

TO THE INVESTORS OF AVARON EASTERN EUROPEAN FIXED INCOME FUND

27 November 2017

**Notification about the intention to liquidate Avaron Eastern European Fixed Income Fund**

Hereby we would like to inform you that we have decided to liquidate Avaron Eastern Europe Fixed Income Fund. **If possible, please send a redemption order before 4 December 2017 at 8 AM CET.** After receiving the permission from the Financial Supervision Authority in the middle of December the transactions with fund units will be suspended and the possibility to cash out will arise after the liquidation process, which could take up to 3-6 month.

**1) Reasons and further actions**

Avaron Flexible Strategies Fund is a core shareholder of Avaron Eastern Europe Fixed Income Fund. However, due to the changes in the Estonian Investment Funds Act taking into effect from 10 January 2018, no public fund can hold more than 25% shareholding in any other fund. Thus, amendments in legislation do not enable Avaron Flexible Strategies Fund to hold fixed income investments through Avaron Eastern Europe Fixed Income Fund (the "Fund"). Thus, the main shareholder Avaron Flexible Strategies Fund will redeem its fund units and the Fund's size will shrink to a level where it is economically unreasonable to continue as a separate UCITS fund and we have decided to liquidate the Fund.

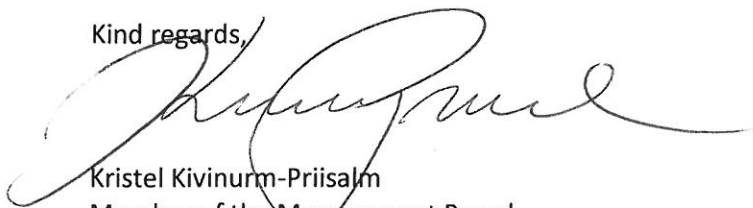
We shall start with the liquidation of the Fund after receiving a respective permission from the Estonian Financial Supervision Authority. We expect this to take place in the middle of December. Until then you can make transactions with the Fund units in a usual manner, including redeem the Fund units at your chosen time. After receiving a permission from the Financial Supervision Authority, we shall publish the liquidation notice of the Fund on the website of AS Avaron Asset Management [www.avaron.com](http://www.avaron.com) and shall stop accepting the transaction orders.

**2) Redemption order deadlines**

To redeem the Fund units, the cut-off is weekly – each Monday at 10 AM CET. The sell orders received prior 10 AM on Monday shall get the NAV calculated on next Monday (as at previous Friday) and cash shall be at your account T+3 (usually Thursday). Orders received after the cut off timeframe shall be accepted on next Monday. More detailed information about submitting sell orders can be found here: [www.avaron.com/forms](http://www.avaron.com/forms). According to the Fund prospectus the redemption of units is free of charge.

In case you have any questions, please contact Avaron back-office at [invest@avaron.com](mailto:invest@avaron.com) or +372 66 44 214.

Kind regards,



Kristel Kivinurm-Priisalm  
Member of the Management Board  
AS Avaron Asset Management