



**Avaron Eastern Europe
Fixed Income Fund**

SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2017
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 (reg. no. 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: avaron@avaron.com www.avaron.com
Depository & custody bank	Swedbank AS (reg. no. 10060701)
Fund administration (NAV calculation) & Transfer Agent services	Swedbank AS (reg. no. 10060701)
Auditor	AS Deloitte Audit Eesti (reg. no. 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 2017–30 June 2017

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.

Avaron Eastern Europe Fixed Income Fund delivered a 3.6%-3.8% net return to investors in the first half of 2017. The Fund’s total net assets increased from €8.0 million to €8.4 million

	2012*	2013	2014	2015	2016	6m 2017
A unit	4.5%	5.1%	11.3%	6.6%	6.5%	3.6%
B unit	4.6%	5.5%	11.7%	7.0%	6.9%	3.8%

* The Fund was launched on 10/07/2012

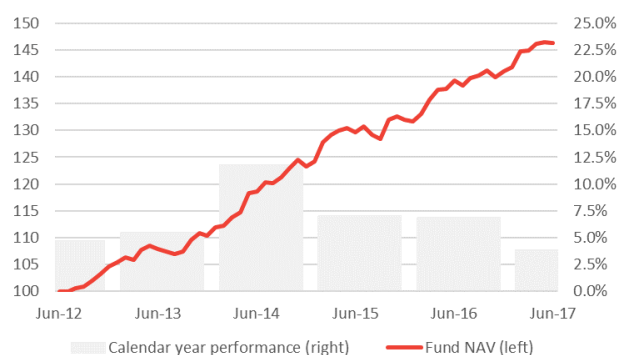


Table 1. Net return of the Fund units, in EUR

Graph 1. Performance of Fund’s NAV (10/07/2012-30/06/2017)

As of end of first half of 2017, the Fund was invested in 23 securities of 22 issuers. The Fund’s bond portfolio had 4.5 years weighted average maturity without perpetuals. The current yield of the portfolio was 6.1% and yield to maturity 5.0%. Perpetual bonds made up 4.9% of the Fund portfolio and had a current yield of 7.3%. The Fund held only corporate issues as at the end of first half of 2017. 84% of the portfolio risk was in euros and 16% in other currencies. Proportion of investment grade bonds was 19.3%, non-investment grade bonds comprised 59.4% and bonds without credit ratings comprised 21.3% of the Fund’s portfolio.

7 July 2017

Kristel Kivinurm-Priisalm

Fund Manager and Member of the Management Board

CONFIRMATION OF SEMI-ANNUAL FINANCIAL STATEMENTS OF 2017

The Management Board of the Fund Management Company has prepared the semi-annual Financial Statements of Avaron Eastern Europe Fixed Income Fund on 21/08/2017.

The Financial Statements have been prepared in accordance with the requirements stipulated in the regulation no 1606/2002/EU of the European Parliament and of the Council on the application of International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Commission, the Investment Funds Act, Minister of Finance Regulation no 8 of 18/01/2017 "Requirements for the reports of investment funds to be published" and no 11 of 31/01/2017 "Procedure for Determination of Net Asset Value of Investment Funds" as established on the basis of the Investment Funds Act.

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	21/08/2017	/Signed digitally/
Valdur Jaht Member of the Management Board of the Fund Management Company/ Fund manager	21/08/2017	/Signed digitally/
Peter Priisalm Fund manager	21/08/2017	/Signed digitally/

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

ASSETS	Note	30/06/2017	31/12/2016
Cash and cash equivalents	3	1,910,234	1,722,433
Financial assets at fair value through profit or loss:			
Bonds	4	6,320,372	6,362,702
Derivative instruments	4; 7	160,098	164,563
TOTAL ASSETS		8,390,704	8,249,698
LIABILITIES			
Financial liabilities at fair value through profit or loss:			
Derivative instruments	4; 7	-	234,489
Other financial liabilities			
Payables to the management company	4; 6	4,207	3,977
Payables to the depository	4	2,521	3,294
Other liabilities	4	417	1,399
TOTAL LIABILITIES (excluding net assets attributable to holders)		7,145	243,159
NET ASSETS ATTRIBUTABLE TO HOLDERS		8,383,559	8,006,539

STATEMENT OF INCOME AND EXPENSES

In EUR

INCOME	Note	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
Interest income		187,349	187,042
From bonds		187,300	187,023
From deposits		49	19
Net gain/loss from financial assets at fair value through profit or loss		521,854	378,937
From bonds	5	206,121	183,776
From derivative instruments	5	315,733	195,161
Net gain/loss from foreign exchange		-367,716	-119,436
Other financial income		-	3,031
TOTAL INCOME		341,487	449,573
OPERATING EXPENSES			
Management fees	6	25,013	23,310
Custodian fees		11,384	8,762
Transaction fees		83	106
Other operating expenses		1,539	1,176
TOTAL OPERATING EXPENSES		38,019	33,354
NET INCOME		303,468	416,219

STATEMENT OF CHANGES IN NET ASSETS

In EUR

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	8,006,539	7,938,177	9,768,992
Cash received for fund units issued	86,351	905,132	1,596,251
Cash paid for fund units redeemed	-12,799	-1,232,446	-3,905,190
Net result of the Fund	303,468	416,219	489,599
NET ASSET VALUE AT THE END OF THE PERIOD	8,383,559	8,027,082	7,949,652
	30/06/2017	30/06/2016	30/06/2015
NUMBER OF UNITS IN CIRCULATION AT THE END OF THE PERIOD			
Number of A units in circulation:	16,052.388	14,911.080	14,268.210
Number of B units in circulation:	557,059.930	561,335.988	599,160.671
NET ASSET VALUE OF AN UNIT			
Net asset value of an A unit:	14.3776	13.7378	12.8240
Net asset value of an B unit:	14.6353	13.9350	12.9626
TOTAL NET ASSET VALUE OF UNITS			
Total net asset value of the A units:	230,795	204,845	182,975
Total net asset value of the B units:	8,152,764	7,822,237	7,766,677
TOTAL	8,383,559	8,027,082	7,949,652

STATEMENT OF CASH FLOWS

In EUR

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	148,285	202,027
Net result from foreign exchange	76,827	-30,579
Sale of investments	735,764	1,323,215
Purchase of investments	-806,761	-216,001
Operating expenses paid	-39,544	-34,577
	114,571	1,244,085
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of unit	86,352	905,132
Payments on redemption of units	-12,800	-1,232,446
	73,552	-327,314
TOTAL CASH FLOWS	188,123	916,771
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	1,722,433	594,399
Effect of exchange rate fluctuations on cash and cash equivalents	-322	-11,626
Cash and cash equivalents at the end of the period	1,910,234	1,499,544

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 2017 have been prepared in compliance with the effective Investment Funds Act as supplemented by the regulations of the Minister of Finance. As stipulated in Minister of Finance Regulation no 8 of 18/01/2017 “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 Procedure for Determination of Net Asset Value of Investment 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.

Standards and Interpretations issued by IASB that are adopted by the EU but have not yet been implemented

At present EU has approved the following standards, amendments to the existing standards and interpretations, which were not yet applicable:

- IFRS 9 “Financial Instruments” (2014) (effective for annual periods beginning on or after 1 January 2018),
- IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2018).

The Fund has not applied the new standards or amendments before deadline. Even though the new standards and amendments listed above may have an impact on Fund’s effective accounting principles, the Fund has not yet measured the potential impact on its financial reports.

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 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016). The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- 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 (effective date deferred indefinitely and EU endorsement halted),
- IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019),
- 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),
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 15 “Revenue from Contracts with Customers” – explanations (effective for annual periods beginning on or after 1 January 2018),

- Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions” (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IAS 40 “Transfers of Investment Property” (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 4 “Insurance Contracts”, applying IFRS 9 “Financial Instruments” with IFRS 4 (effective for annual periods beginning on or after 1 January 2018),
- IFRS 17 “Insurance Contracts” was issued on May 2017 and will replace IFRS 4 “Insurance Contracts” and is effective for annual periods beginning on or after 1 January 2021,
- Amendments to IFRIC 23 “Uncertainty over Income Tax Treatments” (effective for annual periods beginning on or after 1 January 2019),
- Amendments to various standards “Improvements to IFRSs (cycle 2014-2016)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments in IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and for IFRS 1 and IAS 28 on or after 1 January 2018).

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.

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 depositary for the funds managed by AS Avaron Asset Management on the transaction date has been used (hereinafter referred to as the depositary bid rate). The rate is based on market inputs. The assets and liabilities fixed in foreign currency are translated into EUR based on the depositary 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, its board members, other investment funds managed by the management company, all companies being part of the consolidation group of OÜ Princo and persons related to the management board of the management company. 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. The Fund Management Company actively follows 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:

	30/06/2017	% of Fund's assets	31/12/2016	% of Fund's assets
Cash and cash equivalents	1,910,234	22.77%	1,722,433	20.88%
Corporate bonds	6,320,372	75.33%	6,362,702	77.13%
TOTAL	8,230,606	98.10%	8,085,135	98.01%

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:

	30/06/2017	% of NAV	31/12/2016	% of NAV
A-	309,213	3.69%	306,271	3.83%
BBB-	909,670	10.85%	1,670,079	20.86%
BB+	1,499,886	17.89%	1,927,379	24.07%
BB	1,682,806	20.07%	930,666	11.62%
BB-	185,141	2.21%	188,541	2.36%
B	384,495	4.59%	-	-
No rating	1,349,161	16.09%	1,339,766	16.73%
TOTAL	6,320,372	75.39%	6,362,702	79.47%

The Fund's cash and cash equivalents are held with Fund's depository Swedbank, which parent company Swedbank AB is rated AA- as of 20/06/2017 by Standard & Poor's and with Nordea Bank AB Estonian Branch, which parent company Nordea Bank AB is rated AA- as of 23/05/2017 by Standard & Poor's.

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 400,000 EUR that it can access to meet short-term liquidity needs. These resources have not been used as of 30/06/2017.

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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Payables to the management company	4,207	3,977	-	-
Payables to the depository	2,521	3,294	-	-
Other liabilities	-	-	417	1,399
Assets attributable to holders	-	-	8,383,559	8,006,539
TOTAL	6,728	7,271	8,383,976	8,007,938

Positions that may take more than 10 business days to liquidate based on six months average trading volume (30% of trading volume).

Instrument	Country	Sector	% of NAV	
			30/06/2017	31/12/2016
MAINOR EUR 26.11.2018	Estonia	Real Estate	4.20%	4.40%
LHV GROUP SUBORDIN 29.10.25	Estonia	Financials	3.05%	3.17%
TALLINK GRUPP AS FRN 18.10.18	Estonia	Consumer Discretionary	2.66%	-
B2 HOLDING AS FRN EUR 08.12.20	Norway	Diversified Financials	2.59%	-
NELJA ENERGIA FRN 02.06.21 EUR	Estonia	Energy	2.49%	-
INBANK SUBORDINATED 28.09.2026	Estonia	Financials	1.09%	1.13%
TOTAL			16.08%	8.70%

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:

	30/06/2017	% of Fund's assets	31/12/2016	% of Fund's assets
USD	4,674,836	55.71%	4,024,431	48.78%
EUR	3,471,674	41.38%	3,815,866	46.25%
NOK	226,609	2.70%	244,838	2.97%
TRY	17,585	0.21%	-	-
RUB	-	-	164,563	2.00%
TOTAL	8,390,704	100.00%	8,249,698	100.00%

Taking into account the derivatives contracts, the net open positions as per currency were following:

	30/06/2017	% of Fund's assets	31/12/2016	% of Fund's assets
USD	798,995	9.52%	520,416	6.31%
TRY	355,170	4.24%	-	-
NOK	226,609	2.70%	244,838	2.96%
RUB	-	-	524,563	6.36%
TOTAL	1,380,774	16.46%	1,289,817	15.63%

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 making directional trades in currencies or for hedging purposes.

Currency risk sensitivity analysis

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 30 June 2017. The sensitivity analysis uses the weakening of foreign currency rates against EUR during the last ten years from the highest value to the lowest. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2016 has been made using the same assumptions.

Derivatives contracts have been taken into account and net open positions as per foreign currency were used. The impact on net assets attributable to holders and net income:

	30/06/2017			31/12/2016		
	Currency weakening	Possible impact in EUR	Currency's % of NAV	Currency weakening	Possible impact in EUR	Currency's % of NAV
USD	-36%	-266,607	9.52%	-35%	-100,055	6.31%
TRY	-60%	-216,767	4.24%	-	-	-
NOK	-29%	-64,910	2.70%	-29%	-70,131	2.96%
RUB	-	-	-	-66%	-457,964	6.36%
TOTAL	-	-548,284	16.46%		-628,150	15.63%

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:

	30/06/2017	% of NAV	31/12/2016	% of NAV
Financials	2,381,979	28.41%	2,904,099	36.27%
Energy	1,191,302	14.21%	1,265,217	15.80%
Consumer Discretionary	765,896	9.13%	782,863	9.78%
Diversified Financials	402,307	4.80%	-	-
Consumer Staples	384,495	4.59%	-	-
Industrial	356,031	4.25%	563,489	7.04%
Real estate	352,314	4.20%	352,314	4.40%
Insurance	309,213	3.69%	306,271	3.83%
Telecom	176,835	2.11%	188,449	2.35%
TOTAL	6,320,372	75.39%	6,362,702	79.47%

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

	30/06/2017	% of NAV	31/12/2016	% of NAV
Turky	3,472,656	41.42%	3,154,165	39.40%
Estonia	1,131,994	13.50%	1,131,692	14.13%
Hungary	434,120	5.18%	471,445	5.89%
Russia	370,727	4.42%	398,820	4.98%
Austria	309,213	3.69%	998,506	12.47%
Norway	217,167	2.59%	208,074	2.60%
Luxembourg	194,379	2.32%	-	-
Ukraine	190,116	2.27%	-	-
TOTAL	6,320,372	75.39%	6,362,702	79.47%

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	
		2017	2016
σ	68.27%	3.40%	3.57%
2σ	95.45%	6.80%	7.13%
3σ	99.73%	10.20%	10.70%

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	
	30/06/2017	31/12/2016
Up to 1 year	4.23%	-
1-3 years	27.00%	22.80%
3-5 years	14.03%	25.35%
5-10 years	16.96%	27.49%
Over 10 years	13.17%	3.83%
TOTAL	75.39%	79.47%

Risk metrics	30/06/2017	31/12/2016
Yield to maturity	3.51%	3.90%
Macaulay duration	3.08	4.11
Modified duration	3.0%	4.0%

NOTE 3. CASH AND CASH EQUIVALENTS**Cash and cash equivalents by currency**

	30/06/2017	% of NAV, converted into EUR	31/12/2016	% of NAV, converted into EUR
EUR	1,907,042	22.75%	1,710,086	21.36%
NOK	30,450	0.04%	112,243	0.15%
TOTAL		22.79%		21.51%

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

In EUR

30/06/2017

	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	-	-	-	1,910,234	-	-	-	-	-
Bonds	5,411,794	556,264	352,314	-	-	-	-	-	-
Derivative instruments	-	160,098	-	-	-	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	4,207	-
Payables to the depository	-	-	-	-	-	-	-	2,521	-
Other liabilities	-	-	-	-	-	-	-	417	-
Net assets attributable to holders	-	-	-	-	-	-	8,383,559	-	-
TOTAL	5,411,794	716,362	352,314	1,910,234	-	-	8,383,559	7,145	-

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.

* Additional information for instruments categorised under Level 3

	2017
Starting balance of Level 3 instruments	352,314
Interest received	12,250
Interest accrued	<u>2,314</u>
Total level 3 investments fair value	352,314

In EUR

31/12/2016

	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	-	-	-	1,722,433	-	-	-	-	-
Bonds	5,433,971	576,417	352,314	-	-	-	-	-	-
Derivative instruments	-	164,563	-	-	-	-	-	-	-
LIABILITIES									
Derivative instruments	-	-234,489	-	-	-	-	-	-	-
Payables to the management company	-	-	-	-	-	-	-	3,977	-
Payables to the depository	-	-	-	-	-	-	-	3,294	-
Other liabilities	-	-	-	-	-	-	-	1,399	-
Net assets attributable to holders	-	-	-	-	-	-	8,006,539	-	-
TOTAL	5,433,971	506,491	352,314	1,722,433	-	-	8,006,539	8,670	-

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.

* Additional information for instruments categorised under Level 3

	2016
Starting balance of Level 3 instruments	352,382
Interest received	24,500
Interest accrued	2,314
Total level 3 investments fair value	352,314

NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In EUR

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
Net gain/loss from financial assets at fair value through profit or loss		
From bonds		
Sales profit/(-loss)	81,436	2,621
Unrealised profit /(-loss)	124,685	181,155
From derivative instruments		
Sales profit/(-loss)	85,709	-14,216
Unrealised profit /(-loss)	230,024	209,377
Total net gain/loss	521,854	378,937

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:

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
Fund Management Company		
Paid management fees	25,013	23,310
Units purchased	-	250,000
Other investment funds managed by Fund Management Company		
Units purchased	-	500,000
Sale of securities	-	186,351
TOTAL	25,013	959,661

Avaron Eastern Europe Fixed Income Fund

The balances outstanding with related parties were as follows:

	30/06/2017	31/12/2016
Fund Management Company		
Management fee payable	4,207	3,977

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

	30/06/2017	31/12/2016
Avaron Flexible Strategies Fund	7,205,832	6,943,072
Fund Management Company	570,494	549,690
TOTAL	7,776,325	7,492,762

NOTE 7. DERIVATIVE INSTRUMENTS

In EUR

30/06/2017

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	1,814,498	EUR	06/10/2017	1.0000	1.0000	1,814,498	30/06/2017	-	EUR 760,606,000
		2,070,000	USD	06/10/2017	0.8704	0.8766	1,814,498	30/06/2017	12,839	EUR 760,606,000
Forward	Swedbank AS	1,450,400	TRY	12/01/2018	0.2328	0.2206	320,000	30/06/2017	17,586	EUR 1,570,534,000
		320,000	EUR	12/01/2018	1.0000	1.0000	320,000	30/06/2017	-	EUR 1,570,534,000
Forward	Swedbank AS	2,203,857	EUR	08/02/2018	1.0000	1.0000	2,203,857	30/06/2017	-	EUR 1,570,534,000
		2,400,000	USD	08/02/2018	0.8642	0.9183	2,203,857	30/06/2017	129,674	EUR 1,570,534,000
TOTAL									160,098	

31/12/2016

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	34,135,200	RUB	03/02/2017	0.0154	0.0105	360,000	31/12/2016	164,563	EUR 1,587,387,000
		360,000	EUR	03/02/2017	1.0000	1.0000	360,000	31/12/2016	-	EUR 1,587,387,000
Swap	AS SEB Pank	1,455,026	EUR	08/02/2017	1.0000	1.0000	1,455,026	31/12/2016	-	EUR 764,692,000
		1,650,000	USD	08/02/2017	0.9487	0.8818	1,455,026	31/12/2016	-110,338	EUR 764,692,000
Swap	AS SEB Pank	1,814,498	EUR	06/10/2017	1.0000	1.0000	1,814,498	31/12/2016	-	EUR 764,692,000
		2,070,000	USD	06/10/2017	0.9365	0.8766	1,814,498	31/12/2016	-124,151	EUR 764,692,000
TOTAL									-69,926	

STATEMENT OF INVESTMENTS

In EUR 30/06/2017

Name	ISIN	Emitent country	Rating Agency	Rating	FX	Interest Rate	Maturity	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*												
TURKIYE VAKIFLAR BANK 01.11.27	XS1551747733	TR	S&P	BB	USD	8.000%	01/11/2027	85.87	575,302	91.36	619,776	7.39%
ARCELIK AS 5%USD 03.04.2023	XS0910932788	TR	S&P	BB+	USD	5.000%	03/04/2023	64.90	389,414	89.36	542,479	6.47%
MOL MAGYAR EUR 6.25 26.09.19	XS0834435702	HU	S&P	BB+	USD	6.250%	26/09/2019	76.57	344,562	95.04	434,120	5.18%
LUKOIL USD 6.656% 07.06.2022	XS0304274599	RU	Moody's	BBB-	USD	6.656%	07/06/2022	77.11	289,160	98.49	370,727	4.42%
TURK SISE FAB 4.25% 09.05.20	XS0927634807	TR	S&P	BB	USD	4.250%	09/05/2020	67.61	270,438	88.48	356,031	4.25%
MAINOR EUR 26.11.2018	EE3300110691	EE			EUR	7.000%	26/11/2018	100.00	350,000	100.00	352,314	4.20%
TURKIYE HALK 3.875% 05.02.20	XS0882347072	TR	Fitch	BB+	USD	3.875%	05/02/2020	68.63	274,509	85.32	346,759	4.14%
YAPI VE KRD BK 5.5% 06.12.22	XS0861979440	TR	S&P	BB	USD	5.500%	06/12/2022	66.94	267,764	85.62	343,747	4.10%
VIENNA INSURANCE GROUP 8% PERP	AT0000A09SA8	AT	S&P	A-	EUR	8.000%	12/06/2049	110.08	295,024	109.00	309,213	3.69%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE			EUR	6.500%	29/10/2025	100.00	228,000	111.25	256,160	3.05%
TALLINK GRUPP AS FRN 18.10.18	NO0010682255	EE			NOK	0.000%	18/10/2018	10.84	216,825	11.04	223,417	2.66%
B2 HOLDING AS FRN EUR 08.12.20	NO0010753072	NO			EUR	7.500%	08/12/2020	100.20	200,400	108.13	217,167	2.59%
NELJA ENERGIA FRN 02.06.21 EUR	NO0010737174	EE			EUR	6.500%	02/06/2021	100.00	200,000	103.75	208,511	2.49%
KERNEL HOLDING 8.75% 31.01.22	XS1533923238	LU	S&P	B	USD	8.750%	31/01/2022	97.41	194,811	94.00	194,379	2.32%
MHP SA 8.250% USD 02.04.2020	USL6366MAC75	UA	S&P	B	USD	8.250%	02/04/2020	94.14	188,289	93.29	190,116	2.27%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	S&P	BB	USD	7.850%	10/12/2023	86.24	172,488	93.73	188,225	2.24%
GL LIMAN ISLETM 8.125%14.11.21	XS1132825099	TR	Fitch	BB-	USD	8.125%	14/11/2021	69.34	138,680	91.66	185,141	2.21%
FINANSBANK 6.25% 30.04.19 USD	XS1063442484	TR	Fitch	BBB-	USD	6.250%	30/04/2019	71.90	143,798	91.17	184,165	2.20%
TUPRAS-TURKI 4.125% 02.05.18	XS0849020556	TR	Fitch	BBB-	USD	4.125%	02/05/2018	71.74	143,472	88.39	177,943	2.12%
TURK TELEKOM 3.75% 19.06.19	XS1028952155	TR	S&P	BBB-	USD	3.750%	19/06/2019	76.85	153,709	88.32	176,835	2.11%
AK FIN KIRALAMA 4.125%17.04.18	XS0914394688	TR	Fitch	BB+	USD	4.125%	17/04/2018	70.78	141,565	87.53	176,527	2.11%
TURKIYE BANKASI VAR% 29.06.28	XS1623796072	TR	S&P	BB	USD	7.000%	29/06/2028	89.69	179,382	87.50	175,027	2.09%
INBANK SUBORDINATED 28.09.2026	EE3300110964	EE			EUR	7.000%	28/09/2026	100.00	84,000	109.00	91,593	1.09%
BONDS TOTAL									5,441,592		6,320,372	75.39%

* Accrued interest in the amount of 74,305.94 EUR has been added to the value of bonds

Statement of investments as of 30/06/2017 (continued)

Name	Instrument type	Emitent country	Rating agency	Rating	Rating holder	FX	Maturity	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												
FX-Forward EUR/USD Swedbank AS	Forward	EE	S&P	AA-	Swedbank AB	EUR	08/02/2018				129,674	1.55%
FX-Forward TRY/EUR Swedbank AS	Forward	EE	S&P	AA-	Swedbank AB	TRY	12/01/2018				17,585	0.21%
					Skandinaviska							
FX-Swap EUR/USD AS SEB Pank	Swap	EE	Moody's	AA-	Enskilda Banken AB	USD	06/10/2017				12,839	0.15%
DERIVATIVES TOTAL											160,098	1.91%

Name	Instrument type	Credit Institution's country	Rating agency	Rating	Rating holder	FX	Maturity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
CASH												
CURRENT ACCOUNT		EE				EUR			1,907,042		1,907,042	22.75%
CURRENT ACCOUNT		EE				NOK			3,192		3,192	0.04%
CURRENT ACCOUNT TOTAL									1,910,234		1,910,234	22.79%
INVESTMENT TOTAL									7,351,826		8,390,704	100.09%
TOTAL ASSETS OF THE FUND									7,351,826		8,390,704	100.09%
LIABILITIES											-7,145	-0.09%
NET ASSETS OF THE FUND											8,383,559	100.00%

Avaron Eastern Europe Fixed Income Fund

In EUR 31/12/2016

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	100,000.00	18/05/2021	6.625%	BBB-	EUR	600,000	101.82	610,916	111.27	692,235	8.65%
ARCELIK AS 5%USD 03.04.2023	XS0910932788	TR	1,000.00	03/04/2023	5.000%	BB+	USD	600,000	64.9	389,414	90.58	550,372	6.87%
MOL MAGYAR EUR 6.25 26.09.19	XS0834435702	HU	1,000.00	26/09/2019	6.250%	BB+	USD	450,000	76.57	344,562	103.21	471,445	5.89%
LUKOIL USD 6.656% 07.06.2022	XS0304274599	RU	1,000.00	07/06/2022	6.656%	BBB-	USD	375,000	77.11	289,160	105.95	398,820	4.98%
TURK SISE FAB 4.25% 09.05.20	XS0927634807	TR	1,000.00	09/05/2020	4.250%	BB	USD	400,000	67.61	270,438	93.16	374,948	4.68%
TURKIYE HALK 3.875% 05.02.20	XS0882347072	TR	1,000.00	05/02/2020	3.875%	BB+	USD	400,000	68.63	274,509	89.20	362,745	4.53%
TURKIYE VAKIFLAR BANK 01.11.22	XS0849728190	TR	1,000.00	01/11/2022	6.000%	BB	USD	400,000	65.82	263,274	88.69	358,482	4.48%
MAINOR EUR 26.11.2018	EE3300110691	EE	1,000.00	26/11/2018	7.000%		EUR	350,000	100	350,000	100.00	352,314	4.40%
YAPI VE KRD BK 5.5% 06.12.22	XS0861979440	TR	1,000.00	06/12/2022	5.500%	BB+	USD	400,000	66.94	267,764	87.70	352,188	4.40%
VIENNA INSURANCE GROUP 8% PERP	AT0000A09SA8	AT	1,000.00	12/06/2049	8.000%	A-	EUR	268,000	110.08	295,024	111.89	306,271	3.83%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE	1,000.00	29/10/2025	6.500%	NR	EUR	228,000	100	228,000	110.05	253,425	3.17%
TALLINK GRUPP AS FRN 18.10.18	NO0010682255	EE	1,000,000.00	18/10/2018	0.000%	NR	NOK	2,000,000	10.84	216,825	11.49	232,491	2.90%
B2 HOLDING AS FRN EUR 08.12.20	NO0010753072	NO	100,000.00	08/12/2020	0.000%	NR	EUR	200,000	100.2	200,400	103.58	208,074	2.60%
NELJA ENERGIA FRN 02.06.21 EUR	NO0010737174	EE	1.00	02/06/2021	0.000%	NR	EUR	200,000	100	200,000	100.98	202,961	2.54%
FINANSBANK 6.25% 30.04.19 USD	XS1063442484	TR	1,000.00	30/04/2019	6.250%	BBB-	USD	200,000	71.9	143,798	98.30	198,585	2.48%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	1,000.00	10/12/2023	7.850%	BB	USD	200,000	86.24	172,488	98.20	197,236	2.46%
TUPRAS-TURKI 4.125% 02.05.18	XS0849020556	TR	1,000.00	02/05/2018	4.125%	BBB-	USD	200,000	71.74	143,472	95.36	191,990	2.40%
AK FIN KIRALAMA 4.125%17.04.18	XS0914394688	TR	1,000.00	17/04/2018	4.125%	BB+	USD	200,000	70.78	141,565	94.52	190,629	2.38%
GL LIMAN ISLETM 8.125%14.11.21	XS1132825099	TR	1,000.00	14/11/2021	8.125%	BB-	USD	200,000	69.34	138,680	93.28	188,541	2.35%
TURK TELEKOM 3.75% 19.06.19	XS1028952155	TR	1,000.00	19/06/2019	3.750%	BBB-	USD	200,000	76.85	153,710	94.12	188,449	2.35%
INBANK SUBORDINATED 28.09.2026	EE3300110964	EE	1,000.00	28/09/2026	7.000%		EUR	84,000	100	84,000	107.70	90,501	1.13%
BONDS TOTAL										5,177,999		6,362,702	79.47%

* Accrued interest in the amount of 77,129.57 EUR has been added to the value of bonds

Statement of investments as of 31/12/2016 (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													
FX Forward RUB/EUR SWEDBANK		EE		03/02/2017			RUB					164,563	2.06%
FX Swap EUR/USD SEB Pank		EE		06/10/2017			USD					-124,151	-1.55%
FX Swap EUR/USD SEB Pank		EE		08/02/2017			USD					-110,338	-1.38%
DERIVATIVES TOTAL												-69,926	-0.87%

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
CASH													
CURRENT ACCOUNT		EE					EUR			1,710,086		1,710,086	21.36%
CURRENT ACCOUNT		EE					PLN			12,347		12,347	0.15%
CURRENT ACCOUNT TOTAL										1,722,433	1,722,433	21.51%	
INVESTMENTS TOTAL										6,900,432	8,015,209	100.11%	
TOTAL ASSETS OF THE FUND										6,900,432	8,015,209	100.11%	
LIABILITIES												-8,670	-0.11%
NET ASSETS OF THE FUND												8,006,539	100.00%

STATEMENT OF COMMISSIONS

In EUR

01/01/2017-30/06/2017

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
OTC trades				
Swedbank AS	3	3,056,595	-	-
Unicredit Bank AG London	1	725,023	-	-
Citigroup Global Markets Ltd	1	240,422	-	-
AS SEB Pank	1	197,680	-	-
Adamant Capital Partners	1	188,332	-	-
Maxis Investments Ltd	1	179,381	-	-
<i>Other</i>	2	1,223,243	-	-
TOTAL	10	5,810,676	-	-

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	-	-
AS SEB Pank	2	189,654	-	-
Avaron Flexible Strategies Fund	1	186,351	-	-
<i>Other</i>	1	194,372	-	-
TOTAL	7	1,543,452	-	-

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" repurchases resulting from corporate events and liquidations are shown.