

Investment Objectives & Approach

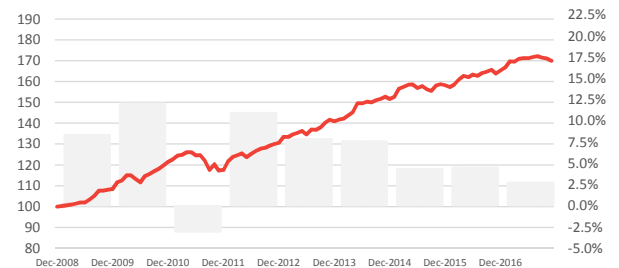
The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (cash, deposits, bonds, equities, other 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 should consider exiting the Fund.

Fund Manager's Comment, November 2017

Global equities were mixed in November following strong performance over the past two months. Rally continued in the US (in \$ terms), while European stocks delivered negative returns. During the month MSCI World gained 2.0% in \$, while the weak dollar (-2.2% vs. the euro) pushed the € based performance into red. Emerging markets were almost flat in \$ terms thanks to the relative strength of Chinese and Russian equities amid broad based slump among other larger index components. Emerging Europe stocks lost 2.9% in € due to a slump in Poland and Hungary reversing the outperformance of the previous month. Pressure on Turkish currency and equity market increased amid the unfolding of the so-called Reza Zarrab case in New York court. In fixed income markets returns were modest but inflation-linked bonds provided the best returns reflecting investors' rising expectations on inflationary pressure.

Avaron Flexible Strategies Fund lost 0.6% of its value due to negative contribution from fixed income investments. The Fund is up 2.8% year to date. As of the end of November 11% of the Fund's assets are invested in equities and 52% in fixed income which carries yield to maturity of 5.8%.

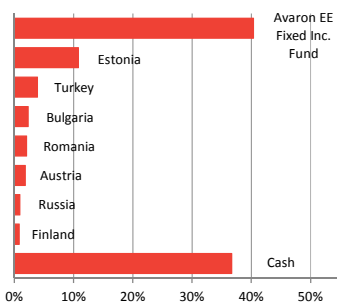
Performance since launch



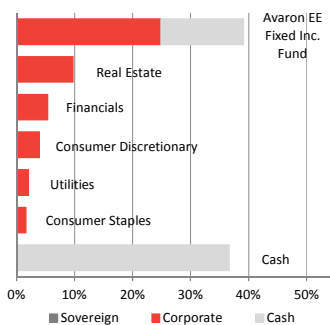
Past performance is not a guarantee or indicative of future results

Performance Overview	Net return	Calendar year net return	
1 month	-0.6%	2016	4.5%
YTD	2.8%	2015	4.4%
3 months	-1.3%	2014	7.6%
6 months	-0.7%	2013	7.9%
1 year	3.8%	2012	11.0%
3 years	11.2%	2011	-3.1%
5 years	30.7%	2010	12.1%
Since inception	70.0%	2009	8.3%
		CAGR of calendar years	
		2015-2016	4.4%
		2014-2016	5.5%
		2012-2016	7.0%

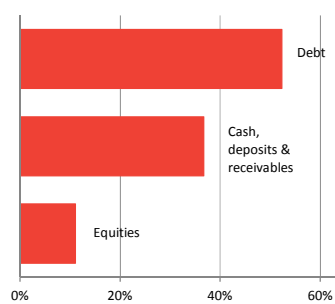
Geographic breakdown



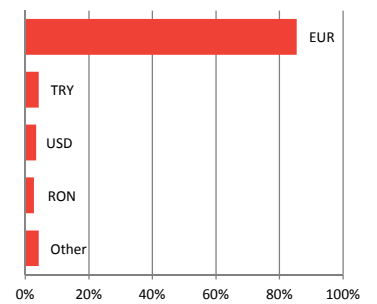
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	Nov-17	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Avaron EE Fixed Inc. Fund	40.4%	-15.5%	-15.5%	-23.5%	-18.5%	-21.8%
Estonia	10.8%	1.2%	1.1%	-0.6%	3.3%	8.6%
Turkey	3.9%	-0.4%	-0.5%	1.3%	2.1%	3.9%
Bulgaria	2.3%	0.0%	-0.1%	-0.2%	0.8%	-3.7%
Romania	2.1%	0.0%	-0.1%	-0.6%	-1.8%	-1.5%
Austria	1.9%	0.0%	0.1%	0.7%	-1.8%	1.9%
Russia	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Finland	0.8%	0.0%	-0.1%	0.8%	0.8%	0.8%
Others	0.2%	0.3%	0.4%	1.8%	5.2%	4.0%

Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Estonia	0.0%	-0.1%	0.7%	0.6%	2.7%	3.6%
Turkey	-0.3%	-0.5%	0.5%	0.4%	0.4%	3.0%
Bulgaria	-0.1%	-0.1%	0.4%	0.3%	0.6%	3.0%
Romania	0.0%	-0.1%	0.5%	0.5%	0.2%	4.3%
Austria	0.0%	0.1%	0.3%	0.3%	1.1%	1.1%
Russia	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Finland	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Others	0.1%	0.1%	0.4%	0.3%	0.7%	3.5%

Risk metrics

Volatility	2.0%
Sharpe ratio	1.92

Sector allocation

	Nov-17	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Avaron EE Fixed Inc. Fund	40.4%	-15.5%	-15.5%	-23.5%	-18.5%	-21.8%
Real Estate	9.7%	1.2%	1.2%	1.8%	4.5%	4.0%
Financials	5.4%	-0.2%	-0.3%	2.0%	1.9%	3.1%
Consumer Discretionary	3.9%	0.0%	-0.2%	-0.7%	0.2%	3.9%
Utilities	2.1%	0.0%	-0.1%	-0.6%	-5.4%	-2.7%
Consumer Staples	1.6%	0.8%	0.7%	1.6%	1.6%	1.6%
Energy	0.0%	0.0%	0.0%	-1.0%	-3.3%	0.0%
Others	0.0%	0.0%	0.0%	3.8%	0.0%	2.7%
FX Derivatives	0.2%	0.1%	0.2%	0.3%	0.0%	0.0%
Cash	36.7%	13.6%	13.9%	24.0%	18.8%	14.5%

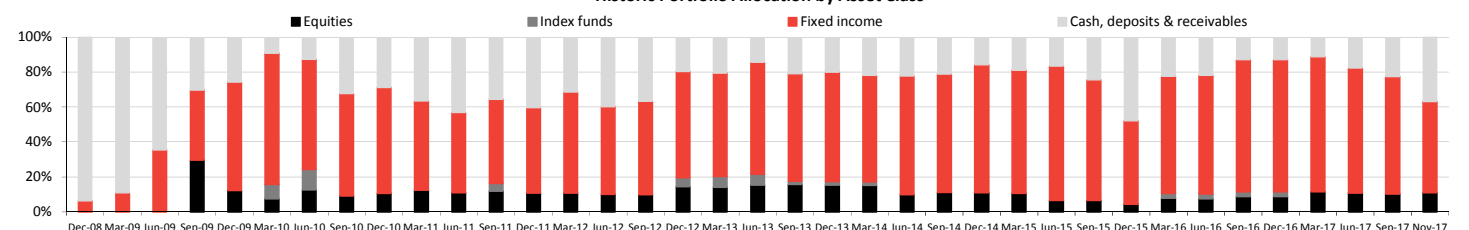
Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Real Estate	0.0%	0.0%	1.0%	0.8%	2.2%	4.1%
Financials	-0.2%	-0.2%	0.7%	0.6%	1.1%	3.9%
Consumer Discretionary	0.0%	-0.2%	0.3%	0.2%	1.3%	1.0%
Utilities	0.0%	-0.1%	0.5%	0.5%	0.5%	5.5%
Consumer Staples	-0.2%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%
Energy	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Others	0.0%	0.0%	0.5%	0.3%	0.5%	3.5%
FX Derivatives	0.1%	0.1%	0.2%	0.2%	0.2%	0.7%
Cash	-0.1%	-0.1%	-0.2%	-0.2%	0.1%	0.2%

Fund statistics

Number of positions	16
Top5	50.8%
Top10	58.3%

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	12.8
Total AUM, MEUR	450+

B unit	ISIN Code	NAV 30-Nov 2017
	EE3500100922	17.0022 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.



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