNT		EE					BGN			11,372		11,372	0.11%
CURRENT ACCOUNT TOTAL										1,468,314		1,468,314	14.09%
INVESTMENT TOTAL										9,214,177		10,480,838	100.55%

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

Name	ISIN	Country	Start date	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, %
OTHER ASSETS													
RECIEVABLES FOR SECURITIES TRANSACTIONS												5,994	0.06%
OTHER ASSETS TOTAL												5,994	0.06%
TOTAL ASSETS OF THE FUND										9,214,177	10,486,832	100.61%	
LIABILITIES												-63,158	-0.61%
NET ASSETS OF THE FUND												10,423,674	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
Avaron Eastern Europe Fixed Income Fund	3	686,351	-	-
TEB Yatirim Menkul Degerler A.S.	2	206,201	268	0.13%
Karoll AD	2	132,801	529	0.40%
Erste Group Bank AG	2	102,412	102	0.10%
<i>OTHER*</i>	4	452,909	-	-
TOTAL	13	1,580,674	899	0.06%

01/01/2015 - 30/06/2015

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Avaron Eastern Europe Fixed Income Fund	5	925,302	-	-
AS Swedbank	4	355,695	534	0.15%
Unicredit Bank AG London	1	194,071	-	-
AS SEB Pank	1	111,988	-	-
<i>OTHER*</i>	2	356,000	-	-
TOTAL	14	1,949,665	534	0.03%

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.

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