



# **Avaron Flexible Strategies Fund**

**SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2021**  
**UNAUDITED**

## TABLE OF CONTENTS

FUND FACTS .....	3
MANAGEMENT REPORT.....	4
CONFIRMATION OF THE MANAGEMENT BOARD OF THE FUND MANAGEMENT COMPANY TO THE SEMI-ANNUAL FINANCIAL STATEMENTS OF 2021 .....	6
FINANCIAL STATEMENTS .....	7
BALANCE SHEET.....	7
STATEMENT OF INCOME AND EXPENSES.....	8
STATEMENT OF CHANGES IN NET ASSETS .....	9
STATEMENT OF CASH FLOWS .....	10
NOTES TO THE FINANCIAL STATEMENTS .....	11
NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED.....	11
NOTE 2. RISK MANAGEMENT.....	17
NOTE 3. CASH AND CASH EQUIVALENTS .....	24
NOTE 4. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES TO CATEGORIES AND LEVELS .....	25
NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS .....	27
NOTE 6. TRANSACTIONS WITH RELATED PARTIES.....	28
NOTE 7. DERIVATIVE INSTRUMENTS .....	29
STATEMENT OF INVESTMENTS .....	31
STATEMENT OF COMMISSIONS .....	37

## FUND FACTS

Avaron Flexible Strategies Fund is a public common alternative investment fund registered in the Republic of Estonia.

Name of the Fund	Avaron Flexible Strategies Fund
Fund Management Company	AS Avaron Asset Management (reg. no. 11341336)
Registered address and contact details of the Fund Management Company	Address: Narva mnt 7d, 10117 Tallinn, Estonia Phone: +372 664 4200 Facsimile: +372 664 4201 E-mail: <a href="mailto:avaron@avaron.com">avaron@avaron.com</a> <a href="http://www.avaron.com">www.avaron.com</a>
Depository & custody bank	Swedbank AS (reg. no. 10060701)
Fund administration (NAV calculation) & Transfer Agent services	Swedbank AS (reg. no. 10060701)
Auditor	KPMG Baltics OÜ (reg. no. 10096082)
Supervisor	Estonian Financial Supervision Authority
Investment managers	Valdur Jaht, Peter Priisalm, Rain Leesi
Fund established	25 November 2008
Start of the Fund's activities	17 December 2008
Reporting period	1 January 2021–30 June 2021

## MANAGEMENT REPORT

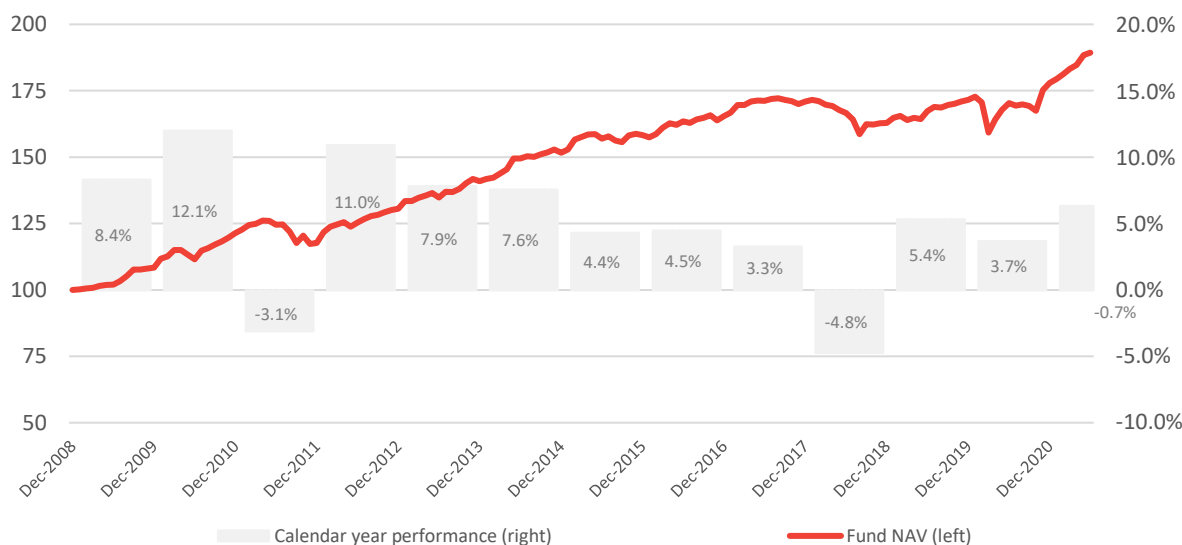
Avaron Flexible Strategies Fund (hereinafter: “the Fund”) is an actively managed fund set up for investors that wish to assign asset allocation decision making to Avaron. The Fund can invest in all liquid asset classes, including equities, equity funds, bonds and derivatives. As allocation to different asset classes varies based on Avaron investment managers' views on valuation levels and available investment opportunities, the risk level and risk profile of the Fund are changing over time.

The Fund has a global mandate but most of the assets are invested in single stocks in Europe. Eastern Europe stands at 37% of the portfolio and developed Europe at 36% of the portfolio.

In first half of 2021 the Fund’s net return reached +6.4%. The total net assets of the Fund increased from €9.6 million to €10.3 million over the year. 35.1% of the Fund’s portfolio is invested in equities offering 5.3% dividend yield and trading at 11.5x 2021 earnings, 41.7% in bonds with 5.3% YTM and 3.8% in gold. The rest (19.4%) is kept in cash which we plan to put to work in case of increased volatility in the market. As 2021 offered great entry points to the market, the Fund’s cash declined by 17ppts over the first half of the year.

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

	2021 HY1	1 year	3 years	5 years	7 years	Since inception
<b>Unit</b>	6.4%	11.1%	13.6%	15.8%	26.6%	89.3%



**Graph 1.** Performance of Fund’s NAV since launch

Coronavirus outbreak in Q1 2020 had still effects on day-to-day lives in the first half of 2021. As the second wave hit Estonia in late 2020 causing a full lockdown from mid-January 2021, most of the Avaron employees were already working from home except some key investment positions and trading desk. This setup proved to be successful during the first wave and enabled us to continue work through Q1 in 2021 without any interruptions and service out clients at the highest level. Avaron’s Risk Committee gathered on a weekly basis constantly assessing risks to our business and employees through-out the second wave of pandemic. As the overall virus situation started to ease in early Q2, employees returned to offices. Strict guidelines were in place at first for everyone who wished to return, but from mid-May those restrictions were slowly lifted one by one based on the virus and vaccination situation. As of the date of signing this report all Avaron employees have been either vaccinated against Covid or have

Avaron Flexible Strategies Fund

recovered from Covid. As over 85% of employees are fully vaccinated we have been able to return to pre-Covid era normality. Avaron has proven through the pandemic that all our systems work flawlessly, and our people can deliver exceptional results and give their undivided attention to the clients no matter the situation.

30 August 2021

Kristel Kivinurm-Priisalm

Member of the Management Board

## CONFIRMATION OF THE MANAGEMENT BOARD OF THE FUND MANAGEMENT COMPANY TO THE SEMI-ANNUAL FINANCIAL STATEMENTS OF 2021

The Management Board of the Fund Management Company has prepared the semi-annual Financial Statements of Avaron Flexible Strategies Fund on 30/08/2021.

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 Flexible Strategies Fund. The Management Board considers Avaron Flexible Strategies Fund to carry its activities as a going concern.

The semi-annual Financial Statements of Avaron Flexible Strategies Fund have been approved by the Fund Management Company and the Investment Managers.

<b>Name</b>	<b>Date</b>	<b>Signature</b>
<b>Kristel Kivinurm-Priisalm</b> <i>Member of the Management Board of the Fund Management Company</i>	30/08/2021	/Signed digitally/
<b>Valdur Jaht</b> <i>Member of the Management Board of the Fund Management Company / Investment Manager</i>	30/08/2021	/Signed digitally/
<b>Peter Priisalm</b> <i>Investment Manager</i>	30/08/2021	/Signed digitally/
<b>Rain Leesi</b> <i>Investment Manager</i>	30/08/2021	/Signed digitally/

**FINANCIAL STATEMENTS****BALANCE SHEET**

In EUR

<b>ASSETS</b>	<b>Note</b>	<b>30/06/2021</b>	<b>31/12/2020</b>
Cash and cash equivalents	3	1,771,243	3,152,016
Term deposits	3	404,061	403,515
Financial assets at fair value through profit or loss:			
Shares and units	4	4,019,910	3,269,081
Bonds	4	3,764,563	2,227,967
Derivatives	4; 7	-	127,033
Loans and receivables			
Receivables and prepayments	4	14,220	10,122
Unlisted bonds	4	546,856	448,744
<b>TOTAL ASSETS</b>		<b>10,520,853</b>	<b>9,638,478</b>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss:			
Derivatives	4; 7	12,558	-
Other financial liabilities			
Payables to the management company	4; 6	79,884	48,888
Payables to the depository	4	2,272	4,137
Other liabilities	4	109,858	933
<b>TOTAL LIABILITIES (except net assets attributable to holders)</b>		<b>204,572</b>	<b>53,958</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS</b>		<b>10,316,281</b>	<b>9,584,520</b>

## STATEMENT OF INCOME AND EXPENSES

In EUR

<b>INCOME</b>	<b>Note</b>	<b>01/01/2021- 30/06/2021</b>	<b>01/01/2020- 30/06/2020</b>
<b>Interest income</b>		<b>104,987</b>	<b>122,679</b>
From bonds		103,620	119,263
From deposits		1,367	3,416
<b>Dividend income</b>			
From shares and units		83,962	34,614
<b>Net gain/loss from financial assets at fair value through profit or loss</b>		<b>531,034</b>	<b>-102,449</b>
From shares and units	5	493,224	-57,999
From bonds	5	60,455	-32,581
From derivative instruments	5	-22,645	-11,869
<b>Net gain/loss from foreign exchange</b>		39,545	-45,887
<b>TOTAL INCOME</b>		<b>759,528</b>	<b>8,957</b>
<b>OPERATING EXPENSES</b>			
Management fees	6	62,369	62,105
Performance fees	6	69,360	24
Custodian fees		11,630	11,871
Transaction fees		539	671
Other operating expenses		2,584	3,203
<b>TOTAL OPERATING EXPENSES</b>		<b>146,482</b>	<b>77,874</b>
<b>NET INCOME</b>		<b>613,046</b>	<b>-68,917</b>



## STATEMENT OF CHANGES IN NET ASSETS

In EUR

	<b>01/01/2021- 30/06/2021</b>	<b>01/01/2020- 30/06/2020</b>	<b>01/01/2019- 30/06/2019</b>
<b>NET ASSET VALUE AT THE BEGINNING OF THE PERIOD</b>	<b>9,584,520</b>	<b>10,195,421</b>	<b>10,200,145</b>
Cash received for fund units issued	232,150	70,293	5,451
Cash paid for fund units redeemed	-113,435	-186,500	-298,256
Net result of the Fund	613,046	-68,917	279,580
<b>NET ASSET VALUE AT THE END OF THE PERIOD</b>	<b>10,316,281</b>	<b>10,010,297</b>	<b>10,186,920</b>
	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
Number of units in circulation at the end of the period:	544,865.900	587,419.369	608,645.887
Net asset value of an unit:	18.9336	17.0412	16.7370
Total net asset value of the units in circulation:	10,316,281	10,010,297	10,186,920

## STATEMENT OF CASH FLOWS

In EUR

	<b>01/01/2021- 30/06/2021</b>	<b>01/01/2020- 30/06/2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	79,651	109,897
Dividends received	82,650	18,715
Net result from foreign exchange	109,246	-43,953
Sale of investments	1,035,996	1,283,262
Purchase of investments	-2,393,832	-2,452,757
Operating expenses paid	-418,608	-135,478
	<b>-1,504,897</b>	<b>-1,220,314</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of units	232,150	70,293
Payments on redemption of units	-113,435	-186,500
	<b>118,715</b>	<b>-116,207</b>
<b>TOTAL CASH FLOWS</b>	<b>-1,386,182</b>	<b>-1,336,521</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the beginning of the period	3,152,016	4,344,180
Effect of exchange rate fluctuations on cash and cash equivalents	5,409	-7,163
Cash and cash equivalents at the end of the period	<b>1,771,243</b>	<b>3,000,496</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Flexible Strategies Fund for 2021 have been prepared in compliance with the valid Investment Funds Act as supplemented by the regulations of the Minister of Finance. The financial statements have been prepared, as stipulated in the Minister of Finance Regulation 8 of 18/01/2017 “Requirements for the reports of investment funds to be published” in accordance with the accounting policies and information presentation principles of the International Financial Reporting Standards as approved by the European Commission while taking into account the specifications of the regulation and Rules for Calculating Net Asset Value of 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.

#### **The following standards and interpretations have been used for the current period**

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 4 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2021).

The adoption of these amendments to the existing standards has not led to any significant changes in the Fund’s accounting policies.

#### **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:

- Amendment to IFRS 3 “Business Combinations” (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 16 “Property, Plant and Equipment” (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (effective for annual periods beginning on or after 1 January 2022),
- Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022).

The Fund has not applied the new standards or amendments before deadline. The new standards and amendments listed above may have an impact on Fund’s effective accounting principles. The Fund measures 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 17 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2023),

- Amendments to IFRS 16 “Leases”, (effective for annual periods beginning on or after 1 April 2021),
- Amendments to IAS 12 “Income Taxes” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 “Presentation of Financial Statements” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” (effective for annual periods beginning on or after 1 January 2023).

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and semi-annual report.

### **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 the circumstances. The 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. The fair value of financial instruments quoted on actively traded markets is determined by the quoted prices. 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 based on valuation models that use unobservable inputs.

### **Foreign currency transactions**

Foreign currency transactions are recorded using the last bid rate established by the depository for the funds managed by AS Avaron Asset Management on the transaction date (hereinafter referred to as the depository bid rate). This rate is based on market inputs. The assets and liabilities quoted in foreign currency are translated into EUR based on the depository bid rate applicable on the reporting 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 a 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 another 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 three categories in accordance to the principles of IFRS 9 taking into account the measurement:

1. amortised cost;
2. fair value through other comprehensive income (FVOCI);
3. fair value through profit or loss (FVTPL).

The Fund does not hold financial assets measured at fair value through other comprehensive income.

### *Classification*

On initial recognition, the Fund classifies financial instruments at amortised cost or fair value through profit or loss. A financial instrument is measured at amortised cost if it is not designated as at FVTPL, it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). The classification and subsequent measurement depend on the business model for managing the financial assets and the contractual cash flow characteristics. The classification of financial assets is determined at initial recognition. The Fund has determined the following business models for managing financial assets:

- held-to-collect business model, which includes financial assets that are held to collect contractual cash flows,
- other business model, where financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent purchases and sales taking place.

### *Recognition*

In the course of normal business activities investments into shares or units of funds, bonds and derivative instruments are recognised using the trade date accounting principles. Trade date is defined as the date when the Fund takes the obligation to buy or sell the financial instrument. Financial assets and liabilities are initially recognised at acquisition cost, which is the fair value of the consideration paid for the financial asset.

After initial recognition all the financial assets and liabilities are measured at fair value in the category “At fair value through profit or loss” or at amortised cost. 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 the 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*

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) 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 inputs that are determined based on the market data (such as publicly available information about actual events or transactions) and that reflect assumptions which market participants would use when pricing an asset or a 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, based on professional judgement, the one that is most liquid and most representative 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 reporting date. If the closing price is unavailable, the official mid price is used. If the mid price is also unavailable, the last official bid price is used.
- The value of a listed debt security shall be determined on the basis of the last known market quote. Avaron will determine which of the following reflects best the last known market quote representing the fair value of a debt security on the valuation date: last traded price on the regulated market or multilateral trading facility; last reported traded price based on the source of the financial data vendor currently used; mid-market price on the regulated market or multilateral trading facility; bid price on the regulated market or multilateral trading facility; mid-market price provided by sources of the financial data vendor currently used; bid price provided by sources of the financial data vendor currently used. Should market quotes for an instrument not be available or in the opinion of Avaron do not represent the actual value of a listed debt security, its value will be determined on the basis of the yield curve method. If yield curve method cannot be used due to the absence of reliable data or its low sample size, the amortized cost method shall be used.
- 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.

#### *Financial instruments at amortised cost*

At each reporting date the Fund recognises loss allowances for expected credit losses on financial assets measured at amortised cost. The loss allowance for a financial instrument is measured at an amount equal the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. When determining the credit risk, financial assets are divided into two categories. Financial assets that are determined to have low credit risk at the reporting date, and other financial assets for which credit risk has not increased significantly since initial recognition are classified to the first category. Financial assets which credit risk has increased significantly are classified to the second category. The Fund measures loss allowances for the first category instruments at an amount equal to 12-month expected credit losses. The second category instruments' loss allowances are measured at an amount equal to lifetime expected credit losses.

Unlisted bonds' credit risk is assessed individually. As the financial position of the issuers has not deteriorated and economic outlook remains favourable, there are no credit losses assessed on unlisted bonds in the application of IFRS 9. The Fund Management Company has applied regular evaluation process to financial assets measured at amortised cost, which includes, among other aspects, counterparties' payment behaviour, financial performance and overall outlook of the economic environment.

#### *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 them 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.

### **Offsetting**

Financial assets and liabilities are offset only when the Fund has a legal right to offset the amounts and it intends to use the right.

### **Cash and cash equivalents and cash flows**

Cash and cash equivalents comprise of the 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 maturity is less than 12 months. Deposits are initially recognised at acquisition cost and subsequently measured at amortized cost using the effective interest rate method.

### **Receivables**

Receivables include revenues calculated on the accrual basis but not yet collected, including dividend receivables and other accrued income. Miscellaneous receivables include receivables from unsettled sales 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.

### ***Reverse-repo transactions***

Securities that are bought using reverse repurchase agreement (reverse-repo) are recognized under loans and prepayments to customers. The difference between the sales and repurchase price is considered as interest and is accrued during the contract period using effective interest rate method.

### **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 one class of units which are reported as financial liabilities. Units are issued on every banking day. Units are redeemed with either 7 calendar days' or 30 calendar days' advance notice, as may be chosen by redeeming Unitholder in his or her sole discretion. Switching Units is not allowed. The redemption price of a Unit shall depend on the notice period for fulfilling the redemption order, as chosen by the unit-holder. If the Unitholder has chosen a notice period of 7 calendar days, the redemption price shall be the net asset value of the Unit that is calculated as of the seventh calendar day following the day of receiving the redemption order. If the Unitholder has chosen a notice period of 30 calendar days, the redemption price shall be the net asset value of the Unit that is calculated as of the last Banking Day of the 30 calendar days immediately following the day of receiving the redemption order. In case the Unitholder redeems the Units with 7 calendar days' advance notice, a redemption fee is applicable. In case the Unitholder redeems the Units with 30 calendar days' advance notice, no redemption fee is applied.

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 is reflected in the Unit's net asset value change.

### **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.

### **Related parties**

Parties that are considered as related parties to the Fund are the management company AS Avaron Asset Management, other investment funds managed by the management company, all the group companies, the Management Board of the Fund Management Company and their related parties. According to the Fund rules the Fund pays management fees to the management company on a monthly basis.



## NOTE 2. RISK MANAGEMENT

### Short Overview of Investment and Risk Management Techniques

Avaron Flexible Strategies is an asset allocation fund targeting long-term capital growth through economic and market cycles by combining investments into various asset classes, industries and geographies. Predominant exposure of the Fund is invested in listed equities and exchange traded funds, listed and non-listed fixed income, and money market instruments or cash. The allocation to different asset classes depends on Avaron investment managers' views on valuation levels and available investment opportunities, and varies over time. As a result the risk level of the Fund also changes over time.

The Fund is mainly exposed to market risk, including currency risk, interest rate risk and price risk, credit risk and liquidity risk arising from the financial instruments it holds. Funds investing in equities are subject to loss of value because of weakness in the stock market, a particular industry, or specific holdings. Stock prices can decline for many reasons, including adverse political or economic developments, changes in investor psychology, heavy institutional selling, or historical and prospective earnings of the issuer.

Funds that invest in fixed income are subject to interest rate and credit risk. Interest rate risk arises from potential decline in bond prices that accompanies a rise in interest rates. Longer-maturity bonds typically decline more than those with shorter maturities. Credit risk is a chance that any fund holding could have its credit rating downgraded or that a bond issuer will default (fail to make timely payments of interest or principal).

Foreign securities carry additional risks, including exchange rate changes, adverse political and economic developments, differing regulatory environments and accounting standards.

Avaron has established procedures for internal risk management in order to identify, monitor, measure and, if necessary, hedge the risks associated with the Fund's investments. Avaron regularly examines that the Fund is in compliance with its investment restrictions. Portfolio diversification across sectors, countries, currencies and instruments alongside with liquidity analysis are the main risk management tools used. In addition, Avaron may use derivatives to reduce investment risks. Avaron's investment team actively follows financial results of issuers and makes relevant changes in the Fund's portfolio based on the Fund Managers' views of the economy and attractiveness of each financial instrument in respect to issuer specific risk.

#### Credit risk

Credit risk refers to the risk that the issuer of a security 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 the issued debt obligations, a counterparty to a trade does not deliver the securities or cash during the settlement, a counterparty defaults on a loan granted by the Fund), causing damage to the Fund.

Maximum exposure to credit risk as of the end of the period in EUR:

	<b>30/06/2021</b>	<b>% of NAV</b>	<b>31/12/2020</b>	<b>% of NAV</b>
Cash and cash equivalents	1,771,243	17.16%	3,152,016	32.89%
Term deposits	404,061	3.92%	403,515	4.20%
Corporate bonds	3,764,563	36.49%	2,227,967	23.25%
Loans and receivables				
Receivables and prepayments	14,220	0.14%	10,122	0.10%
Unlisted bonds	546,856	5.30%	448,744	4.68%
<b>TOTAL</b>	<b>6,500,943</b>	<b>63.01%</b>	<b>6,242,364</b>	<b>65.12%</b>

The following table presents information related to the Fund's financial derivative instruments assets and liabilities by counterparty net of amounts available for offset under ISDA agreements and net of related collateral received or pledged by the Fund as of the end of the period in EUR:

		Gross Amount Not Offset in the Balance Sheet				Net Amount
		Gross Amounts of Liabilities in the Balance Sheet	Derivative Financial Instruments Available to Offset	Cash Collateral Pledged	Non-Cash Collateral	
Counterparty	Credit Rating					
Swedbank AS	A+ (S&P) - Swedbank AB	-11,168	-	-	-	-11,168
AS SEB Pank	A+ (S&P) - Skandinaviska Enskilda Banken AB	-1,390	-	-	-	-1,390
<b>TOTAL</b>		<b>-12,558</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-12,558</b>

		Gross Amount Not Offset in the Balance Sheet				Net Amount
		Gross Amounts of Assets in the Balance Sheet	Derivative Financial Instruments Available to Offset	Cash Collateral Pledged	Non-Cash Collateral	
Counterparty	Credit Rating					
Swedbank AS	A+ (S&P) - Swedbank AB	127,033	-	-	-	127,033
<b>TOTAL</b>		<b>127,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,033</b>

The Fund's assets are invested in bonds that are transferable. In case of debt securities with investment grade rating by S&P (or Moody's equivalent) of BBB- or higher a basic financial analysis and a study of terms of the issue (prospectus) is conducted. In case of debt securities with no rating / non-investment grade rating, deeper due diligence requirements apply.

Allocation of bonds according to rating in Standard & Poor's rating scale in EUR:

	30/06/2021	% of NAV	31/12/2020	% of NAV
B+	549,021	5.32%	515,357	5.38%
B	102,687	1.00%	-	-
B-	96,538	0.94%	388,778	4.06%
CCC+	161,950	1.57%	158,226	1.65%
No rating	3,401,223	32.96%	1,614,350	16.84%
<b>TOTAL</b>	<b>4,311,419</b>	<b>41.79%</b>	<b>2,676,711</b>	<b>27.93%</b>

## Avaron Flexible Strategies Fund

The Fund's cash and cash equivalents are held with the Fund's depository Swedbank AS, which parent company Swedbank AB is rated A+ as of 15/10/2020 by Standard & Poor's and with Luminor Bank AS, which is rated A- as of 25/09/2020 by Moody's and with AS SEB Pank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 31/05/2021 by Standard & Poor's. Term deposits are held with Luminor Bank AS and Bigbank AS.

### Liquidity risk

Liquidity risk refers to the risk that due to low liquidity a financial instrument cannot be sold at the desired time, at the desired price or there is no market (buyer) at all. Liquidity risk is particularly relevant in case of investing into small cap companies and instruments not traded on a regulated securities market. The Fund's financial assets include unlisted bond investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its unlisted instruments in due time to meet its liquidity requirements.

Liquidity risk is managed through regular liquidity analysis and limitations on estimated exit times from positions and analysis of aggregate ownership in share capital and free float. Regular liquidity stress tests are performed to assess the adequacy of the Fund's liquidity profile.

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	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Payables to the management company	79,884	48,888	-	-
Payables to the depository	2,272	4,137	-	-
Payments on redemption of units	109,187	-	-	-
Other liabilities	-	-	671	933
<b>TOTAL</b>	<b>191,343</b>	<b>53,025</b>	<b>671</b>	<b>933</b>

The Fund maintains the credit lines of 1,000,000 EUR that it can access to meet short-term liquidity needs. These resources have not been used as of 30/06/2021.

Positions that may take more than 20 days to liquidate based on six months average trading volume (30% of trading volume) can be found on the next table.

Instrument	Country	Sector	% of NAV	
			30/06/2021	31/12/2020
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	2.31%	1.20%
CENTRALNIC FRN 03.07.2023 EUR	United Kingdom	IT	2.06%	-
ADMIRAL MK ALLUT 8% 05.02.31	Estonia	Financials	2.00%	-
MEDIA AND GAMES FRN 27.11.2024	Malta	Communication Services	1.99%	-
ADVANZIA FRN SUBORD 24.03.31	Luxembourg	Financials	1.96%	-
BALTIC HORIZON 4.250% 08.05.23	Estonia	Real Estate	1.95%	-
TERSETA 6.00% 10.06.2022 EUR	Lithuania	Real Estate	1.92%	2.05%
INBANK SUBORDINATED 19.12.2029	Estonia	Financials	1.77%	1.91%
LHV GROUP SUBORDIN 28.11.28	Estonia	Financials	1.68%	1.84%
INBANK SUBORDINATED 28.09.2026	Estonia	Financials	1.62%	2.17%
MAINOR ULEMISTE 5.5% 05.04.23 <sup>1</sup>	Estonia	Real Estate	1.47%	1.59%
SEAMLESS DISTR FRN 05.05.2024	Sweden	IT	1.23%	-
VNV GL 5.5% 24.06.2024 SEK	Sweden	Financials	1.20%	-
BAKKGRUPPEN FRN NOK 03.02.2025	Norway	Real Estate	1.09%	-
MERAKI 5.000% 19.11.2022 EUR <sup>1</sup>	Lithuania	Real Estate	1.06%	-
LAKERS FRN 09.06.2025 NOK TEMP	Sweden	Industrial	1.06%	-
JOTTA GRP FRN 28.05.2025 NOK	Norway	IT	1.05%	-
HKSCAN 2.625% 21.09.2022	Finland	Consumer Staples	1.00%	1.01%
ELKO GRUPA 6% 12.02.2026 EUR <sup>1</sup>	Latvia	IT	0.99%	-
ARCO VARA 10% 13.12.2022 EUR <sup>1</sup>	Estonia	Real Estate	0.97%	1.05%
LHV PANK 6.000% 30.09.2030 EUR	Estonia	Financials	0.82%	-
MAINOR EUR 4.75% 10.06.2026 <sup>1</sup>	Estonia	Real Estate	0.80%	-
GL AGRAJES FRN EUR 22.12.2025	Spain	Materials	-	1.06%
<b>TOTAL</b>			<b>32.00%</b>	<b>13.88%</b>

<sup>1</sup>Bonds not traded on a regulated market

In the table above we have updated the list of bonds that may take more than 20 days to liquidate as of 31/12/2020. In previous periods we have listed all the bonds in the list, since no reliable trading data was available for such instruments. As thanks to Mifid transparency rules liquidity statistics for certain instruments has become available we have started to use this data to assess fixed income instruments liquidity where possible. For calculating the time to liquidation, 30% share in the 120 day average daily turnover is assumed. As of now, we consider as illiquid only the bonds, where time to liquidation based on available trading data and beforementioned assumptions is above 20 trading days or for which no trading data is available.

### Market risk

Market risk refers to the risk of suffering losses due to adverse price movements at a specific securities market or a market for other assets. Adverse price movements may be caused by a country's weak economic indicators, poor financial results of an business sector, volatile securities market, investors' behaviour and psychology and other factors.

Diversification among sectors, countries, currencies and instruments are the main risk management tools used by the Fund to address market risk.

*Currency risk*

The Fund is open to foreign currency risk. Currency breakdown of the Fund's assets in EUR:

	<b>30/06/2021</b>	<b>% of Assets</b>	<b>31/12/2020</b>	<b>% of Assets</b>
EUR	6,867,928	65.28%	6,366,338	66.07%
USD	1,610,138	15.30%	1,953,523	20.27%
SEK	487,106	4.63%	210,549	2.18%
BGN	453,234	4.31%	329,963	3.42%
NOK	410,997	3.91%	187,207	1.94%
RON	324,039	3.08%	296,663	3.08%
PLN	143,813	1.37%	93,711	0.97%
TRY	138,678	1.32%	133,285	1.38%
GBP	53,884	0.51%	57,817	0.60%
RUB	28,653	0.27%	7,038	0.07%
RSD	2,383	0.02%	2,384	0.02%
<b>TOTAL</b>	<b>10,520,853</b>	<b>100.00%</b>	<b>9,638,478</b>	<b>100.00%</b>

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

	<b>30/06/2021</b>	<b>% of Assets</b>	<b>31/12/2020</b>	<b>% of Assets</b>
USD	1,078,222	10.25%	925,016	9.60%
SEK	487,106	4.63%	210,549	2.18%
BGN	453,234	4.31%	329,963	3.42%
RON	324,039	3.08%	296,663	3.08%
NOK	303,845	2.89%	187,207	1.94%
PLN	143,813	1.37%	93,711	0.97%
TRY	138,678	1.32%	133,285	1.38%
GBP	53,884	0.51%	57,817	0.60%
RUB	28,653	0.27%	7,038	0.07%
RSD	2,383	0.02%	2,384	0.02%
<b>TOTAL</b>	<b>3,013,857</b>	<b>28.65%</b>	<b>2,243,633</b>	<b>23.26%</b>

*Currency risk sensitivity analysis*

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 30 June 2021. The sensitivity analysis assumes the weakening of foreign currency rates against EUR in the magnitude of the change from the higher to lower value from 2007 onwards. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2020 has been made using the same assumptions.

The impact on net assets attributable to Fund's unit holders and net income:

	<b>30/06/2021</b>			<b>31/12/2020</b>		
	<b>Currency weakening</b>	<b>Possible impact</b>	<b>Currency's % of NAV</b>	<b>Currency weakening</b>	<b>Possible impact</b>	<b>Currency's % of NAV</b>
USD	-36%	-381,604	10.42%	-36%	-282,379	8.30%
SEK	-31%	-148,776	4.71%	-31%	-64,530	2.20%
RON	-37%	-119,914	3.14%	-36%	-107,567	3.10%
TRY	-84%	-117,176	1.34%	-84%	-111,551	1.39%
NOK	-45%	-87,377	1.88%	-45%	-84,304	1.95%
PLN	-35%	-50,595	1.39%	-35%	-32,969	0.98%
BGN	-8%	-37,566	4.39%	-8%	-27,349	3.44%
RUB	-66%	-22,631	0.33%	-66%	-8,617	0.14%
GBP	-33%	-17,961	0.52%	-33%	-19,272	0.60%
RSD	-40%	-963	0.02%	-40%	-964	0.02%
<b>TOTAL</b>		<b>-984,563</b>	<b>28.14%</b>		<b>-739,502</b>	<b>22.12%</b>

*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 a specific security is affected by developments in the issuer's financial results, changes in the 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:

	<b>30/06/2021</b>	<b>% of NAV</b>	<b>31/12/2020</b>	<b>% of NAV</b>
Financials	1,964,610	19.04%	1,558,468	16.26%
Real Estate	1,371,422	13.28%	711,319	7.43%
Industrial	1,148,211	11.13%	829,953	8.64%
Consumer Staples	730,612	7.09%	503,537	5.26%
Energy	603,349	5.85%	732,094	7.64%
IT	603,151	5.85%	268,936	2.80%
Communication Services	436,226	4.23%	196,992	2.06%
Commodities	394,811	3.83%	271,993	2.84%
Consumer Discretionary	381,706	3.70%	284,638	2.97%
Materials	363,447	3.52%	360,554	3.77%
Health Care	212,467	2.06%	95,848	1.00%
Utilities	121,317	1.18%	131,460	1.37%
<b>TOTAL</b>	<b>8,331,329</b>	<b>80.76%</b>	<b>5,945,792</b>	<b>62.04%</b>

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

	<b>30/06/2021</b>	<b>% of NAV</b>	<b>31/12/2020</b>	<b>% of NAV</b>
Estonia	1,662,878	16.10%	1,179,644	12.29%
Sweden	871,482	8.45%	378,416	3.95%
Germany	825,093	8.01%	463,075	4.83%
Russia	719,729	6.97%	652,352	6.82%
Luxembourg	498,434	4.83%	277,393	2.90%
United Kingdom	438,650	4.25%	436,059	4.54%
Norway	398,017	3.87%	271,381	2.83%
France	387,864	3.77%	255,012	2.66%
Turkey	316,239	3.07%	607,033	6.34%
Lithuania	307,729	2.98%	196,352	2.05%
Finland	269,621	2.62%	194,130	2.02%
Bulgaria	238,477	2.31%	115,206	1.20%
Malta	205,400	1.99%	-	-
Austria	203,873	1.98%	255,750	2.67%
Jersey	176,490	1.71%	147,369	1.54%
Italy	161,950	1.57%	158,226	1.65%
Romania	145,585	1.41%	126,125	1.32%
Poland	143,813	1.39%	93,711	0.98%
Spain	103,633	1.00%	101,209	1.06%
Latvia	102,300	0.99%	-	-
China	100,404	0.97%	-	-
USA	53,668	0.52%	37,350	0.39%
<b>TOTAL</b>	<b>8,331,329</b>	<b>80.76%</b>	<b>5,945,792</b>	<b>62.04%</b>

*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. Analysis as per 31 December 2020 has been made with using the same assumptions.

	Probability	+/- possible change of Fund's NAV during year	
		2021	2020
$\sigma$	68.27%	3.06%	3.04%
$2\sigma$	95.45%	6.12%	6.08%
$3\sigma$	99.73%	9.18%	9.12%

**NOTE 3. CASH AND CASH EQUIVALENTS****Deposits in EUR**

	<b>30/06/2021</b>	<b>% of NAV</b>	<b>31/12/2020</b>	<b>% of NAV</b>
Deposits, Bigbank AS	403,303	3.91%	403,303	4.20%
<b>TOTAL*</b>	<b>403,303</b>	<b>3.91%</b>	<b>403,303</b>	<b>4.20%</b>

\* "Term deposits" in balance sheet include also accrued interest in the amount of 757.53 EUR as at 30/06/2021 and 211.52 EUR as at 31/12/2020. Deposits' maturity is between 1-12 months and interest rates vary from 0.35-1.00%.

**Cash and cash equivalents by credit institution and currency**

	<b>30/06/2021</b>	<b>% of NAV, converted into EUR</b>	<b>31/12/2020</b>	<b>% of NAV, converted into EUR</b>
<b>Swedbank AS</b>		<b>7.76%</b>		<b>12.33%</b>
EUR	348,662	3.38%	629,524	6.57%
BGN	420,043	2.08%	420,043	2.24%
RON	879,831	1.73%	830,093	1.78%
RUB	2,488,378	0.28%	635,800	0.07%
USD	17,364	0.14%	187,916	1.61%
SEK	106,823	0.10%	-	-
TRY	28,915	0.03%	-	-
RSD	280,382	0.02%	280,382	0.02%
NOK	3,381	0.00%	43,121	0.04%
<b>Luminor Bank AS</b>		<b>9.40%</b>		<b>10.12%</b>
EUR	969,997	9.40%	969,889	10.12%
<b>AS SEB Pank</b>		<b>0.00%</b>		<b>10.44%</b>
EUR	29	0.00%	999,960	10.44%
<b>TOTAL</b>		<b>17.16%</b>		<b>32.89%</b>

The Fund's cash and cash equivalents are held with the Fund's depository Swedbank AS, which parent company Swedbank AB is rated A+ as of 15/10/2020 by Standard & Poor's and with Luminor Bank AS, which is rated A- as of 25/09/2020 by Moody's and with AS SEB Pank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 31/05/2021 by Standard & Poor's. Term deposits are held with Luminor Bank AS and Bigbank AS.



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

In EUR

30/06/2021	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>ASSETS</b>									
Cash and cash equivalents	-	-	-	1,771,243	-	-	-	-	-
Term deposits	-	-	-	404,061	-	-	-	-	-
Shares and units	4,019,910	-	-	-	-	-	-	-	-
Bonds	3,764,563	-	-	-	-	-	-	-	-
Unlisted bonds	-	-	-	-	-	546,856	-	-	-
Dividend receivable	-	-	-	14,211	-	-	-	-	-
Trade settlement receivable	-	-	-	9	-	-	-	-	-
<b>LIABILITIES</b>									
Derivative instruments	-	12,558	-	-	-	-	-	-	-
Payables to the management company	-	-	-	-	-	-	-	79,884	-
Payables to the depository	-	-	-	-	-	-	-	2,272	-
Payments on redemption of units*	-	-	-	-	-	-	-	109,187	-
Other liabilities	-	-	-	-	-	-	-	671	-
<b>TOTAL</b>	<b>7,784,473</b>	<b>12,558</b>	<b>-</b>	<b>2,189,524</b>	<b>-</b>	<b>546,856</b>	<b>-</b>	<b>192,014</b>	<b>-</b>

\* Liabilities are carried in the balance sheet under "Other liabilities".

Additional information for instruments categorised under Level 3

	<b>Unlisted bonds</b>
Starting balance of Level 3 instruments	448,744
Transfers from level 3 to level 1	-198,309
Purchases	291,300
Total gains/losses	2,610
Interest received	13,250
Interest accrued	5,556
<b>Total level 3 investments</b>	<b>546,856</b>

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost amounts approximate fair value. During the reporting period, the Terseta bond traded on the alternative market was transferred from level 3 to level 1. As the bond is actively traded on the alternative market, the Management Company estimates that the alternative market price quotation adequately reflects the fair value of the instrument.

Avaron Flexible Strategies Fund

In EUR

31/12/2020	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>ASSETS</b>									
Cash and cash equivalents	-	-	-	3,152,016	-	-	-	-	-
Term deposits	-	-	-	403,515	-	-	-	-	-
Shares and units	3,269,081	-	-	-	-	-	-	-	-
Bonds	2,227,967	-	-	-	-	-	-	-	-
Derivative instruments	-	127,033	-	-	-	-	-	-	-
Unlisted bonds	-	-	-	-	-	448,744	-	-	-
Dividend receivable	-	-	-	10,122	-	-	-	-	-
<b>LIABILITIES</b>									
Payables to the management company	-	-	-	-	-	-	-	48,888	-
Payables to the depository	-	-	-	-	-	-	-	4,137	-
Other liabilities	-	-	-	-	-	-	-	933	-
<b>TOTAL</b>	<b>5,497,048</b>	<b>127,033</b>	<b>-</b>	<b>3,565,653</b>	<b>-</b>	<b>448,744</b>	<b>-</b>	<b>53,958</b>	<b>-</b>

\* Liabilities are carried in the balance sheet under "Other liabilities".

Additional information for instruments categorised under Level 3

	<b>Unlisted bonds</b>
Starting balance of Level 3 instruments	503,081
Purchases	462,761
Sales	-513,495
Total gains/losses	-3,567
Interest received	23,763
Interest accrued	3,045
<b>Total level 3 investments</b>	<b>448,744</b>

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost 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.

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

In EUR

	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
<b>Net gain/loss from financial assets at fair value through profit or loss</b>		
<b>From shares and units</b>		
Sales profit/(-loss)	52,901	1,450
Unrealised profit /(-loss)	440,323	-59,449
<b>From bonds</b>		
Sales profit/(-loss)	7,744	12,967
Unrealised profit /(-loss)	52,711	-45,548
<b>From derivative instruments</b>		
Sales profit/(-loss)	116,945	-35,729
Unrealised profit /(-loss)	-139,590	23,860
<b>Total net gain/(-loss)</b>	<b>531,034</b>	<b>-102,449</b>

## NOTE 6. TRANSACTIONS WITH RELATED PARTIES

In addition to the Fund Management Company, companies belonging to the same group, other investment funds managed by the Management Company and shareholders of the Management Company are considered to be related parties to the Fund.

Consolidation exception applies for the Fund as it corresponds to Investment Entity's definition introduced in IFRS 10. The Fund carries its investment in Avaron Flexible Strategies Fund at fair value through profit or loss.

The transactions with related parties were as follows in EUR:

	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
<b>Fund Management Company</b>		
Paid management and performance fees	131,729	62,129
<b>TOTAL</b>	<b>131,729</b>	<b>62,129</b>

The balances outstanding with related parties were as follows in EUR:

	30/06/2021	31/12/2020
<b>Fund Management Company</b>		
Management and performance fee payable	79,884	48,888
<b>TOTAL</b>	<b>79,884</b>	<b>48,888</b>

Related parties of the Fund Management Company owned the units of Avaron Flexible Strategies Fund in market value as follows:

	30/06/2021	31/12/2020
Ultimate parent of the Fund Management Company	1,756,471	1,650,946
Fund Management Company	439,845	413,420
<b>TOTAL</b>	<b>2,196,316</b>	<b>2,064,366</b>

**NOTE 7. DERIVATIVE INSTRUMENTS**

In EUR  
30/06/2021

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	Swedbank AS	520,748	EUR	06/05/2022	1.0000	1.0000	520,748	30/06/2021	-	EUR 1,732,868,000
		635,000	USD	06/05/2022	0.8377	0.8201	520,748	30/06/2021	-11,168	EUR 1,732,868,000
Forward	AS SEB Pank	105,762	EUR	09/02/2022	1.0000	1.0000	105,762	30/06/2021	-	EUR 819,187,000
		1,100,000	NOK	09/02/2022	0.0974	0.0961	105,762	30/06/2021	-1,390	EUR 819,187,000
<b>TOTAL</b>									<b>-12,558</b>	

**Collateral and margin accounts received and paid by the Fund in respect of financial derivative instruments**

No collateral was pledged or received at the end of 30/06/2021.

Avaron Flexible Strategies Fund

In EUR  
31/12/2020

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	Swedbank AS	1,155,539	EUR	07/05/2021	1.0000	1.0000	1,155,539	31/12/2020	-	EUR 1,842,944,000
		1,260,000	USD	07/05/2021	0.8163	0.9171	1,155,539	31/12/2020	127,033	EUR 1,842,944,000
<b>TOTAL</b>									<b>127,033</b>	

**Collateral and margin accounts received and paid by the Fund in respect of financial derivative instruments**

No collateral was pledged or received at the end of 31/12/2020.

## STATEMENT OF INVESTMENTS

In EUR 30/06/2021

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
<b>SHARES</b>										
<b>SHARES LISTED ON STOCK EXCHANGE:</b>										
DETSKY MIR PJSC	RU000A0JSQ90	RU			USD	1.56	194,704	1.74	217,628	2.11%
OMV AG	AT0000743059	AT	Fitch	A-	EUR	18.94	80,488	47.97	203,873	1.98%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	JE	Fitch	BBB	EUR	3.39	199,146	3.00	176,490	1.71%
BP PLC-SPONS ADR	US0556221044	GB	S&P	A-	USD	22.34	173,133	22.28	172,672	1.67%
TALLINNA SADAM	EE3100021635	EE			EUR	1.73	145,473	1.97	165,214	1.60%
OMV PETROM SA	ROSNPPACNOR9	RO			RON	0.07	114,872	0.09	145,585	1.41%
BANK PEKAO SA	PLPEKAO00016	PL	S&P	BBB+	PLN	14.54	101,813	20.54	143,813	1.39%
SBERBANK COMMON SHARE	RU0009029540	RU	Fitch	BBB	USD	3.22	128,933	3.52	140,797	1.36%
MAGNIT COMMON STOCK	RU000A0JKQU8	RU	S&P	BB	USD	86.94	199,965	61.17	140,695	1.36%
TALLINK GRUPP	EE3100004466	EE			EUR	0.94	157,508	0.76	126,352	1.22%
SWEDBANK AB SER A	SE0000242455	SE	S&P	A+	SEK	12.61	100,872	15.70	125,618	1.22%
GLOBALTRANS INVESTMENT PLC	US37949E2046	RU	Fitch	BBB-	USD	4.86	98,757	6.05	122,745	1.19%
ENGIE SA	FR0010208488	FR	S&P	BBB+	EUR	9.29	97,564	11.55	121,317	1.18%
HAMBURGER HAFEN UND LOGISTIK	DE000A0S8488	DE			EUR	18.24	96,648	21.20	112,360	1.09%
FRESENIUS MEDICAL CARE AG	DE0005785802	DE	S&P	BBB	EUR	63.05	100,881	70.04	112,064	1.09%
DANONE	FR0000120644	FR	S&P	BBB+	EUR	55.17	99,302	59.37	106,866	1.04%
ALIBABA GROUP HOLDING LTD	US01609W1027	CN	S&P	A+	USD	192.58	101,103	191.25	100,404	0.97%
RAYSEARCH LABORATORIES AB	SE0000135485	SE			SEK	8.34	97,191	8.62	100,403	0.97%
POLYU PJSC	RU000A0JNAA8	RU	S&P	BB+	USD	167.76	100,655	163.11	97,864	0.95%
COCA-COLA ICECEK AS	TRECOLA00011	TR	Fitch	BBB-	TRY	10.29	125,024	7.53	91,480	0.89%
PUBLICIS GROUPE	FR0000130577	FR	S&P	BBB	EUR	28.68	47,612	53.94	89,541	0.87%
EQUINOR ASA	NO0010096985	NO	S&P	AA-	NOK	8.82	40,138	17.85	81,219	0.79%
SIXT SE PRFD	DE0007231334	DE			EUR	41.01	47,159	68.00	78,200	0.76%
CTS EVENTIM AG and CO KGAA	DE0005470306	DE			EUR	37.47	50,584	52.70	71,145	0.69%
JCDECAUX SA	FR0000077919	FR	S&P	BBB-	EUR	16.66	49,989	23.38	70,140	0.68%
NOKIAN RENKAAT OYJ	FI0009005318	FI			EUR	17.25	32,265	34.05	63,674	0.62%
KRONES AG	DE0006335003	DE			EUR	65.55	49,164	75.35	56,513	0.55%
CENTRALNIC GROUP PLC	GB00BCCW4X83	GB			GBP	0.84	46,244	0.98	53,884	0.52%
HERMAN MILLER INC	US6005441000	US	S&P	BB+	USD	20.47	27,637	39.75	53,668	0.52%
TAV HAVALIMANLARI HOLDING	TRETAVH00018	TR			TRY	2.00	38,681	2.30	44,398	0.43%
<b>SHARES TOTAL</b>							<b>2,943,505</b>		<b>3,386,622</b>	<b>32.83%</b>
Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
<b>FUNDS</b>										
<b>CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:</b>										
BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.80	180,932	1.06	238,477	2.31%	
<b>CLOSED-END FUNDS TOTAL</b>						<b>180,932</b>		<b>238,477</b>	<b>2.31%</b>	
<b>EXCHANGE TRADED COMMODITIES ON STOCK EXCHANGE:</b>										
XTRACKER IE PHYSICAL GOLD ETC	DE000A2T0VU5	DE	DEUTCHE BANK AG	EUR	22.05	377,662	23.06	394,811	3.83%	
<b>EXCHANGE TRADED COMMODITIES TOTAL</b>						<b>377,662</b>		<b>394,811</b>	<b>3.83%</b>	
<b>FUNDS TOTAL</b>						<b>558,594</b>		<b>633,288</b>	<b>6.14%</b>	
<b>SHARES AND FUNDS TOTAL</b>						<b>3,502,099</b>		<b>4,019,910</b>	<b>38.97%</b>	

**Statement of investments as of 30/06/2021 (continued)**

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
<b>BONDS*</b>												
CENTRALNIC FRN 03.07.2023 EUR	NO0010856750	GB			EUR	7.00%	03/07/2023	83.00	166,000	104.38	212,094	2.06%
ADMIRAL MK ALLUT 8% 05.02.31	EE3300001999	EE			EUR	8.00%	05/02/2031	100.00	200,000	100.00	206,444	2.00%
MEDIA AND GAMES FRN 27.11.2024	SE0015194527	MT			EUR	5.75%	27/11/2024	101.38	202,750	102.16	205,400	1.99%
ADVANZIA FRN SUBORD 24.03.31	NO0010955909	LU			EUR	5.25%	24/03/2031	100.00	200,000	101.00	202,175	1.96%
BALTIC HORIZON 4.250% 08.05.23	EE3300111467	EE			EUR	4.25%	08/05/2023	100.20	200,400	100.00	201,228	1.95%
TERSETA 6.00% 10.06.2022 EUR	LT0000404832	LT			EUR	6.00%	10/06/2022	100.00	195,700	101.00	198,309	1.92%
KERNEL HOLDING 6.75% 27.10.27	XS2244927823	LU	S&P	B+	USD	6.75%	27/10/2027	84.61	169,218	91.82	185,624	1.80%
STENA 7% 01.02.2024	USW8758PAK22	SE	S&P	B+	USD	7.00%	01/02/2024	90.88	181,760	89.07	183,036	1.77%
INBANK SUBORDINATED 19.12.2029	EE3300001544	EE			EUR	6.00%	19/12/2029	100.00	176,000	103.53	182,263	1.77%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	S&P	B+	USD	7.85%	10/12/2023	88.85	177,705	89.81	180,361	1.75%
LHV GROUP SUBORDIN 28.11.28	EE3300111558	EE			EUR	6.00%	28/11/2028	100.00	166,000	104.03	173,567	1.68%
INBANK SUBORDINATED 28.09.2026	EE3300110964	EE			EUR	7.00%	28/09/2026	103.37	167,460	103.00	166,923	1.62%
PRO-GEST 3.250% 15.12.2024 EUR	XS1733958927	IT	S&P	CCC+	EUR	3.25%	15/12/2024	58.75	96,937	98.02	161,950	1.57%
MAINOR ULEMISTE 5.5% 05.04.23 <sup>1</sup>	EE3300111343	EE			EUR	5.50%	05/04/2023	100.00	150,000	100.00	151,948	1.47%
SEAMLESS DISTR FRN 05.05.2024	SE0015811914	SE			SEK	8.75%	05/05/2024	9.89	123,578	10.02	126,974	1.23%
VNV GL 5.5% 24.06.2024 SEK	SE0016275077	SE			SEK	5.50%	24/06/2024	9.79	122,333	9.88	123,577	1.20%
BAKKGRUPPEN FRN NOK 03.02.2025	NO0010917750	NO			NOK	7.30%	03/02/2025	9.65	106,170	10.10	112,361	1.09%
IUTECR 13.000% 07.08.2023 EUR	XS2033386603	LU			EUR	13.00%	07/08/2023	100.00	100,000	105.50	110,635	1.07%
MERAKI 5.000% 19.11.2022 EUR <sup>1</sup>	LT0000405243	LT			EUR	5.00%	19/11/2022	100.00	108,800	100.00	109,420	1.06%
LAKERS FRN 09.06.2025 NOK TEMP	NO0011042251	SE			NOK	5.72%	09/06/2025	9.87	108,588	9.87	109,187	1.06%
JOTTA GRP FRN 28.05.2025 NOK	NO0010998586	NO			NOK	6.75%	28/05/2025	9.99	109,901	9.75	107,899	1.05%
GL AGRAJES FRN EUR 22.12.2025	NO0010912801	ES			EUR	6.00%	22/12/2025	100.00	100,000	103.50	103,633	1.00%
HKSCAN 2.625% 21.09.2022	FI4000278536	FI			EUR	2.63%	21/09/2022	93.50	93,500	101.00	103,028	1.00%
HKSCAN 5% 24.03.2025 EUR	FI4000490990	FI			EUR	5.00%	24/03/2025	100.07	100,070	101.59	102,919	1.00%
DDM DEBT 9% 20.04.2026 EUR	SE0015797683	SE	S&P	B	EUR	9.00%	19/04/2026	100.00	100,000	100.91	102,687	1.00%
ELKO GRUPA 6% 12.02.2026 EUR <sup>1</sup>	LV0000870079	LV			EUR	6.00%	12/02/2026	100.00	100,000	100.00	102,300	0.99%
ARCO VARA 10% 13.12.2022 EUR <sup>1</sup>	EE3300001957	EE			EUR	10.00%	13/12/2022	100.00	100,000	100.00	100,472	0.97%
EXPLORER II 3.375% EUR 24.02.2	NO0010874548	NO	S&P	B-	EUR	3.38%	24/02/2025	100.00	100,000	95.37	96,538	0.94%
LHV PANK 6.000% 30.09.2030 EUR	EE3300001791	EE			EUR	6.00%	28/09/2030	100.00	79,000	107.05	84,570	0.82%
MAINOR EUR 4.75% 10.06.2026 <sup>1</sup>	EE3300002138	EE			EUR	4.75%	10/06/2026	100.00	82,500	100.00	82,717	0.80%
COOP PANK 5.500% 31.03.2031	EE3300002047	EE			EUR	5.50%	31/03/2031	100.00	20,000	105.90	21,180	0.20%
<b>BONDS TOTAL</b>									<b>4,104,370</b>		<b>4,311,419</b>	<b>41.79%</b>

\*Accrued interest in the amount of 43,227.09 EUR has been added to the value of bonds

<sup>1</sup>Bonds not traded on a regulated market

Name	Derivative Type	Emitent country	Rating agency	Rating	FX	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
<b>DERIVATIVES</b>											
FX-Swap EUR/USD Swedbank AS	Swap	EE	S&P	A+ (Swedbank AB)	USD	06/05/2022			-11,168	-0.11%	
FX-Forward EUR/NOK AS SEB Pank	Forward	EE	S&P	A+ (Skandinaviska Enskilda Banken)	NOK	09/02/2022			-1,390	-0.01%	
<b>DERIVATIVES TOTAL</b>									<b>-12,558</b>	<b>-0.12%</b>	
<b>INSTRUMENTS TOTAL</b>									<b>7,593,911</b>	<b>8,318,771</b>	<b>80.64%</b>



**Statement of investments as of 30/06/2021 (continued)**

Credit Institution	Deposit type	Credit Institution's country	Rating agency	Rating	FX	Interest rate	Start date	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
<b>DEPOSITS*</b>												
Bigbank AS	Term deposit	EE			EUR	0.35%	03/06/2021	05/07/2021	202,200		202,254	1.96%
Bigbank AS	Term deposit	EE			EUR	1.00%	26/10/2020	26/10/2021	101,103		101,790	0.99%
Bigbank AS	Term deposit	EE			EUR	0.35%	14/06/2021	14/07/2021	100,000		100,017	0.97%
<b>DEPOSITS TOTAL</b>									<b>403,303</b>		<b>404,061</b>	<b>3.92%</b>
*Accrued interest in the amount of 757.53 EUR has been added to the value of deposits												
Name	Credit Institution's country	Credit Institution	FX	Interest rate	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		
<b>CASH</b>												
CURRENT ACCOUNT	EE	Luminor	EUR				969,997		969,997	9.40%		
CURRENT ACCOUNT	EE	Swedbank	EUR				348,662		348,662	3.38%		
CURRENT ACCOUNT	EE	Swedbank	BGN				214,757		214,757	2.08%		
CURRENT ACCOUNT	EE	Swedbank	RON				178,454		178,454	1.73%		
CURRENT ACCOUNT	EE	Swedbank	RUB				28,653		28,653	0.28%		
CURRENT ACCOUNT	EE	Swedbank	USD				14,643		14,643	0.14%		
CURRENT ACCOUNT	EE	Swedbank	SEK				10,534		10,534	0.10%		
CURRENT ACCOUNT	EE	Swedbank	TRY				2,800		2,800	0.03%		
CURRENT ACCOUNT	EE	Swedbank	RSD				2,383		2,383	0.02%		
CURRENT ACCOUNT	EE	Swedbank	NOK				331		331	0.00%		
CURRENT ACCOUNT	EE	SEB	EUR				29		29	0.00%		
<b>CURRENT ACCOUNT TOTAL</b>							<b>1,771,243</b>		<b>1,771,243</b>	<b>17.16%</b>		
<b>INVESTMENTS TOTAL</b>							<b>9,781,015</b>		<b>10,494,075</b>	<b>101.72%</b>		
<b>OTHER ASSETS</b>												
DIVIDEND RECEIVABLE			EUR						14,211		14,211	0.14%
TRADE SETTLEMENT RECEIVABLE			EUR						9		9	0.00%
<b>OTHER ASSETS TOTAL</b>									<b>14,220</b>		<b>14,220</b>	<b>0.14%</b>
<b>TOTAL ASSETS OF THE FUND</b>									<b>9,781,015</b>		<b>10,508,295</b>	<b>101.86%</b>
LIABILITIES											-192,014	-1.86%
<b>NET ASSETS OF THE FUND</b>											<b>10,316,281</b>	<b>100.00%</b>

## In EUR 31/12/2020

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
<b>SHARES</b>										
<b>SHARES LISTED ON STOCK EXCHANGE:</b>										
OMV AG	AT0000743059	AT	Fitch	A-	EUR	24.79	192,158	33.00	255,750	2.67%
DETSKY MIR PJSC	RU000A0JSQ90	RU			USD	1.56	194,704	1.50	187,515	1.96%
EQUINOR ASA	NO0010096985	NO	S&P	AA-	NOK	10.95	145,147	13.82	183,096	1.91%
BP PLC-SPONS ADR	US0556221044	GB	S&P	A-	USD	24.80	246,801	16.80	167,123	1.74%
TALLINNA SADAM AKTSIA	EE3100021635	EE			EUR	1.73	145,473	1.80	150,957	1.57%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	JE			EUR	3.39	199,146	2.51	147,369	1.54%
MAGNIT COMMON STOCK	RU000A0JKQU8	RU	S&P	BB	USD	86.94	199,965	62.75	144,317	1.51%
ENGIE SA	FR0010208488	FR	S&P	BBB+	EUR	9.29	97,564	12.52	131,460	1.37%
OMV PETROM SA (RON)	ROSNPPACNOR9	RO			RON	0.07	114,872	0.07	126,125	1.32%
TALLINK GRUPP	EE3100004466	EE			EUR	0.94	157,508	0.74	123,181	1.28%
SBERBANK COMMON SHARE	RU0009029540	RU	Fitch	BBB	USD	3.22	128,933	3.00	120,036	1.25%
SWEDBANK AB SER A	SE0000242455	SE	S&P	A+	SEK	12.61	100,872	14.34	114,701	1.20%
POLYUS PJSC	RU000A0JNAA8	RU	S&P	BB+	USD	167.76	100,655	168.53	101,119	1.06%
GLOBALTRANS INVESTMENT PLC	US37949E2046	RU	Fitch	BBB-	USD	4.86	98,757	4.89	99,365	1.04%
NOKIAN RENKAAT OYJ	FI0009005318	FI			EUR	18.23	61,431	28.82	97,123	1.01%
RAYSEARCH LABORATORIES AB	SE0000135485	SE			SEK	8.34	97,191	8.23	95,848	1.00%
BANK PEKAO SA	PLPEKAO00016	PL	S&P	BBB+	PLN	14.54	101,813	13.39	93,711	0.98%
COCA-COLA ICECEK AS	TRECOLA00011	TR	Fitch	BBB-	TRY	10.29	125,024	7.24	87,979	0.92%
CTS EVENTIM AG CO KGAA	DE0005470306	DE			EUR	37.47	50,584	54.40	73,440	0.77%
PUBLICIS GROUPE	FR0000130577	FR	S&P	BBB	EUR	28.68	47,613	40.76	67,662	0.71%
SIXT SE PRFD	DE0007231334	DE			EUR	41.01	47,159	57.40	66,010	0.69%
CENTRALNIC GROUP PLC	GB00BCCW4X83	GB			GBP	0.84	46,244	1.05	57,817	0.60%
JCDECAUX SA	FR0000077919	FR	S&P	BBB-	EUR	16.66	49,989	18.63	55,890	0.58%
HAMBURGER HAFEN UND LOGISTIK	DE000A0S8488	DE			EUR	17.45	48,870	18.44	51,632	0.53%
TAV HAVALIMANLARI HOLDING	TRETAVH00018	TR			TRY	2.00	38,681	2.34	45,306	0.47%
HERMAN MILLER INC	US6005441000	US			USD	20.47	27,637	27.67	37,350	0.39%
<b>SHARES TOTAL</b>							<b>2,864,791</b>		<b>2,881,882</b>	<b>30.07%</b>

Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
<b>FUNDS</b>										
<b>CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:</b>										
BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.76	101,204	0.86	115,206	1.20%	
<b>CLOSED-END FUNDS TOTAL</b>						<b>101,204</b>		<b>115,206</b>	<b>1.20%</b>	
<b>EXCHANGE TRADED COMMODITIES ON STOCK EXCHANGE:</b>										
XTRACKER PHYSICAL GOLD ETC	DE000A1E0HR8	DE	DEUTSCHE BANK AG	EUR	137.11	250,903	148.63	271,993	2.84%	
<b>EXCHANGE TRADED COMMODITIES TOTAL</b>						<b>250,903</b>		<b>271,993</b>	<b>2.84%</b>	
<b>FUNDS TOTAL</b>						<b>352,107</b>		<b>387,199</b>	<b>4.04%</b>	
<b>SHARES AND FUNDS TOTAL</b>						<b>3,216,898</b>		<b>3,269,081</b>	<b>34.11%</b>	

**Statement of investments as of 31/12/2020 (continued)**

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
<b>BONDS*</b>												
TURKIYE VAKIFLAR BANK 01.11.27	XS1551747733	TR	Fitch	B-	USD	8.00%	01/11/2027	85.55	307,997	82.38	300,493	3.14%
CENTRALNIC FRN 03.07.2023	NO0010856750	GB			EUR	7.00%	03/07/2023	83.00	166,000	103.83	211,119	2.20%
INBANK SUBORDINATED 28.09.2026	EE3300110964	EE			EUR	7.00%	28/09/2026	102.76	203,460	104.95	207,917	2.17%
TERSETA 6.00% 10.06.2022 EUR <sup>1</sup>	LT0000404832	LT			EUR	6.00%	10/06/2022	100.00	195,700	100.00	196,352	2.05%
INBANK SUBORDINATED 19.12.2029	EE3300001544	EE			EUR	6.00%	19/12/2029	100.00	176,000	104.45	183,920	1.91%
LHV GROUP SUBORDIN 28.11.28	EE3300111558	EE			EUR	6.00%	28/11/2028	100.00	166,000	106.25	177,260	1.84%
KERNEL HOLDING 6.75% 27.10.27	XS2244927823	LU	S&P	B+	USD	6.75%	27/10/2027	84.61	169,218	86.15	174,235	1.82%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	S&P	B+	USD	7.85%	10/12/2023	88.85	177,705	86.25	173,255	1.81%
STENA 7% 01.02.2024	USW8758PAK22	SE	S&P	B+	USD	7.00%	01/02/2024	90.88	181,760	81.55	167,867	1.75%
PRO-GEST 3.250% 15.12.2024 EUR	XS1733958927	IT	S&P	CCC+	EUR	3.25%	15/12/2024	58.75	96,938	95.75	158,226	1.65%
MAINOR ULEMISTE 5.5% 05.04.23 <sup>1</sup>	EE3300111343	EE			EUR	5.50%	05/04/2023	100.00	150,000	100.00	151,948	1.59%
IUTECR 13.00% 07.08.2023 EUR	XS2033386603	LU			EUR	13.00%	07/08/2023	100.00	100,000	98.00	103,158	1.08%
GL AGRAJES FRN EUR 22.12.2025	NO0010912801	ES			EUR	6.00%	22/12/2025	100.00	100,000	101.06	101,209	1.06%
ARCO VARA 10% 13.12.2022 EUR <sup>1</sup>	EE3300001957	EE			EUR	10.00%	13/12/2022	100.00	100,000	100.00	100,444	1.05%
HKSCAN 2.625% 21.09.2022	FI4000278536	FI			EUR	2.63%	21/09/2022	93.50	93,500	96.28	97,006	1.01%
EXPLORER II 3.375% EUR 24.02.2	NO0010874548	NO	S&P	B-	EUR	3.38%	24/02/2025	100.00	100,000	87.09	88,285	0.92%
LHV PANK 6.000% 30.09.2030	EE3300001791	EE			EUR	6.00%	28/09/2030	100.00	79,000	106.35	84,017	0.88%
<b>BONDS TOTAL</b>									<b>2,563,278</b>		<b>2,676,711</b>	<b>27.93%</b>

\*Accrued interest in the amount of 26,446.88 EUR has been added to the value of bonds

<sup>1</sup>Bonds not traded on a regulated market

Name	Derivative Type	Emitent country	Rating agency	Rating	FX	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
<b>DERIVATIVES</b>											
FX-Swap EUR/USD Swedbank AS	Swap	EE	S&P	A+ (Swedbank AB)	USD	07/05/2021			127,033	1.33%	
<b>DERIVATIVES TOTAL</b>									<b>127,033</b>	<b>1.33%</b>	
<b>INSTRUMENTS TOTAL</b>									<b>5,907,209</b>	<b>6,072,825</b>	<b>63.37%</b>

**Statement of investments as of 31/12/2020 (continued)**

Credit Institution	Deposit type	Credit Institution's country	Rating agency	Rating	FX	Interest rate	Start date	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
<b>DEPOSITS*</b>												
Bigbank AS	Term deposit	EE			EUR	0.35%	30/12/2020	01/02/2021	202,200		202,204	2.11%
Bigbank AS	Term deposit	EE			EUR	1.00%	26/10/2020	26/10/2021	101,103		101,289	1.05%
Bigbank AS	Term deposit	EE			EUR	0.35%	09/12/2020	11/01/2021	100,000		100,022	1.04%
<b>DEPOSITS TOTAL</b>									<b>403,303</b>		<b>403,515</b>	<b>4.20%</b>

\*Accrued interest in the amount of 211.52 EUR has been added to the value of deposits

Name	Credit Institution's country	Credit Institution	FX	Interest rate	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
<b>CASH</b>										
CURRENT ACCOUNT	EE	SEB	EUR				999,960		999,960	10.44%
CURRENT ACCOUNT	EE	Luminor	EUR				969,889		969,889	10.12%
CURRENT ACCOUNT	EE	Swedbank	EUR				629,524		629,524	6.57%
CURRENT ACCOUNT	EE	Swedbank	BGN				214,757		214,757	2.24%
CURRENT ACCOUNT	EE	Swedbank	RON				170,538		170,538	1.78%
CURRENT ACCOUNT	EE	Swedbank	USD				153,815		153,815	1.61%
CURRENT ACCOUNT	EE	Swedbank	RUB				7,038		7,038	0.07%
CURRENT ACCOUNT	EE	Swedbank	NOK				4,111		4,111	0.04%
CURRENT ACCOUNT	EE	Swedbank	RSD				2,384		2,384	0.02%
<b>CURRENT ACCOUNT TOTAL</b>							<b>3,152,016</b>		<b>3,152,016</b>	<b>32.89%</b>
<b>INVESTMENTS TOTAL</b>							<b>9,335,495</b>		<b>9,628,356</b>	<b>100.46%</b>
<b>OTHER ASSETS</b>										
DIVIDEND RECEIVABLE			EUR						10,122	0.10%
<b>OTHER ASSETS TOTAL</b>									<b>10,122</b>	<b>0.10%</b>
<b>TOTAL ASSETS OF THE FUND</b>							<b>9,335,495</b>		<b>9,638,478</b>	<b>100.56%</b>
<b>LIABILITIES</b>									-53,958	-0.56%
<b>NET ASSETS OF THE FUND</b>									<b>9,584,520</b>	<b>100.00%</b>

## STATEMENT OF COMMISSIONS

In EUR

01/01/2021-30/06/2021

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
<b>Regulated securities market transactions*</b>				
<b>Shares</b>				
Wood and Company Financial Services a.s.	7	425,042	739	0.17%
AS SEB Pank	2	183,433	147	0.08%
Erste Group Bank AG	2	135,207	95	0.07%
<b>Exchange Traded Commodities</b>				
Wood and Company Financial Services a.s.	1	126,768	101	0.08%
<b>Third country securities market transactions</b>				
<b>Shares</b>				
Wood and Company Financial Services a.s.	1	101,103	51	0.05%
<b>OTC transactions</b>				
<b>Shares</b>				
Avaron Emerging Europe Fund	1	79,728	-	-
<b>Corporate actions</b>				
	2	-	-	-
<b>Derivatives</b>				
Swedbank AS	2	992,388	-	-
AS SEB Pank	1	105,762	-	-
<b>Note issue</b>				
	14	1,597,263	-	-
<b>Bonds</b>				
Banca Promos SPA	1	302,901	-	-
Pareto Securities AS	2	237,017	-	-
Luminor Bank AS	1	200,613	-	-
AS SEB Pank	7	37,895	-	-
<b>TOTAL</b>	<b>44</b>	<b>4,525,120</b>	<b>1,133</b>	<b>0.03%</b>

\* Contracting Party to the EEA Agreement (European Economic Area countries)

In EUR

01/01/2020-30/06/2020

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
<b>Regulated securities market transactions*</b>				
<b>Shares</b>				
Wood and Company Financial Services a.s.	6	396,085	529	0.13%
AS SEB Pank	6	255,952	299	0.12%
Erste Group Bank AG	3	145,371	102	0.07%
Santander Biuro Maklerskie	1	101,813	61	0.06%
<b>Exchange Traded Commodities</b>				
Wood and Company Financial Services a.s.	2	369,661	295	0.08%
<b>Bonds</b>				
Banca Promos SPA	3	608,494	-	-
Adamant Capital Partners	1	187,047	-	-
Pareto Securities AS	1	169,422	-	-
<b>Third country securities market transactions</b>				
<b>Shares</b>				
BCS Prime Brokerage Limited	4	377,127	259	0.07%
<b>OTC transactions</b>				
<b>Shares</b>				
Avaron Emerging Europe Fund	1	48,803	-	-
<b>Early redemption</b>				
	5	150,000	-	-
<b>IPO</b>				
DNB Bank ASA	1	100,000	-	-
<b>Derivatives</b>				
Swedbank AS	2	1,655,076	-	-
<b>TOTAL</b>	<b>36</b>	<b>4,564,851</b>	<b>1,545</b>	<b>0.03%</b>

\* Contracting Party to the EEA Agreement (European Economic Area countries)