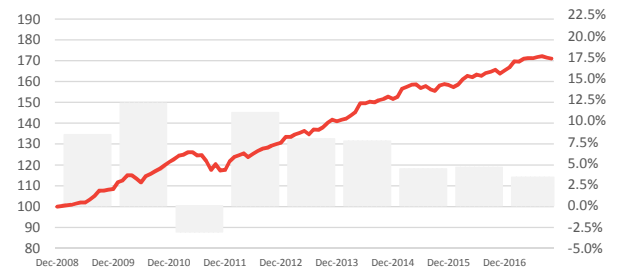


Investment Objectives & Approach

The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (cash, deposits, bonds, equities, other investment funds, derivatives). The Fund's assets shall be invested globally, with a focus on Central and Eastern Europe. The Fund's risk level and portfolio allocation shall vary over time in accordance with the views of Avaron investment managers. Overall investors should accept that relatively high risk is associated with investing into the Fund. There is no guarantee that investors will get back the amount invested. The Fund is suited to an investor who does not want to follow the markets daily himself or herself and wishes the Avaron investment team to decide the allocation of each asset class (equities, bonds, deposits). Fund units can be redeemed with 1-3 month prior notice. However, arising from the Fund's investment strategy an investor should have an investment horizon of at least 3 years. Should the horizon fall below three years, investor

Performance since launch



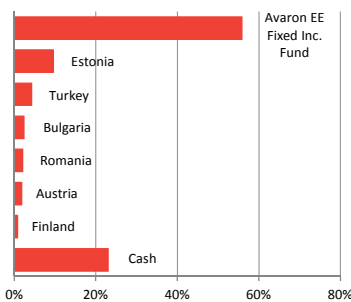
Past performance is not a guarantee or indicative of future results

Fund Manager's Comment, October 2017

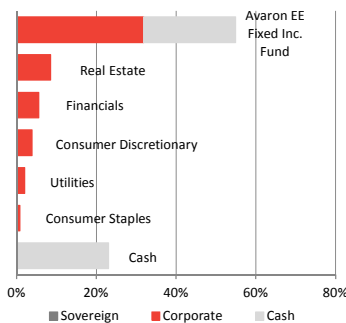
Rally in global equities continued in October on strong investor sentiment and prevailing risk-on mood. Main sentiment gauges are close to or at historic highs and cash levels of money managers at or close to record lows. During the month MSCI World gained 1.8% in \$. Turnaround in the euro dollar exchange rate continued as the dollar gained 1.5% in October. Global emerging markets gained 3.5% return in \$ (+5.0% in €) and Emerging Europe stocks 4.6% in €. Global bond markets delivered solid positive performance in October. European investment grade bonds, CPI-linkers and high yielders added 0.9-1.5%, while US similar asset classes delivered +0.1-0.3% in \$ (1.5-1.8% in € terms). Emerging Market Bond Index posted +0.3% return in \$ terms (+1.8% in €). Avaron Flexible Strategies Fund posted -0.3% performance in October driven by portfolio's fixed income exposure.

Performance Overview	Net return	Calendar year net return
1 month	-0.3%	2016 4.5%
YTD	3.4%	2015 4.4%
3 months	-0.5%	2014 7.6%
6 months	0.1%	2013 7.9%
1 year	3.2%	2012 11.0%
3 years	12.7%	2011 -3.1%
5 years	32.3%	2010 12.1%
Since inception	71.0%	2009 8.3%
		CAGR of calendar years
		2015-2016 4.4%
		2014-2016 5.5%
		2012-2016 7.0%

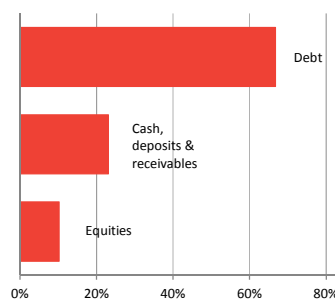
Geographic breakdown



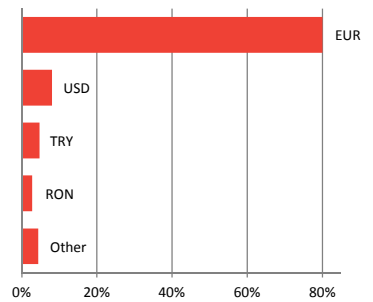
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	Oct-17	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Avaron EE Fixed Inc. Fund	55.9%	-0.4%	-4.0%	-7.7%	2.4%	3.8%
Estonia	9.6%	-0.1%	-0.8%	-1.7%	2.0%	7.4%
Turkey	4.3%	0.0%	-0.5%	1.3%	2.5%	4.3%
Bulgaria	2.4%	0.0%	-0.2%	-0.2%	0.8%	-3.6%
Romania	2.1%	0.0%	-0.2%	-0.6%	-2.0%	-1.6%
Austria	1.8%	0.0%	-0.1%	0.6%	-1.9%	1.8%
Finland	0.8%	-0.1%	-0.1%	0.8%	0.8%	0.8%
Hungary	0.0%	0.0%	0.0%	-1.0%	-5.0%	-0.8%
Others	0.1%	0.1%	0.1%	0.6%	0.3%	0.3%

Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Avaron EE Fixed Inc. Fund	-0.2%	0.0%	2.4%	2.4%	12.0%	25.7%
Real Estate	0.0%	0.0%	0.7%	0.6%	2.7%	3.6%
Financials	0.0%	-0.1%	0.4%	0.7%	0.7%	3.4%
Consumer Discretionary	0.0%	0.0%	0.4%	0.3%	0.6%	3.2%
Utilities	0.0%	-0.1%	0.4%	0.5%	0.2%	4.2%
Consumer Staples	0.0%	0.1%	0.3%	0.2%	1.0%	1.0%
Energy	-0.1%	-0.1%	0.0%	0.0%	0.1%	0.1%
Others	0.0%	0.0%	0.0%	0.0%	0.2%	0.4%
Cash	0.0%	0.0%	0.3%	0.2%	0.5%	3.4%

Risk metrics

Volatility	2.0%
Sharpe ratio	2.13

Sector allocation

	Oct-17	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Avaron EE Fixed Inc. Fund	55.9%	-0.4%	-4.0%	-7.7%	2.4%	3.8%
Real Estate	8.6%	0.0%	-0.7%	0.6%	3.2%	2.9%
Financials	5.6%	0.0%	-1.5%	2.1%	2.1%	3.3%
Consumer Discretionary	3.9%	-0.1%	-0.4%	-0.7%	0.1%	3.9%
Utilities	2.1%	0.0%	-0.2%	-0.6%	-5.7%	-2.7%
Consumer Staples	0.8%	0.0%	0.2%	0.8%	0.8%	0.8%
Energy	0.0%	0.0%	0.0%	-1.0%	-3.5%	0.0%
Others	0.0%	0.0%	0.0%	4.1%	0.0%	0.0%
FX Derivatives	0.1%	0.0%	0.0%	0.2%	0.0%	-0.1%
Cash	23.0%	0.5%	6.0%	10.3%	0.5%	-11.9%

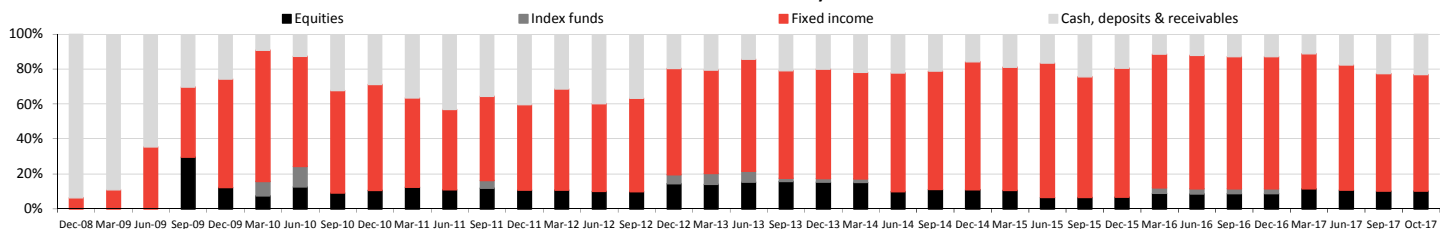
Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Avaron EE Fixed Inc. Fund	-0.2%	0.0%	2.4%	2.4%	12.0%	25.7%
Real Estate	0.0%	0.1%	0.9%	0.8%	2.2%	4.3%
Financials	0.0%	0.0%	0.7%	0.8%	1.3%	4.0%
Consumer Discretionary	0.0%	-0.1%	0.3%	0.2%	1.3%	1.0%
Utilities	0.0%	-0.1%	0.4%	0.5%	0.5%	5.5%
Consumer Staples	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Energy	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Others	0.0%	0.0%	0.1%	0.3%	0.5%	3.9%
Cash	0.0%	0.0%	0.1%	0.1%	0.2%	0.6%
Cash	0.0%	-0.1%	0.0%	-0.1%	0.1%	0.3%

Fund statistics

Number of positions	14
Top5	66.6%
Top10	73.7%

Historic Portfolio Allocation by Asset Class



Fund Facts - Avaron Flexible Strategies Fund

Investment Manager	AS Avaron Asset Management
Fund type	Public closed-end fund
Asset class	Flexible, all asset classes
Launch date	December 17, 2008
Domicile	Estonia
Currency	EUR
Dividends	reinvested
Fund size, MEUR	12.9
Total AUM, MEUR	450+

B unit	ISIN Code	NAV 31-Oct 2017
	EE3500100922	17.1029 EUR

Cut-off subscriptions	10am CET
Cut-off redemptions	Last business day of month 10 am CET Receive cash in 1 or 3 months

NAV frequency	Daily dealing, T+3
Public offering	Estonia
Supervised by	Estonian FSA
Custodian	Swedbank AS
Transfer agent	Swedbank AS
NAV calculation	Swedbank AS
External auditor	KPMG
Internal auditor	PWC

Fund documents & prospectus	www.avaron.com/documents
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Min. Investment	-
Front-end load	-
Management fee	1.25%

Performance fee	10% over EURIBOR 12-months, annual reset (Dec 31)
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Back-end load (to the fund)	Rate depends on advance notice period
	- Advance notice 1 month: 1.5%
	- Advance notice 3 months: 0%

Bloomberg ticker
B unit: AVFLXSB ET

See Lipper, TK Valoren tickers:
www.avaron.com/fundfacts_flex

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About Avaron Asset Management

Avaron Asset Management is an independent management-owned asset manager with a clear focus on Emerging Europe listed equities and fixed income. Our 11 investment professionals, in Estonia and Poland, focus on active investment management. In total 17 professionals are employed by Avaron.

We combine top down macroeconomic and sector analysis with bottom-up research. We source investment ideas through in-house proprietary research on approximately 300 companies, backed by regular visits and meetings. We seek inefficiencies in the valuation of companies' equity and debt with the aim to invest in well managed companies with leading market positions, highly motivated and dynamic management teams and competitive edge. Our preference goes to investments with attractive risk/return.

We adhere to the *UN Principles for Responsible Investment (PRI)* and are supervised by the Estonian Financial Supervision Authority.



Kristel Kivnurm-Priisalm
Managing Partner,
CEO & COO



Peter Priisalm
Partner, co-CIO,
Investment Manager



Valdur Jaht
Partner, co-CIO,
Investment Manager

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