

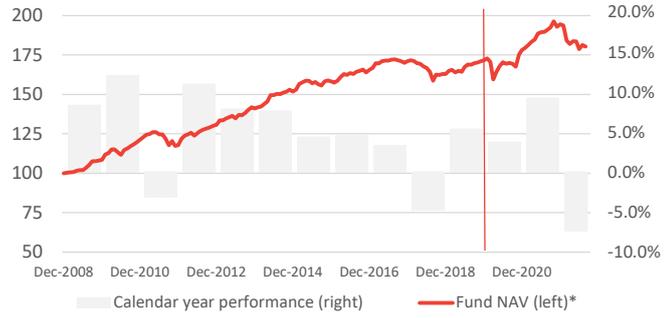
**Investment Objectives & Approach**

The Fund aims to grow the capital of private individuals and corporate investors over long term. The Fund has a global mandate with emphasis on European markets. The Fund is an actively managed investment fund and mainly combines the best opportunities we find among listed equities, bonds and commodities. The share of each asset class and the Fund's risk level vary over time in accordance with the views of Avaron investment managers. Investors' interests are aligned with Avaron as the Fund's investment managers are the largest investors of the Fund. Arising from the Fund's investment strategy an investor should have an investment horizon of at least 5 years.

**Fund Manager's Comment, August 2022**

After a brief but sharp rally in July fueled by the expected dovish monetary policy pivot global equity prices turned down again as central banks across the globe vowed to step up their fight against inflation. Both global equity and fixed income markets fell about 4% in \$ as a result. The continued strength of the dollar (+1.7% to €) once again supported euro-based returns. Commodity markets saw a continued correction, due to worsening fears of a looming recession and the possibility of it being longer and deeper than initially expected. Manufacturing PMIs show a significant contraction in new orders, as production companies have started to cut back on staff. Avaron Flexible Strategies Fund lost 0.6% in August, all of which came from the equity positions in the portfolio. Meanwhile the bond positions in the portfolio offered positive returns for the month. As of the end of August 29% of the Fund's portfolio was invested in equities, 47% in bonds and 3% in gold. 21% of the Fund is in cash. The Fund's equity portfolio consists of 36 companies, which on average trade at 8.4x 2023 expected earnings and deliver a strong 6.4% dividend yield. The bond portfolio, consisting of 45 bonds, trades at an 8.4% yield to maturity (including the cost of hedging FX) with an average duration of 3.8 years. The ongoing bear market in both equities and fixed income has brought prices in equity markets to more attractive levels, particularly in Europe. In our view the likelihood of a recession along with lowered inflation has risen which in turn would prompt central banks to loosen financial conditions once more.

**Performance since launch**



\*Rebased (October 2010 = 100)

From 2020 the Fund's strategy changed to long-term capital growth from capital protection. Past performance is not a guarantee or indicative of future results



Performance overview	Net return
1 month	-0.6%
3 months	-1.8%
6 months	-2.1%
YTD	-7.3%
1 year	-5.6%
3 years	6.9%
5 years	4.7%
7 years	15.3%
10 years	41.0%
Since inception	80.2%

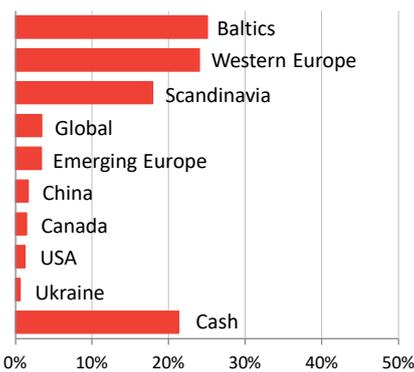
**Calendar year net return**

2021	9.2%
2020	3.7%
2019	5.4%
2018	-4.8%
2017	3.3%

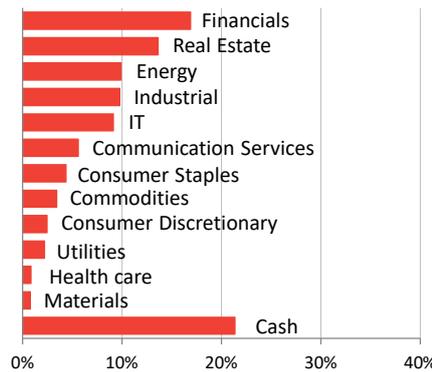
**CAGR of calendar years**

Years	Fund
2017-2021	3.3%
2019-2021	6.1%
2020-2021	6.5%

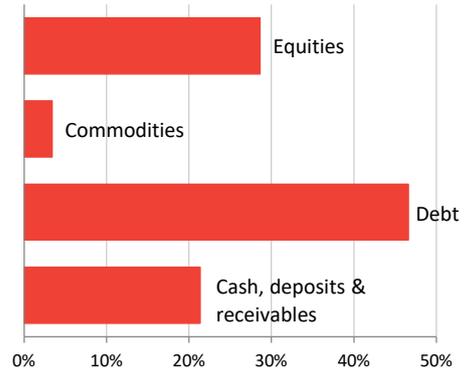
**Geographic breakdown**



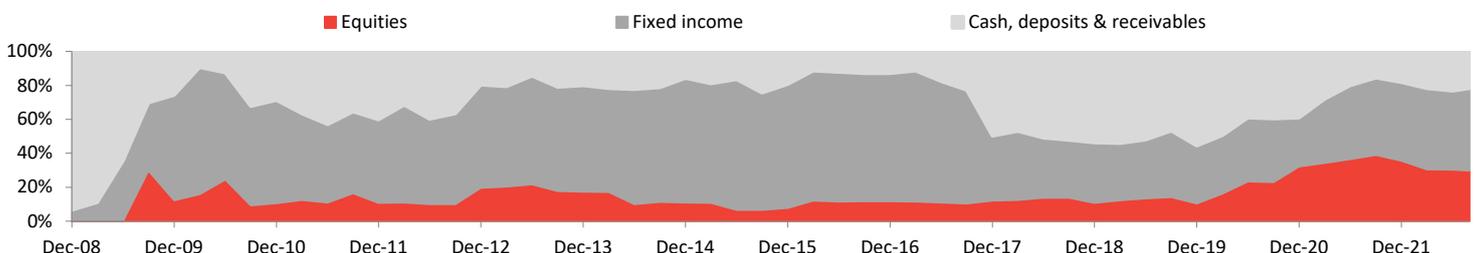
**Sector breakdown**



**Asset class breakdown**



**Historic Portfolio Allocation by Asset Class**



**Fund Facts - Avaron Flexible Strategies Fund**

<b>Investment Manager</b>	AS Avaron Asset Management
<b>Fund type</b>	non-UCITS, public common alternative investment fund
<b>Asset class</b>	Flexible, all asset classes
<b>Launch date</b>	December 17, 2008
<b>Domicile</b>	Estonia
<b>Currency</b>	EUR
<b>Dividends</b>	reinvested
<b>Fund size, MEUR</b>	13.2
<b>Total AUM, MEUR</b>	135.7

<b>Unit</b>	<b>ISIN Code</b>	<b>NAV 31-Aug-2022</b>
	EE3500100922	18.0201 EUR

<b>Cut-off subscriptions</b>	10am CET
<b>Cut-off redemptions</b>	10am CET, notice period 30 calendar days

<b>NAV frequency</b>	Daily
<b>Public offering</b>	Estonia
<b>Supervised by</b>	Estonian FSA
<b>Custodian</b>	Swedbank AS
<b>Transfer agent</b>	Swedbank AS
<b>NAV calculation</b>	Swedbank AS
<b>External auditor</b>	KPMG
<b>Internal auditor</b>	PWC

**Fund documents & prospectus** [www.avaron.com/documents](http://www.avaron.com/documents)

**Fund Fees**

<b>Front-end load</b>	None
<b>Management fee</b>	0.95%
<b>Performance fee</b>	10% over eurozone inflation rate
<b>Back-end load (to the fund)</b>	None*

\*Fund units can be redeemed in 30 calendar day advance notice. However, investors have the right to redeem fund units also with 7 calendar day advance notice in which case a redemption fee of 1.5% shall be applied and added into Fund's income.

The Fund does not have a minimum investment requirement, however in the interests of return on investment, it is reasonable to start with at least 5,000 euros.

**Bloomberg ticker**

AVFLXSB ET

See Lipper, TK Valoren tickers:

[www.avaron.com/our-products/flex/](http://www.avaron.com/our-products/flex/)

**Contact Information**

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**About Avaron Asset Management**

Avaron Asset Management (founded in 2007) is an independent management-owned investment manager with a clear focus on stock-picking (bottom-up) and value investing in Emerging Europe region. We aim to deliver positive risk-adjusted return to our clients over the market cycle. Our portfolios are long-only and invest in listed stocks.

Investment ideas are generated through in-house proprietary research of approximately 300 companies, backed by regular on the ground visits and meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models that we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 18 professionals (including 8 in the investment team), based in Estonia and Poland, takes care of 130M+ euros of mainly professional investor assets.

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

Signatory of:



**Kristel Kivinurm-Priisalm**  
Managing Partner,  
CEO & Investor Relations



**Peter Priisalm**  
Partner, co-CIO,  
Investment Manager



**Valdur Jaht**  
Partner, co-CIO,  
Investment Manager



**Rain Leesi, CFA**  
Investment Manager

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