

Investment Objectives & Approach

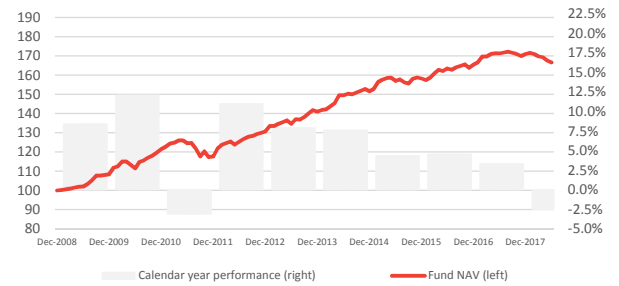
The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (incl. cash, deposits, bonds, equities, 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 7 or 30 calendar days 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, June 2018

MSCI World lost 0.2% in \$ (-0.1 in €) in June rounding up the worst first half to a year since 2010 as trade war related tensions continue to build. Emerging Markets (MSCI EM) had a terrible run in June losing 4.6% in \$ due to continuing weakness in China. Emerging Europe stocks (MSCI EFM CEEC ex-RU) were down 1.1% in € in June on the back of prevailing negative sentiment towards Emerging Markets. Regional sell-off was led by Poland on negative fund flows and Turkey on pre-election anxiety. In fixed income markets risk-off mentality favoured inflation-linked papers and brought along losses for high risk and emerging market bond portfolios. Although euro-dollar rate remained stable in a long while then Emerging Europe currencies depreciated against euro due to cash outflows from the region.

Avaron Flexible Strategies Fund NAV lost 0.6% in June due to lower prices in dollar denominated Turkish corporate papers. As of the end of June 14% of the Fund assets are in equities, 35% in fixed income and 51% in cash. The latter we plan to utilise again once markets offer attractive entry points.

Performance since launch

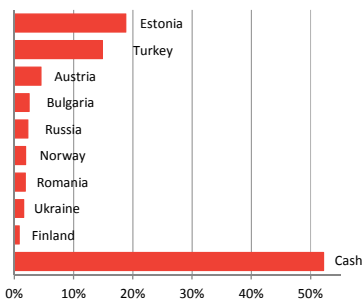


Past performance is not a guarantee or indicative of future results

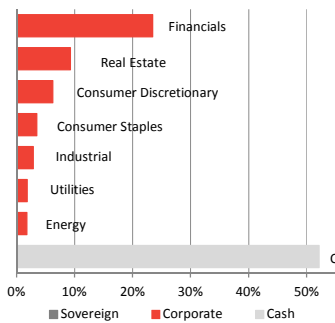
Performance Overview	Net return	Calendar year net return	
1 month	-0.6%	2017	3.3%
YTD	-2.5%	2016	4.5%
3 months	-1.9%	2015	4.4%
6 months	-2.5%	2014	7.6%
1 year	-2.7%	2013	7.9%
3 years	6.1%	2012	11.0%
5 years	23.7%	2011	-3.1%
7 years	33.7%	2010	12.1%
Since inception	66.6%		

CAGR of calendar years	
2016-2017	3.9%
2015-2017	4.1%
2013-2017	5.5%

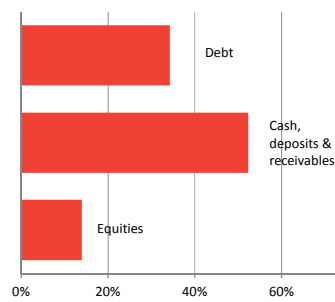
Geographic breakdown



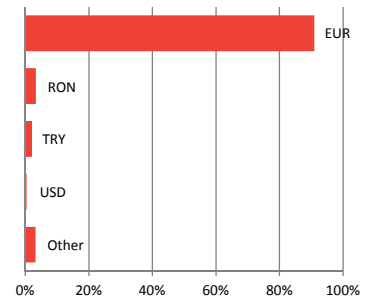
Sector breakdown



Asset class breakdown



Net currency breakdown



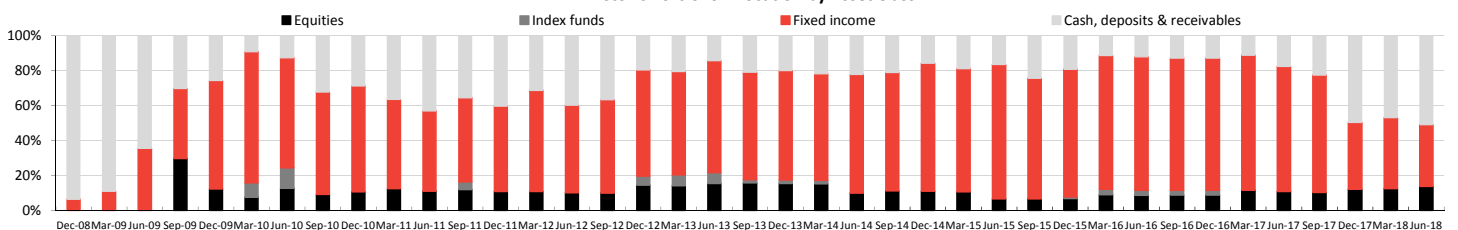
Country allocation

	Jun-18	Change					Contribution analysis					Risk metrics	3Y risk	
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12m	YTD	3 years			5 years
Estonia	18.8%	1.9%	-1.7%	8.6%	14.2%	8.3%	0.4%	0.5%	1.1%	0.6%	2.7%	3.9%	Volatility	1.8%
Turkey	14.8%	-0.4%	-3.0%	10.1%	9.5%	14.8%	-0.6%	-0.7%	-1.3%	-1.0%	-1.0%	2.1%		
Austria	4.5%	0.1%	0.2%	2.6%	1.7%	4.5%	0.0%	0.0%	0.2%	0.0%	0.6%	1.1%		
Bulgaria	2.5%	0.1%	0.2%	0.1%	1.3%	-0.5%	0.0%	0.0%	-0.1%	-0.1%	0.6%	1.4%		
Russia	2.3%	-0.1%	-0.1%	2.3%	2.3%	2.3%	-0.1%	-0.2%	-0.5%	-0.4%	-0.5%	-0.5%		
Norway	1.9%	0.0%	0.1%	1.9%	1.9%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Romania	1.8%	-0.1%	0.0%	-0.4%	-1.0%	-3.5%	0.0%	0.0%	0.2%	0.2%	0.8%	3.5%		
Ukraine	1.6%	0.0%	0.1%	1.6%	1.6%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Others	-0.5%	0.2%	-0.9%	59.1%	59.2%	65.0%	-0.1%	-1.1%	-0.8%	-1.0%	7.9%	23.5%		

Sector allocation

	Jun-18	Change					Contribution analysis					Fund statistics		
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12m	YTD	3 years		5 years	
Financials	23.5%	-0.1%	-1.2%	16.4%	16.5%	22.1%	-0.4%	-0.8%	-0.9%	-0.9%	-0.1%	2.5%	Number of positions	26
Real Estate	9.3%	0.2%	-3.6%	0.2%	6.3%	6.6%	0.0%	0.1%	0.3%	0.1%	2.0%	2.9%		
Consumer Discretionary	6.2%	0.2%	0.4%	2.2%	1.6%	0.5%	0.1%	0.1%	0.4%	0.0%	1.1%	1.2%	Top10	28.8%
Consumer Staples	3.5%	-0.1%	0.1%	3.5%	3.5%	3.5%	-0.2%	-0.1%	-0.8%	-0.5%	-0.8%	-0.8%		
Industrial	2.9%	1.4%	1.5%	2.9%	2.9%	2.9%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%		
Utilities	1.8%	-0.1%	0.0%	-0.4%	-1.0%	-5.3%	0.0%	0.0%	0.2%	0.2%	0.8%	4.6%		
Energy	1.8%	0.0%	-1.3%	1.8%	-2.4%	1.8%	0.0%	0.1%	0.1%	0.1%	0.0%	0.2%		
Others	0.0%	0.0%	0.0%	59.9%	61.8%	67.3%	0.0%	0.0%	-0.2%	0.0%	8.2%	24.3%		
FX Derivatives	-1.3%	-0.1%	-1.2%	-1.4%	-1.2%	-1.4%	-0.1%	-1.2%	-0.5%	-0.9%	-0.3%	-0.1%		
Cash	52.2%	-1.3%	5.3%	34.7%	35.7%	37.9%	0.0%	0.1%	-0.1%	0.0%	0.0%	0.2%		

Historic Portfolio Allocation by Asset Class



Fund Facts - Avaron Flexible Strategies Fund

Investment Manager	AS Avaron Asset Management	Min. Investment	-
Fund type	non-UCITS, public common alternative investment fund	Front-end load	-
Asset class	Flexible, all asset classes	Management fee	1.25%
Launch date	December 17, 2008	Performance fee	10% over EURIBOR 12-months, annual reset (Dec 31)
Domicile	Estonia	Back-end load (to the fund)	Rate depends on advance notice period - Advance notice 7 calendar days: 1.5% - Advance notice 30 calendar days: 0%
Currency	EUR	Bloomberg ticker	B unit: AVFLXSB ET
Dividends	reinvested	Contact Information	Avaron Asset Management Narva mnt 7D, 10117 Tallinn ESTONIA Phone: +372 66 44 205 Fax: +372 66 44 201 E-mail: info@avaron.com www.avaron.com
Fund size, MEUR	11.4	See Lipper, TK Valoren tickers:	www.avaron.com/fundfacts_flex
Total AUM, MEUR	450+		
Unit	ISIN Code EE3500100922	NAV 30-Jun 2018 16.6621 EUR	
Cut-off subscriptions	10am CET		
Cut-off redemptions	10am CET, notice period 7 or 30 calendar days (redemption price will be fixed after the notice period)		
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		

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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