



# **Avaron Flexible Strategies Fund**

**ANNUAL REPORT FOR THE FINANCIAL YEAR 2023**

*Translation from Estonian original*

## TABLE OF CONTENTS

|  |    |
|--|----|
| FUND FACTS .....   | 3  |
| MANAGEMENT REPORT.....   | 4  |
| CONFIRMATION OF ANNUAL FINANCIAL STATEMENTS OF 2023.....                               | 7  |
| FINANCIAL STATEMENTS .....   | 8  |
| BALANCE SHEET .....  | 8  |
| STATEMENT OF INCOME AND EXPENSES .....   | 9  |
| STATEMENT OF CHANGES IN NET ASSETS.....  | 10 |
| STATEMENT OF CASH FLOWS.....   | 11 |
| NOTES TO THE FINANCIAL STATEMENTS.....   | 12 |
| NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED .....                                 | 12 |
| NOTE 2. RISK MANAGEMENT .....  | 18 |
| NOTE 3. CASH AND CASH EQUIVALENTS.....   | 25 |
| NOTE 4. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES TO CATEGORIES AND LEVELS .. | 26 |
| NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS..     | 28 |
| NOTE 6. TRANSACTIONS WITH RELATED PARTIES .....  | 29 |
| NOTE 7. DERIVATIVE INSTRUMENTS.....  | 30 |
| STATEMENT OF INVESTMENTS .....   | 31 |
| STATEMENT OF COMMISSIONS .....   | 40 |
| REPORT ON REMUNERATION OF THE FUND MANAGEMENT COMPANY.....                             | 43 |
| INDEPENDENT CERTIFIED AUDITOR’S REPORT .....   | 44 |

## 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<br>Phone: +372 664 4200<br>Facsimile: +372 664 4201<br>E-mail: <a href="mailto:avaron@avaron.com">avaron@avaron.com</a><br><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  |
| Report period   | 1 January 2023–31 December 2023   |

## MANAGEMENT REPORT

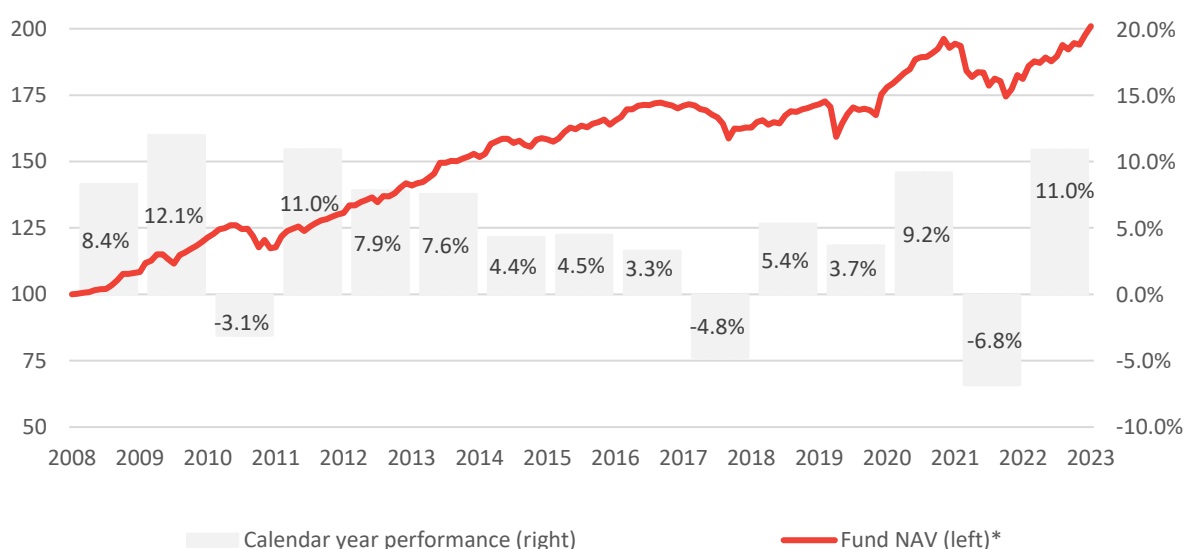
Avaron Flexible Strategies Fund (hereinafter: “the Fund”) is an actively managed investment fund which aims to grow investor assets through market cycles. The Fund focuses on investing in European listed equities and high yield bonds. At Avaron we are passionate about stock-picking and bottom up fundamental research, thus the Fund invests mainly in single stocks and bonds, rather than in investment funds. The share of each asset class (equities vs. bonds) 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.

**In 2023 the Fund NAV rose by 11%,** making it the third best year in the Fund’s 15 year history. 2023 performance was equally driven by equities and bonds, although equities had only 31% average weight in the portfolio. The Fund’s AUM increased from 13.1 million euros to 16.3 million euros. On a standalone basis the Fund’s equity portfolio returned 18.8% compared to 15.8% to MSCI Europe and the Fund’s bond portfolio 10.5%, outperforming European liquid corporate bond index by 1.6 ppts.

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

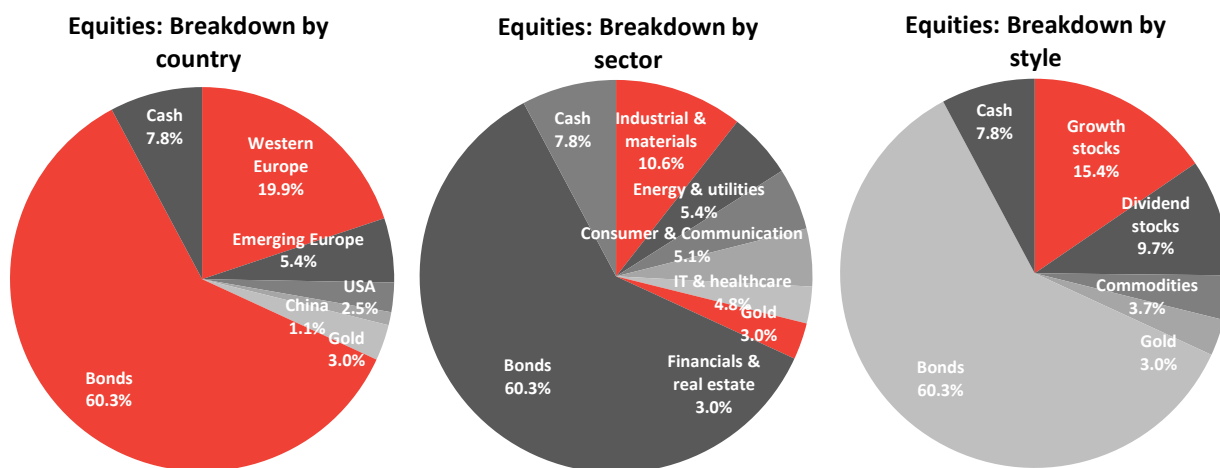
| Year         | Performance |
|--------------|-------------|
| 1 year       | 11.0%       |
| 2 years      | 3.4%        |
| 3 years      | 12.9%       |
| 5 years      | 23.4%       |
| 10 years     | 42.6%       |
| 15 years     | 100.9%      |
| Since launch | 101.0%      |

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



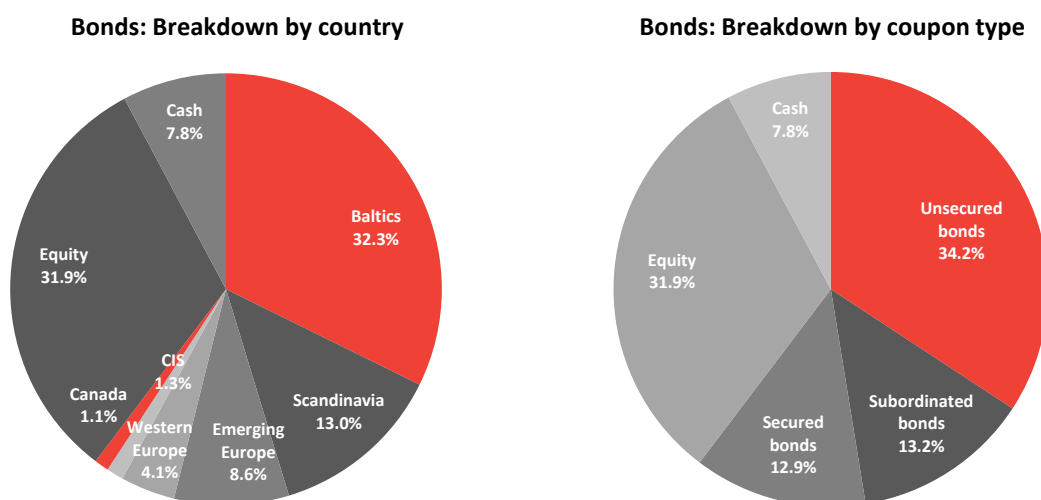
\*Rebased (October 2008 = 100)

As of the end of the year 29% of the Fund's portfolio was invested in equities, 60% in bonds, 3% in gold and 8% in cash. The latter is a tactical bet for higher volatility in the markets. The Fund's equity portfolio consists of 36 companies, which on average trade at 12.8x 2023 expected earnings and deliver 3.9% dividend yield. We currently find the most interesting investment opportunities in Western Europe where we have allocated 20% of the Fund's assets. Among equities we prefer cyclical companies, such as industrials where we have allocated over 10% of the assets. While at the beginning of last year our portfolio on the equity side was driven by dividend stocks, then we have used the sell-offs of the past 18 months to build a portfolio of strong growth stocks (15.4% of the Fund). In the event of further selling pressure, we remain ready to increase our exposure to growth stocks even further.



The bond portfolio, consisting of 52 bonds, trades at a 10% yield to maturity (including the cost of hedging FX) with an average duration of 4.2 years, which is a very attractive level considering the current yield environment and gives a strong buy to bonds in Europe. Historically the Fund's bond portfolio yield to maturity has ranged between 4.6% and 12.8% and has been over 10% only in market bottoms – great financial crisis (March 2009, 11.3%), Greek crisis (2022 Nov-Dec, 10.2%) and Covid-19 crisis (2020 March-April 12.8% and 10.7%).

Geographically we are finding the best fixed income cases these days from Scandinavia and the Baltics. It is also worth noting that 8% of the Fund's bond portfolio (5% of the Fund) is due to reach maturity within the next 12 months, giving us considerable liquidity to reposition into new opportunities in either equities or credit.



**2023 has been a positive year for equities. In historical perspective both European and US markets are close to their life highs.** Still, European equities offer better value today compared to equities in the US. S&P 500 trades at 22 times expected 12 month earnings which is 7% above its 10 year average. EURO STOXX50 trades at 12.8 times which is 20% lower compared to its 10 year average. Thus, we prefer European stocks to the US ones.

**We keep our equity share of the Fund around 30%** as visibility in the economic environment is low and high interest rate level hits highly leveraged companies. Although latest economic numbers suggest a soft landing, the risk of hard landing is not out of the table yet. We keep the equity share low at present also due to the very attractive opportunity set in high yield bond segment where performance is similar to equity market through the cycle performance. We continue to run a very diversified portfolio across both equities and fixed income.



27 March 2024

Kristel Kivinurm-Priisalm  
Member of the Management Board

## CONFIRMATION OF ANNUAL FINANCIAL STATEMENTS OF 2023

The Management Board of the Fund Management Company has prepared the annual Financial Statements of Avaron Flexible Strategies Fund on 27 March 2024.

The Financial Statements have been prepared in compliance with the requirements stipulated in the the Regulation (EC) No 1606/2002 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 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><br><i>Member of the Management Board of the Fund Management Company</i>        | 27/03/2024  | /signed digitally/ |
| <b>Valdur Jaht</b><br><i>Member of the Management Board of the Fund Management Company / Investment manager</i> | 27/03/2024  | /signed digitally/ |
| <b>Peter Priisalm</b><br><i>Investment manager</i>  | 27/03/2024  | /signed digitally/ |
| <b>Rain Leesi</b><br><i>Investment manager</i>  | 27/03/2024  | /signed digitally/ |

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

In EUR

| <b>ASSETS</b>  | <b>Note</b> | <b>31/12/2023</b> | <b>31/12/2022</b> |
|--|-------------|-------------------|-------------------|
| Cash and cash equivalents  | 3; 4        | 837,557           | 2,044,439         |
| Term deposits  | 3; 4        | 448,621           | 200,018           |
| Financial assets at fair value through profit or loss:               |             |                   |                   |
| Shares and units   | 4           | 5,194,454         | 4,508,575         |
| Listed bonds   | 4           | 9,359,867         | 5,451,844         |
| Unlisted bonds   | 4           | 476,359           | 557,934           |
| Derivatives  | 4; 7        | 0                 | 30,108            |
| Financial assets at amortised cost through profit or loss:           |             |                   |                   |
| Loans and receivables  |             |                   |                   |
| Receivables and prepayments  | 4           | 1,706             | 166               |
| Listed bonds   | 4           | 0                 | 150,073           |
| Unlisted bonds   | 4           | 0                 | 206,017           |
| <b>TOTAL ASSETS</b>  |             | <b>16,318,563</b> | <b>13,149,174</b> |
| <br>   |             |                   |                   |
| <b>LIABILITIES</b>   |             |                   |                   |
| Financial liabilities at fair value through profit or loss:          |             |                   |                   |
| Derivatives  | 4; 7        | 2,719             | 0                 |
| Other financial liabilities  |             |                   |                   |
| Payables to the management company                                   | 4; 6        | 12,278            | 10,304            |
| Payables to the depository   | 4           | 4,989             | 4,819             |
| Other liabilities  | 4           | 3,459             | 2,792             |
| <b>TOTAL LIABILITIES (except net assets attributable to holders)</b> |             | <b>23,445</b>     | <b>17,915</b>     |
| <br>   |             |                   |                   |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS</b>                            |             | <b>16,295,118</b> | <b>13,131,259</b> |



## STATEMENT OF INCOME AND EXPENSES

In EUR

| INCOME  | Note | 01/01/2023-<br>31/12/2023 | 01/01/2022-<br>31/12/2022 |
|---|------|---------------------------|---------------------------|
| <b>Interest income</b>  |      | <b>651,713</b>            | <b>418,034</b>            |
| From bonds  |      | 641,808                   | 415,182                   |
| From deposits   |      | 9,905                     | 2,852                     |
| <b>Dividend income</b>  |      |                           |                           |
| From shares and units   |      | 151,572                   | 154,658                   |
| <b>Net gain/loss from financial assets at fair value<br/>through profit or loss</b> |      | <b>985,310</b>            | <b>-1,257,854</b>         |
| From shares and units   | 5    | 725,160                   | -843,589                  |
| From bonds  | 5    | 252,785                   | -371,488                  |
| From derivative instruments   | 5    | 7,365                     | -42,777                   |
| <b>Net gain/loss from foreign exchange</b>  |      | -94,035                   | -40,921                   |
| <b>Other financial income</b>   |      |                           |                           |
| Other interest income   |      | 1,000                     | 0                         |
| <b>TOTAL INCOME</b>   |      | <b>1,695,560</b>          | <b>-726,083</b>           |
| <b>OPERATING EXPENSES</b>   |      |                           |                           |
| Management fees   | 6    | 137,407                   | 120,761                   |
| Custodian fees  |      | 31,352                    | 27,828                    |
| Transaction fees  |      | 738                       | 930                       |
| Other operating expenses  |      | 5,161                     | 8,523                     |
| <b>TOTAL OPERATING EXPENSES</b>   |      | <b>174,658</b>            | <b>158,042</b>            |
| <b>NET INCOME</b>   |      | <b>1,520,902</b>          | <b>-884,125</b>           |

## STATEMENT OF CHANGES IN NET ASSETS

In EUR

|  | <b>01/01/2023-<br/>31/12/2023</b> | <b>01/01/2022-<br/>31/12/2022</b> | <b>01/01/2021-<br/>31/12/2021</b> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>NET ASSET VALUE AT THE BEGINNING OF THE PERIOD</b>    | <b>13,131,259</b>                 | <b>12,095,321</b>                 | <b>9,584,520</b>                  |
| Cash received for fund units issued                      | 2,424,326                         | 2,314,908                         | 1,783,512                         |
| Cash paid for fund units redeemed                        | -781,369                          | -394,845                          | -161,048                          |
| Net result of the Fund                                   | 1,520,902                         | -884,125                          | 888,337                           |
| <b>NET ASSET VALUE AT THE END OF THE PERIOD</b>          | <b><u>16,295,118</u></b>          | <b><u>13,131,259</u></b>          | <b><u>12,095,321</u></b>          |
|  | <b>31/12/2023</b>                 | <b>31/12/2022</b>                 | <b>31/12/2021</b>                 |
| Number of units in circulation at the end of the period: | <u>810,879.475</u>                | <u>725,028.142</u>                | <u>622,147.450</u>                |
| Net asset value of an unit:                              | <u>20.0956</u>                    | <u>18.1114</u>                    | <u>19.4412</u>                    |
| Total net asset value of the units in circulation:       | 16,295,118                        | 13,131,259                        | 12,095,321                        |

## STATEMENT OF CASH FLOWS

In EUR

|   | <b>01/01/2023-<br/>31/12/2023</b> | <b>01/01/2022-<br/>31/12/2022</b> |
|---|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                                   |                                   |
| Interest received   | 570,433                           | 394,643                           |
| Dividends received  | 149,997                           | 160,695                           |
| Net result from foreign exchange                                  | 39,009                            | -140,930                          |
| Sale of investments   | 3,404,261                         | 1,883,219                         |
| Purchase of investments   | -6,399,652                        | -3,774,703                        |
| Operating expenses paid   | -172,048                          | -267,569                          |
|   | <b>-2,408,000</b>                 | <b>-1,744,645</b>                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |                                   |                                   |
| Proceeds from issue of units                                      | 2,424,326                         | 2,314,908                         |
| Payments on redemption of units                                   | -781,168                          | -394,972                          |
|   | <b>1,643,158</b>                  | <b>1,919,936</b>                  |
| <b>TOTAL CASH FLOWS</b>   | <b>-764,842</b>                   | <b>175,292</b>                    |
| <b>CASH AND CASH EQUIVALENTS</b>                                  |                                   |                                   |
| Cash and cash equivalents at the beginning of the period          | 2,044,439                         | 1,883,714                         |
| Effect of exchange rate fluctuations on cash and cash equivalents | 6,580                             | -14,566                           |
| <b>Cash and cash equivalents at the end of the period</b>         | <b>1,286,177</b>                  | <b>2,044,440</b>                  |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The annual financial statements of Avaron Flexible Strategies Fund for 2023 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 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).
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 "Income Taxes" (effective for annual periods beginning on or after 1 January 2023)

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:

- IFRS 16 "Leases" (applicable from financial years beginning on or after 1 January 2024);

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:

- IAS 21 Effects of Changes in Foreign Exchange Rates (applicable from financial years beginning on or after 1 January 2025);

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and 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 depositary for the funds managed by AS Avaron Asset Management on the transaction date (hereinafter referred to as the depositary bid rate). This rate is based on market inputs. The assets and liabilities quoted in foreign currency are translated into EUR based on the depositary 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 type of units, which are reflected in the passive line of the fund's balance sheet "Net asset attributable to holders ". 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 the 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>31/12/2023</b> | <b>% of NAV</b> | <b>31/12/2022</b> | <b>% of NAV</b> |
|-----------------------------|-------------------|-----------------|-------------------|-----------------|
| Cash and cash equivalents   | 837,557           | 5.14%           | 2,044,439         | 15.57%          |
| Term deposits               | 448,621           | 2.75%           | 200,018           | 1.52%           |
| Corporate bonds             | 9,359,867         | 57.44%          | 5,601,918         | 42.66%          |
| Loans and receivables       |                   |                 |                   |                 |
| Receivables and prepayments | 1,706             | 0.01%           | 166               | 0.00%           |
| Unlisted bonds              | 476,359           | 2.92%           | 763,950           | 5.82%           |
| <b>TOTAL</b>                | <b>11,124,110</b> | <b>68.27%</b>   | <b>8,610,491</b>  | <b>65.57%</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:

**31/12/2023**

| Counterparty | Credit Rating          | Gross Amounts of Liabilities in the Balance Sheet | Gross Amount Not Offset in the Balance Sheet         |                         |                     |               | Net Amount |
|--------------|------------------------|---|--|-------------------------|---------------------|---------------|------------|
|              |                        |   | Derivative Financial Instruments Available to Offset | Cash Collateral Pledged | Non-Cash Collateral |               |            |
| Swedbank AS  | A+ (S&P) - Swedbank AB | -2,719  | -  | -                       | -                   | -2,719        |            |
| <b>TOTAL</b> |                        | <b>-2,719</b>                                     | <b>-</b>   | <b>-</b>                | <b>-</b>            | <b>-2,719</b> |            |

**31/12/2022**

| Counterparty | Credit Rating          | Gross Amounts of Liabilities in the Balance Sheet | Gross Amount Not Offset in the Balance Sheet         |                         |                     |               | Net Amount |
|--------------|------------------------|---|--|-------------------------|---------------------|---------------|------------|
|              |                        |   | Derivative Financial Instruments Available to Offset | Cash Collateral Pledged | Non-Cash Collateral |               |            |
| Swedbank AS  | A+ (S&P) - Swedbank AB | 30,108  | -  | -                       | -                   | 30,108        |            |
| <b>TOTAL</b> |                        | <b>30,108</b>                                     | <b>-</b>   | <b>-</b>                | <b>-</b>            | <b>30,108</b> |            |

The Fund's assets are invested in bonds that are transferable. The Fund Management Company conducts a thorough credit risk analysis of the issuers of the bonds by analysing the financial data and studying the terms of the issue (prospectus).

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

|              | <b>31/12/2023</b> | <b>% of NAV</b> | <b>31/12/2022</b> | <b>% of NAV</b> |
|--------------|-------------------|-----------------|-------------------|-----------------|
| BBB          | 329,342           | 2.02%           | 0                 | 0.00%           |
| BB+          | 1,251,404         | 7.68%           | 284,231           | 2.16%           |
| BB           | 187,086           | 1.15%           | 0                 | 0.00%           |
| BB-          | 522,512           | 3.21%           | 0                 | 0.00%           |
| B+           | 0                 | 0.00%           | 385,674           | 2.94%           |
| B            | 974,268           | 5.98%           | 268,802           | 2.05%           |
| B-           | 71,750            | 0.44%           | 0                 | 0.00%           |
| CC           | 123,052           | 0.76%           | 0                 | 0.00%           |
| No rating    | 6,376,812         | 39.13%          | 5,427,161         | 41.33%          |
| <b>TOTAL</b> | <b>9,836,226</b>  | <b>60.37%</b>   | <b>6,365,868</b>  | <b>48.48%</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 26/06/2023 by Standard & Poor's and with AS SEB Pank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 28/06/2023 by Standard & Poor's.

### 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 to financial liabilities according to the maturity as of the end of the period in EUR:

|   | <b>Up to 3 days</b> |                   | <b>Up to 1 month</b> |                   | <b>Over 1 month</b> |                   |
|---|---------------------|-------------------|----------------------|-------------------|---------------------|-------------------|
|   | <b>31/12/2023</b>   | <b>31/12/2022</b> | <b>31/12/2023</b>    | <b>31/12/2022</b> | <b>31/12/2023</b>   | <b>31/12/2022</b> |
| Payables to the management company        | -                   | -                 | 12,278               | 10,304            | -                   | -                 |
| Payables to the depository                | -                   | -                 | 4,989                | 4,819             | -                   | -                 |
| Payments on redemption of units           | 201                 | -                 | -                    | -                 | -                   | -                 |
| Other liabilities                         | -                   | -                 | -                    | -                 | 3,459               | 2,792             |
| <b>Net Assets attributable to Holders</b> | <b>201</b>          | <b>0</b>          | <b>17,267</b>        | <b>15,123</b>     | <b>3,459</b>        | <b>2,792</b>      |

The Fund maintains a credit line of 1,000,000 EUR that can be accessed to meet short-term liquidity needs. These resources have not been used as of 31/12/2023.

Positions that may take more than 20 days to liquidate based on the six month average trading volume (30% of trading volume).

| Instrument                                | Sector                | Country    | % of NAV      |               |
|---|-----------------------|------------|---------------|---------------|
|   |                       |            | 31/12/2023    | 31/12/2022    |
| MAINOR ULEMISTE 8.50% 10.03.2027          | Real Estate           | Estonia    | 3.89%         | 0             |
| SIAULIU BANKAS 10.75% 22.06.2033          | Financials            | Lithuania  | 2.16%         | 0             |
| LUMINOR BANK VAR% 08.06.2027              | Financials            | Estonia    | 2.02%         | 0             |
| KRUK FRN 10.05.2028                       | Financials            | Poland     | 1.96%         | 0             |
| CAPITALICA BALTIC FRN 30.10.2025          | Real Estate           | Lithuania  | 1.90%         | 0             |
| BULGARIA REAL ESTATE FUND                 | Real Estate           | Bulgaria   | 1.71%         | 1.75%         |
| ADMIRAL MK ALLUT 8% 05.02.2031            | Financials            | Estonia    | 1.25%         | 1.55%         |
| MAXIMA 6.250% 12.07.2027                  | Consumer Staples      | Lithuania  | 1.24%         | 1.53%         |
| ARCO VARA 10% 13.12.2024 <sup>1</sup>     | Real Estate           | Estonia    | 1.23%         | 1.53%         |
| DELFINGROUP FRN SUB 25.07.2028            | Financials            | Latvia     | 1.23%         | 0             |
| ADVANZIA FRN SUBORD 24.03.2031            | Financials            | Luxembourg | 1.22%         | 1.49%         |
| SIAULIU BANK VAR% 07.10.2025              | Financials            | Lithuania  | 1.19%         | 0             |
| MEDIA AND GAMES FRN 21.06.26              | Communication Service | Malta      | 1.18%         | 1.46%         |
| OKEA ASA 9.125% 14.09.2026                | Energy                | Norway     | 1.16%         | 0             |
| INBANK SUBORDINATED 19.12.2029            | Financials            | Estonia    | 1.08%         | 1.32%         |
| CLEANR GRUPA FRN 09.12.2025               | Industrial            | Latvia     | 0.75%         | 0.92%         |
| NOR5KE VIKING FRN 03.05.2024 <sup>1</sup> | Communication Service | Norway     | 0.73%         | 0.96%         |
| VNV GL 5.0% 31.01.2025                    | Financials            | Sweden     | 0.66%         | 0.79%         |
| DELFINGROUP FRN 25.09.2024                | Financials            | Latvia     | 0.63%         | 0.74%         |
| COOP PANK 10% PERP 2022 AT1 <sup>1</sup>  | Financials            | Estonia    | 0.59%         | 0.78%         |
| BIGBANK 8.0% SUBT2 16.02.2033             | Financials            | Estonia    | 0.57%         | 0             |
| IUTECR 11.000% 06.10.2026                 | Financials            | Luxembourg | 0.53%         | 0.65%         |
| MAINOR 4.75% 10.06.2026                   | Real Estate           | Estonia    | 0.48%         | 0.60%         |
| HKSCAN 5% 24.03.2025                      | Consumer Staples      | Finland    | 0.48%         | 0.65%         |
| Specialist VC Primary and Secondary Fu    | Equity funds          | Estonia    | 0.33%         | 0.27%         |
| INBANK ALLUT 5.5% 15.12.2031              | Financials            | Estonia    | 0.32%         | 0.40%         |
| CAPITALICA BALT 6.5% 30.10.23             | Real Estate           | Lithuania  | -             | 2.31%         |
| INVESTMIRA 6.0% 28.12.2023                | Real Estate           | Lithuania  | -             | 1.57%         |
| MAINOR ULEMISTE 5.50% 05.04.23            | Real Estate           | Estonia    | -             | 1.14%         |
| <b>TOTAL</b>                              |                       |            | <b>30.50%</b> | <b>22.41%</b> |

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

As many trades with fixed income instruments are made over the counter then the actual trading volume data may be not publicly available. For the fixed income instruments for which reliable trading data is not available, it is assumed 0.1% of the amount outstanding is being traded on daily basis. Based on the relevant decision by the Investment Manager relating to specific debt instrument a more conservative assumption may still be used. In this case the instrument shall be assumed not to be sellable before maturity.

### 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 a 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>31/12/2023</b> | <b>% of Assets</b> | <b>31/12/2022</b> | <b>% of Assets</b> |
|--------------|-------------------|--------------------|-------------------|--------------------|
| EUR          | 12,183,281        | 74.66%             | 9,095,726         | 69.17%             |
| USD          | 1,596,683         | 9.78%              | 1,284,930         | 9.77%              |
| SEK          | 925,874           | 5.67%              | 831,930           | 6.33%              |
| NOK          | 797,512           | 4.89%              | 807,942           | 6.14%              |
| GBP          | 523,396           | 3.21%              | 294,002           | 2.24%              |
| BGN          | 291,817           | 1.79%              | 460,307           | 3.50%              |
| RON          | 0                 | 0.00%              | 180,389           | 1.37%              |
| PLN          | 0                 | 0.00%              | 191,560           | 1.46%              |
| RSD          | 0                 | 0.00%              | 2,388             | 0.02%              |
| <b>TOTAL</b> | <b>16,318,563</b> | <b>100.00%</b>     | <b>13,149,174</b> | <b>100.00%</b>     |

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

|              | <b>31/12/2023</b> | <b>% of Assets</b> | <b>31/12/2022</b> | <b>% of Assets</b> |
|--------------|-------------------|--------------------|-------------------|--------------------|
| USD          | 1,027,125         | 6.29%              | 666,624           | 5.07%              |
| SEK          | 925,874           | 5.67%              | 831,930           | 6.33%              |
| NOK          | 797,512           | 4.89%              | 807,942           | 6.14%              |
| GBP          | 523,397           | 3.21%              | 294,002           | 2.24%              |
| BGN          | 291,818           | 1.79%              | 460,307           | 3.50%              |
| RON          | 0                 | 0.00%              | 180,389           | 1.37%              |
| PLN          | 0                 | 0.00%              | 191,560           | 1.46%              |
| RSD          | 0                 | 0.00%              | 2,389             | 0.02%              |
| <b>TOTAL</b> | <b>3,565,726</b>  | <b>21.85%</b>      | <b>3,435,143</b>  | <b>26.13%</b>      |

*Currency risk sensitivity analysis*

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 31 December 2023. The sensitivity analysis assumes the weakening of foreign currency rates 10% against EUR. Below table illustrates the maximum weakening of foreign currency in the magnitude of the change from the higher to lower value since the launch of the fund on December 17, 2008. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2022 has been made using the same assumptions.

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

|              | 31/12/2023                           |  |                        | 31/12/2022                           |  |                        |
|--------------|--------------------------------------|--|------------------------|--------------------------------------|--|------------------------|
|              | Impact in<br>EUR (-10%<br>weakening) | Maximum<br>annual<br>currency<br>weakening | Currency's %<br>of NAV | Impact in<br>EUR (-10%<br>weakening) | Maximum<br>annual<br>currency<br>weakening | Currency's %<br>of NAV |
| USD          | -102,712                             | -20%                                       | 6.29%                  | -66,662                              | -20%                                       | 5.07%                  |
| SEK          | -92,587                              | -13%                                       | 5.67%                  | -83,193                              | -12%                                       | 6.33%                  |
| NOK          | -79,751                              | -25%                                       | 4.89%                  | -80,794                              | -25%                                       | 6.14%                  |
| GBP          | -52,340                              | -23%                                       | 3.21%                  | -29,400                              | -23%                                       | 2.24%                  |
| BGN          | -29,182                              | 0%   | 1.79%                  | -46,031                              | 0%   | 3.50%                  |
| RON          | 0                                    | -9%  | 0.00%                  | -18,039                              | -9%  | 1.37%                  |
| RSD          | 0                                    | 0%   | 0.00%                  | -239                                 | -18%                                       | 0.02%                  |
| PLN          | 0                                    | 0%   | 0.00%                  | -19,156                              | -16%                                       | 1.46%                  |
| <b>TOTAL</b> | <b>-356,572</b>                      |  | <b>21.85%</b>          | <b>-343,514</b>                      |  | <b>26.13%</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 the Fund's investments based on sectors as of the end of the period in EUR:

|                        | 31/12/2023        | % of NAV      | 31/12/2022        | % of NAV      |
|------------------------|-------------------|---------------|-------------------|---------------|
| Financials             | 5,713,837         | 35.06%        | 2,738,867         | 20.87%        |
| Industrial             | 1,865,266         | 11.45%        | 1,369,284         | 10.42%        |
| Real Estate            | 1,854,271         | 11.38%        | 1,757,127         | 13.38%        |
| Energy                 | 975,794           | 5.99%         | 1,267,490         | 9.65%         |
| Utilities              | 728,570           | 4.47%         | 425,636           | 3.24%         |
| Communication Services | 701,509           | 4.31%         | 640,633           | 4.88%         |
| Consumer Staples       | 675,313           | 4.14%         | 456,244           | 3.47%         |
| IT                     | 664,717           | 4.08%         | 993,877           | 7.57%         |
| Consumer Discretionary | 585,629           | 3.59%         | 370,216           | 2.82%         |
| Commodities            | 493,068           | 3.03%         | 450,601           | 3.43%         |
| Health Care            | 388,826           | 2.39%         | 119,822           | 0.91%         |
| Materials              | 329,806           | 2.02%         | 249,441           | 1.90%         |
| Equity funds           | 54,074            | 0.33%         | 35,205            | 0.27%         |
| <b>TOTAL</b>           | <b>15,030,680</b> | <b>92.24%</b> | <b>10,874,443</b> | <b>82.81%</b> |

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

|                | <b>31/12/2023</b> | <b>% of NAV</b> | <b>31/12/2022</b> | <b>% of NAV</b> |
|----------------|-------------------|-----------------|-------------------|-----------------|
| Estonia        | 3,427,212         | 21.03%          | 2,316,124         | 17.64%          |
| Germany        | 1,621,216         | 9.95%           | 1,116,358         | 8.50%           |
| Lithuania      | 1,518,941         | 9.32%           | 958,021           | 7.30%           |
| Sweden         | 1,103,264         | 6.77%           | 1,378,746         | 10.50%          |
| Norway         | 887,447           | 5.45%           | 1,016,500         | 7.74%           |
| Luxembourg     | 806,791           | 4.95%           | 656,556           | 5.00%           |
| Romania        | 750,373           | 4.60%           | 158,250           | 1.21%           |
| United Kingdom | 605,853           | 3.72%           | 670,125           | 5.10%           |
| Latvia         | 523,708           | 3.21%           | 319,689           | 2.43%           |
| France         | 424,273           | 2.60%           | 355,168           | 2.70%           |
| USA            | 403,484           | 2.48%           | 152,631           | 1.13%           |
| Malta          | 385,074           | 2.36%           | 287,371           | 2.19%           |
| Slovenia       | 329,342           | 2.02%           | -                 | -               |
| Poland         | 319,591           | 1.96%           | -                 | -               |
| Greece         | 304,591           | 1.87%           | -                 | -               |
| Bulgaria       | 278,799           | 1.71%           | 230,413           | 1.75%           |
| Austria        | 255,402           | 1.57%           | 227,177           | 1.73%           |
| Spain          | 228,251           | 1.40%           | 190,222           | 1.45%           |
| Netherlands    | 213,142           | 1.31%           | 187,424           | 1.43%           |
| China          | 178,870           | 1.10%           | 205,622           | 1.57%           |
| Canada         | 175,721           | 1.08%           | 180,274           | 1.37%           |
| Italy          | 155,918           | 0.96%           | 122,980           | 0.94%           |
| Finland        | 133,417           | 0.82%           | 144,792           | 1.10%           |
| <b>TOTAL</b>   | <b>15,030,680</b> | <b>92.24%</b>   | <b>10,874,443</b> | <b>82.81%</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 2022 has been made with using the same assumptions.

|           | <b>Probability</b> | <b>+/- possible change of Fund's NAV during year</b> |                   |
|-----------|--------------------|--|-------------------|
|           |                    | <b>31/12/2023</b>                                    | <b>31/12/2022</b> |
| $\sigma$  | 68.27%             | 3.44%  | 3.43%             |
| $2\sigma$ | 95.45%             | 6.88%  | 6.87%             |
| $3\sigma$ | 99.73%             | 10.32%   | 10.30%            |



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

|                                  | <b>31/12/2023</b> | <b>% of NAV</b> | <b>31/12/2022</b> | <b>% of NAV</b> |
|----------------------------------|-------------------|-----------------|-------------------|-----------------|
| Deposits, Bigbank AS             | -                 | 0.00%           | 200,000           | 1.52%           |
| Over-night deposits, Swedbank AS | 448,598           | 2.75%           | 0                 | 0.00%           |
| <b>TOTAL*</b>                    | <b>448,598</b>    | <b>2.75%</b>    | <b>200,000</b>    | <b>1.52%</b>    |

\* "Term deposits" in balance sheet include also accrued interest in the amount of 22.43 EUR as at 31/12/2023 and 17.81 EUR as at 31/12/2022. Deposits' maturity is between 1-12 months and interest rates vary from 0.35-1.00%.

**Cash and cash equivalents by currency**

|                    | <b>31/12/2023</b> | <b>% of NAV,<br/>converted<br/>into EUR</b> | <b>31/12/2022</b> | <b>% of NAV,<br/>converted<br/>into EUR</b> |
|--------------------|-------------------|---|-------------------|---|
| <b>Swedbank AS</b> |                   | <b>5.14%</b>                                |                   | <b>10.62%</b>                               |
| EUR                | -                 | -   | 806,087           | 6.14%                                       |
| BGN                | 25,463            | 0.08%                                       | 449,651           | 1.75%                                       |
| PLN                | -                 | -   | 898,571           | 1.46%                                       |
| USD                | 33,773            | 0.19%                                       | 70,961            | 0.50%                                       |
| NOK                | 5,458,451         | 2.98%                                       | 589,727           | 0.43%                                       |
| RON                | -                 | -   | 109,480           | 0.17%                                       |
| SEK                | 906,992           | 0.50%                                       | 164,352           | 0.11%                                       |
| GBP                | 196,410           | 1.39%                                       | 4,601             | 0.04%                                       |
| RSD                | -                 | -   | 280,382           | 0.02%                                       |
| <b>AS SEB Pank</b> |                   | <b>0.00%</b>                                |                   | <b>4.95%</b>                                |
| EUR                | 286               | 0.00%                                       | 649,994           | 4.95%                                       |
| <b>TOTAL</b>       |                   | <b>5.14%</b>                                |                   | <b>15.57%</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 26/06/2023 by Standard & Poor's and with AS SEB Pank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 28/06/2023 by Standard & Poor's. Term deposits are held with Bigbank AS.

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

In EUR

| 31/12/2023                         | Measured at fair value through<br>profit or loss |               |                | Financial assets at amortised<br>cost |          |          | Financial liabilities at amortised<br>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          | -  | -             | -              | 1,286,178                             | -        | -        | -  | -             | -        |
| Shares and units                   | 5,140,380  | 54,074        | -              | -                                     | -        | -        | -  | -             | -        |
| Bonds                              | 9,159,523  | -             | 200,343        | -                                     | -        | -        | -  | -             | -        |
| Unlisted bonds                     | 178,979  | -             | 297,381        | -                                     | -        | -        | -  | -             | -        |
| Dividend receivable                | -  | -             | -              | 1,706                                 | -        | -        | -  | -             | -        |
| <b>LIABILITIES</b>                 |  |               |                |                                       |          |          |  |               |          |
| Derivative instruments             | -  | 2,719         | -              | -                                     | -        | -        | -  | -             | -        |
| Payables to the management company | -  | -             | -              | -                                     | -        | -        | -  | 12,278        | -        |
| Payables to the depository         | -  | -             | -              | -                                     | -        | -        | -  | 4,989         | -        |
| Payments on redemption of units*   | -  | -             | -              | -                                     | -        | -        | -  | 201           | -        |
| Other liabilities                  | -  | -             | -              | -                                     | -        | -        | -  | 3,258         | -        |
| <b>TOTAL</b>                       | <b>14,478,882</b>                                | <b>56,793</b> | <b>497,724</b> | <b>1,287,884</b>                      | <b>-</b> | <b>-</b> | <b>-</b>                                   | <b>20,726</b> | <b>-</b> |

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

Additional information for instruments categorised under Level 3

|   |                |
|---|----------------|
| Starting balance of Level 3 instruments | 1,030,322      |
| Transfers from level 3 to level 1       | -220,000       |
| Purchases                               | 200,000        |
| Sales                                   | -600,000       |
| Total gains/losses                      | -5,838         |
| Interest received                       | 89,536         |
| Interest accrued                        | 3,704          |
| <b>Total level 3 investments</b>        | <b>497,724</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.

In EUR

| 31/12/2022                         | 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          | -   | -             | -              | 2,044,439                          | -        | -              | -                                       | -             | -        |
| Term deposits                      | -   | -             | -              | 200,018                            | -        | -              | -                                       | -             | -        |
| Shares and units                   | 4,473,370                                     | 35,205        | -              | -                                  | -        | -              | -                                       | -             | -        |
| Bonds                              | 4,930,928                                     | -             | 520,916        | 150,073                            | -        | -              | -                                       | -             | -        |
| Derivative instruments             | -   | 30,108        | -              | -                                  | -        | -              | -                                       | -             | -        |
| Unlisted bonds                     | 254,545                                       | -             | 303,389        | -                                  | -        | 206,017        | -                                       | -             | -        |
| Dividend receivable                | -   | -             | -              | 166                                | -        | -              | -                                       | -             | -        |
| <b>LIABILITIES</b>                 |   |               |                |                                    |          |                |   |               |          |
| Payables to the management company | -   | -             | -              | -                                  | -        | -              | -                                       | 10,304        | -        |
| Payables to the depository         | -   | -             | -              | -                                  | -        | -              | -                                       | 4,819         | -        |
| Other liabilities                  | -   | -             | -              | -                                  | -        | -              | -                                       | 2,792         | -        |
| <b>TOTAL</b>                       | <b>9,658,843</b>                              | <b>65,313</b> | <b>824,305</b> | <b>2,394,696</b>                   | <b>-</b> | <b>206,017</b> | <b>-</b>                                | <b>17,915</b> | <b>-</b> |

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

Additional information for instruments categorised under Level 3

|   |                  |
|---|------------------|
| Starting balance of Level 3 instruments | 702,438          |
| Transfers from level 3 to level 1       | 100,000          |
| Purchases                               | 516,700          |
| Sales                                   | -300,000         |
| Total gains/losses                      | 236              |
| Interest received                       | -2,673           |
| Interest accrued                        | 13,621           |
| <b>Total level 3 investments</b>        | <b>1,030,322</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

|   | 01/01/2023-<br>31/12/2023 | 01/01/2022-<br>31/12/2022 |
|---|---------------------------|---------------------------|
| <b>Net gain/loss from financial assets at fair value through profit or loss</b> |                           |                           |
| <b>From shares and units</b>  |                           |                           |
| Sales profit/(-loss)  | 62,392                    | 218,483                   |
| Unrealised profit /(-loss)  | 662,768                   | -1,062,071                |
| <b>From bonds</b>   |                           |                           |
| Sales profit/(-loss)  | 12,550                    | 41,884                    |
| Unrealised profit /(-loss)  | 240,236                   | -413,372                  |
| <b>From derivative instruments</b>  |                           |                           |
| Sales profit/(-loss)  | 40,192                    | -112,861                  |
| Unrealised profit /(-loss)  | -32,827                   | 70,084                    |
| <b>Total net gain/(-loss)</b>   | <b>985,311</b>            | <b>-1,257,854</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.

Transactions with related parties in EUR were as follows:

|   | <b>01/01/2023-<br/>31/12/2023</b> | <b>01/01/2022-<br/>31/12/2022</b> |
|---|-----------------------------------|-----------------------------------|
| <b>Fund Management Company</b>  |                                   |                                   |
| Paid management and performance fees  | 137,407                           | 120,761                           |
| Units bought  | 79,295                            | 0                                 |
| Units sold  | 0                                 | 406,685                           |
| <b>Other investment funds managed by the Fund Management Company</b>                      |                                   |                                   |
| Purchase of securities  | 157,000                           | 0                                 |
| <b>Other entities belonging to the consolidation group of the Fund Management Company</b> |                                   |                                   |
| Units bought  | 0                                 | 406,685                           |
| <b>TOTAL</b>  | <b>373,702</b>                    | <b>934,131</b>                    |

The balances outstanding with related parties were as follows:

|  | <b>31/12/2023</b> | <b>31/12/2022</b> |
|--|-------------------|-------------------|
| <b>Fund Management Company</b>         |                   |                   |
| Management and performance fee payable | 12,278            | 10,304            |
| <b>TOTAL</b>                           | <b>12,278</b>     | <b>10,304</b>     |

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

|  | <b>31/12/2023</b> | <b>31/12/2022</b> |
|--|-------------------|-------------------|
| Ultimate parent of the Fund Management Company | 2,077,227         | 1,872,126         |
| Fund Management Company                        | 143,187           | 0                 |
| Other group entities*                          | 570,664           | 514,318           |
| <b>TOTAL</b>                                   | <b>2,791,078</b>  | <b>2,386,444</b>  |

\*The comparative data for 2022 has been corrected and added the value of the fund units owned by another related party which was missing in the 2022 report (420,745 euros reported in 2022).

**NOTE 7. DERIVATIVE INSTRUMENTS**

In EUR  
31/12/2023

| 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          | 569,558                | EUR                     | 08/05/2024    | 1.0000                        | 1.0000         | 569,558 | 29/12/2023   | -             | EUR 1,678,000,000                      |
|                    |                      | 635,000                | USD                     | 08/05/2024    | 0.9012                        | 0.8969         | 569,558 | 29/12/2023   | -2,719        | EUR 1,678,000,000                      |
| <b>TOTAL</b>       |                      |                        |                         |               |                               |                |         |              | <b>-2,719</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 31/12/2023.

In EUR  
31/12/2022

| 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          | 593,070                | EUR                     | 10/11/2022    | 1.0000                        | 1.0000         | 593,070 | 31/12/2022   | -             | EUR 1,574,369,000                      |
|                    |                      | 635,000                | USD                     | 10/11/2022    | 0.9439                        | 0.9340         | 593,070 | 31/12/2022   | 30,108        | EUR 1,574,369,000                      |
| <b>TOTAL</b>       |                      |                        |                         |               |                               |                |         |              | <b>30,108</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 31/12/2022.

## STATEMENT OF INVESTMENTS

In EUR 31/12/2023

| 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 |
|------|------|-----------------|---------------|--------|----|-----------------------------------|--------------------------|-----------------------|--------------------|--|
|------|------|-----------------|---------------|--------|----|-----------------------------------|--------------------------|-----------------------|--------------------|--|

## SHARES

## SHARES LISTED ON STOCK EXCHANGE:

|                                |              |    |       |      |     |        |         |        |         |       |
|--------------------------------|--------------|----|-------|------|-----|--------|---------|--------|---------|-------|
| HAMBURGER HAFEN UND LOGISTIC A | DE000A37FUD8 | DE |       |      | EUR | 14.36  | 224,724 | 16.74  | 261,981 | 1.61% |
| HERMAN MILLER INC              | US6005441000 | US | S&P   | BB   | USD | 15.05  | 155,810 | 24.17  | 250,170 | 1.54% |
| BP PLC-SPONS ADR               | US0556221044 | GB | S&P   | A-   | USD | 22.34  | 173,133 | 32.07  | 248,550 | 1.53% |
| EURONEXT NV                    | NL0006294274 | NL | S&P   | BBB+ | EUR | 84.65  | 229,394 | 78.65  | 213,142 | 1.31% |
| SAP SE                         | DE0007164600 | DE | S&P   | A+   | EUR | 94.70  | 129,744 | 139.48 | 191,088 | 1.17% |
| ENEFIT GREEN AKTSIA            | EE3100137985 | EE |       |      | EUR | 3.95   | 197,722 | 3.56   | 177,800 | 1.09% |
| HUSQVARNA AB-B                 | SE0001662230 | SE | S&P   | BBB- | SEK | 6.55   | 149,689 | 7.47   | 170,799 | 1.05% |
| ENGIE COM STK EUR              | FR0013215407 | FR | S&P   | BBB+ | EUR | 9.29   | 97,564  | 15.92  | 167,139 | 1.03% |
| KWS SAAT SE AND CO KGAA        | DE0007074007 | DE |       |      | EUR | 51.25  | 158,879 | 53.70  | 166,470 | 1.02% |
| IGNITIS GRUPE AB               | LT0000115768 | LT | S&P   | BBB+ | EUR | 19.89  | 172,037 | 18.84  | 162,966 | 1.00% |
| TECHNOGYM SPA                  | IT0005162406 | IT |       |      | EUR | 6.90   | 118,613 | 9.07   | 155,918 | 0.96% |
| VISA INC                       | US92826C8394 | US | S&P   | AA-  | USD | 182.94 | 118,914 | 235.87 | 153,314 | 0.94% |
| FIELMANN AG                    | DE0005772206 | DE |       |      | EUR | 53.20  | 164,926 | 48.64  | 150,784 | 0.93% |
| LENZINZ AG                     | AT0000644505 | AT |       |      | EUR | 43.31  | 159,615 | 35.55  | 131,002 | 0.80% |
| AENA SME SA                    | ES0105046009 | ES | Fitch | A-   | EUR | 136.78 | 105,317 | 164.10 | 126,357 | 0.78% |
| OMV AG                         | AT0000743059 | AT |       |      | EUR | 19.20  | 60,049  | 39.77  | 124,401 | 0.76% |
| GYM GROUP PLC                  | GB00BZBX0P70 | GB |       |      | GBP | 1.34   | 133,602 | 1.22   | 122,463 | 0.75% |
| TALLINK GRUPP AS               | EE3100004466 | EE |       |      | EUR | 0.76   | 125,205 | 0.69   | 113,099 | 0.69% |
| DANONE SA                      | FR0000120644 | FR | S&P   | BBB+ | EUR | 55.17  | 99,303  | 58.68  | 105,624 | 0.65% |
| AIR LIQUIDE SA DIV BONUS SHS   | FR001400D5Z6 | FR | S&P   | A    | EUR | 115.86 | 63,724  | 176.20 | 96,910  | 0.59% |
| EUROCELL PLC                   | GB00BVV2KN49 | GB |       |      | GBP | 1.91   | 120,494 | 1.51   | 95,168  | 0.58% |
| TALLINNA SADAM AS              | EE3100021635 | EE |       |      | EUR | 1.73   | 145,473 | 1.13   | 94,600  | 0.58% |
| RAYSEARCH LABORATORIES AB      | SE0000135485 | SE |       |      | SEK | 8.34   | 97,191  | 8.11   | 94,467  | 0.58% |
| CTS EVENTIM AG and CO KGAA     | DE0005470306 | DE |       |      | EUR | 37.47  | 50,584  | 62.60  | 84,510  | 0.52% |
| KRONES AG                      | DE0006335003 | DE |       |      | EUR | 65.55  | 49,164  | 111.80 | 83,850  | 0.51% |
| TEAM INTERNET GROUP            | GB00BCCW4X83 | GB |       |      | GBP | 0.84   | 46,244  | 1.44   | 79,278  | 0.49% |
| SIXT SE PRFD                   | DE0007231334 | DE | S&P   | BBB  | EUR | 41.01  | 47,159  | 67.10  | 77,165  | 0.47% |
| THULE GROUP AB/THE             | SE0006422390 | SE |       |      | SEK | 23.38  | 64,289  | 24.74  | 68,033  | 0.42% |
| FRESENIUS MEDICAL CARE AG      | DE0005785802 | DE | S&P   | BBB- | EUR | 63.05  | 100,881 | 37.96  | 60,736  | 0.37% |
| KONE OYJ                       | FI0009013403 | FI |       |      | EUR | 47.84  | 58,847  | 45.28  | 55,694  | 0.34% |
| JCDECAUX SE                    | FR0000077919 | FR | S&P   | BBB- | EUR | 16.66  | 49,989  | 18.20  | 54,600  | 0.34% |

**Statement of investments as of 31/12/2023 (continued)**

| 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>           |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| ADIDAS AG   | DE000A1EWWW0 | DE              |                               |        | EUR | 202.11                            | 56,591                   | 184.16                | 51,565             | 0.32%                                      |
| ALIBABA GROUP HOLDING LTD                         | US01609W1027 | CH              |                               |        | USD | 192.58                            | 101,103                  | 70.22                 | 36,866             | 0.23%                                      |
| DETSKY MIR PJSC                                   | RU000A0JSQ90 | RU              |                               |        | USD | 1.56                              | 194,704                  | 0.00                  | 0                  | 0.00%                                      |
| POLYUS PJSC                                       | RU000A0JNAA8 | RU              |                               |        | USD | 167.76                            | 100,655                  | 0.00                  | 0                  | 0.00%                                      |
| <b>SHARES TOTAL</b>                               |              |                 |                               |        |     | <b>4,121,330</b>                  |                          |                       | <b>4,226,509</b>   | <b>25.94%</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                  | 1.24                  | 278,799            | 1.71%                                      |
| <b>CLOSED-END FUNDS TOTAL</b>                     |              |                 |                               |        |     | <b>180,932</b>                    |                          |                       | <b>278,799</b>     | <b>1.71%</b>                               |
| <b>EXCHANGE TRADED COMMODITIES:</b>               |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| XTRACKER IE PHYSICAL GOLD ETC                     | DE000A2TOVU5 | DE              | DEUTCHE BANK AG               |        | EUR | 22.05                             | 377,662                  | 28.79                 | 493,068            | 3.03%                                      |
| <b>EXCHANGE TRADED COMMODITIES TOTAL</b>          |              |                 |                               |        |     | <b>377,662</b>                    |                          |                       | <b>493,068</b>     | <b>3.03%</b>                               |
| <b>EXCHANGE TRADED FUNDS:</b>                     |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| KRANESHARES CSI CHINA INTERNET ETF                | IE00BFXR7892 | CH              | WAYSTONE MANAGEMENT COMPANY   |        | USD | 25.20                             | 216,719                  | 16.51                 | 142,004            | 0.87%                                      |
| <b>EXCHANGE TRADED FUNDS TOTAL</b>                |              |                 |                               |        |     | <b>216,719</b>                    |                          |                       | <b>142,004</b>     | <b>0.87%</b>                               |
| <b>VENTURE CAPITAL FUNDS:</b>                     |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| Specialist VC Primary and Secondary Fund II       | -            | EE              | Specialist Fund Management OÜ |        | EUR | 1.00                              | 65,107                   | 0.83                  | 54,074             | 0.33%                                      |
| <b>VENTURE CAPITAL FUNDS TOTAL</b>                |              |                 |                               |        |     | <b>65,107</b>                     |                          |                       | <b>54,074</b>      | <b>0.33%</b>                               |
| <b>FUNDS TOTAL</b>                                |              |                 |                               |        |     | <b>840,420</b>                    |                          |                       | <b>967,945</b>     | <b>5.94%</b>                               |
| <b>SHARES AND FUNDS TOTAL</b>                     |              |                 |                               |        |     | <b>4,961,751</b>                  |                          |                       | <b>5,194,454</b>   | <b>31.88%</b>                              |



Statement of investments as of 31/12/2023 (continued)

| Name                                      | ISIN         | Emitent country | Rating agency | Rating | FX  | Interest rate | Maturity   | Average acquisition cost per | Average acquisition cost | Market value per unit | Total market value | Share of market value of fund's net |
|---|--------------|-----------------|---------------|--------|-----|---------------|------------|------------------------------|--------------------------|-----------------------|--------------------|-------------------------------------|
| <b>BONDS*</b>                             |              |                 |               |        |     |               |            |                              |                          |                       |                    |                                     |
| LHV GROUP VAR% 03.10.2027                 | XS2693753704 | EE              |               |        | EUR | 8.75%         | 03/10/2027 | 101.05                       | 656,850                  | 101.75                | 674,894            | 4.14%                               |
| MAINOR ULEMISTE 8.50% 10.03.2027          | EE3300003136 | EE              |               |        | EUR | 8.50%         | 10/03/2027 | 100.00                       | 600,000                  | 103.20                | 634,642            | 3.89%                               |
| TRANSILVANIA VAR% 07.12.2028              | XS2724401588 | RO              | Fitch         | BB+    | EUR | 7.25%         | 07/12/2028 | 102.25                       | 409,000                  | 103.12                | 414,207            | 2.54%                               |
| SIAULIU BANKAS 10.75% 22.06.2033          | LT0000407751 | LT              |               |        | EUR | 10.75%        | 22/06/2033 | 100.00                       | 300,000                  | 111.50                | 351,242            | 2.16%                               |
| TRANSILVANIA VAR% 27.04.2027              | XS2616733981 | RO              | Fitch         | BB+    | EUR | 8.88%         | 27/04/2027 | 101.26                       | 303,784                  | 106.09                | 336,165            | 2.06%                               |
| LUMINOR BANK VAR% 08.06.2027              | XS2633112565 | EE              |               |        | EUR | 7.75%         | 08/06/2027 | 100.00                       | 300,000                  | 105.55                | 329,599            | 2.02%                               |
| NOVA LJUBLJAN VAR 28.11.2032              | XS2413677464 | SI              | S&P           | BBB    | EUR | 10.75%        | 28/11/2032 | 102.63                       | 307,875                  | 108.87                | 329,342            | 2.02%                               |
| KRUK FRN 10.05.2028                       | NO0012903444 | PL              | S&P           | BB-    | EUR | 10.47%        | 10/05/2028 | 100.00                       | 300,000                  | 105.11                | 319,591            | 1.96%                               |
| CAPITALICA BALTIC FRN 30.10.2025          | LT0000408247 | LT              |               |        | EUR | 9.61%         | 30/10/2025 | 100.00                       | 300,000                  | 101.50                | 309,224            | 1.90%                               |
| ALPHA SERV VAR% 13.02.2030                | XS2111230285 | GR              | S&P           | B      | EUR | 4.25%         | 13/02/2030 | 94.63                        | 283,875                  | 97.82                 | 304,591            | 1.87%                               |
| AKROPOLIS 2.875% 02.06.2026               | XS2346869097 | LT              | S&P           | BB+    | EUR | 2.88%         | 02/06/2026 | 85.12                        | 276,625                  | 90.22                 | 298,587            | 1.83%                               |
| ADVISE GROUP FRN 26.05.2026               | SE0020180271 | SE              |               |        | SEK | 9.65%         | 26/05/2026 | 8.77                         | 219,351                  | 9.27                  | 233,623            | 1.43%                               |
| CULLINAN HOLD 4.625% 15.10.26             | XS2397354528 | LU              | S&P           | B      | EUR | 4.63%         | 15/10/2026 | 72.25                        | 216,750                  | 76.70                 | 232,945            | 1.43%                               |
| ADMIRAL MK ALLUT 8% 05.02.2031            | EE3300001999 | EE              |               |        | EUR | 8.00%         | 05/02/2031 | 100.00                       | 200,000                  | 98.50                 | 203,400            | 1.25%                               |
| B2 HOLDING ASA FRN 22.09.2026             | NO0012704107 | NO              | S&P           | BB-    | EUR | 10.82%        | 22/09/2026 | 100.00                       | 200,000                  | 101.25                | 202,921            | 1.25%                               |
| MAXIMA 6.250% 12.07.2027                  | XS2485155464 | LT              | S&P           | BB+    | EUR | 6.25%         | 12/07/2027 | 98.96                        | 197,922                  | 98.32                 | 202,444            | 1.24%                               |
| ARCO VARA 10% 13.12.2024 <sup>1</sup>     | EE3300003003 | EE              |               |        | EUR | 10.00%        | 13/12/2024 | 100.00                       | 200,000                  | 100.00                | 200,889            | 1.23%                               |
| DELFINGROUP FRN SUB 25.07.2028            | LV0000802700 | LV              |               |        | EUR | 15.42%        | 25/07/2028 | 100.00                       | 200,000                  | 100.00                | 200,343            | 1.23%                               |
| ADVANIA FRN SUBORD 24.03.2031             | NO0010955909 | LU              |               |        | EUR | 9.17%         | 24/03/2031 | 100.00                       | 200,000                  | 99.75                 | 199,602            | 1.22%                               |
| SIAULIU BANK VAR% 07.10.2025              | LT0000405771 | LT              |               |        | EUR | 1.05%         | 07/10/2025 | 94.13                        | 188,268                  | 97.00                 | 194,478            | 1.19%                               |
| MEDIA AND GAMES FRN 21.06.26              | SE0018042277 | MT              |               |        | EUR | 10.17%        | 21/06/2026 | 98.00                        | 196,000                  | 96.25                 | 192,952            | 1.18%                               |
| MEDIA AND GAMES FRN 24.03.27              | SE0019892241 | MT              |               |        | EUR | 11.17%        | 24/03/2027 | 100.00                       | 200,000                  | 96.00                 | 192,122            | 1.18%                               |
| LHV GROUP VAR% 09.09.2025                 | XS2379637767 | EE              |               |        | EUR | 0.88%         | 09/09/2025 | 88.36                        | 176,718                  | 94.71                 | 189,947            | 1.17%                               |
| OKEA ASA 9.125% 14.09.2026                | NO0013009282 | NO              |               |        | USD | 9.13%         | 14/09/2026 | 91.51                        | 183,016                  | 92.06                 | 188,929            | 1.16%                               |
| STENA 7% 01.02.2024                       | USW8758PAK22 | SE              | S&P           | BB     | USD | 7.00%         | 01/02/2024 | 90.88                        | 181,760                  | 90.94                 | 187,086            | 1.15%                               |
| INBANK SUBORDINATED 19.12.2029            | EE3300001544 | EE              |               |        | EUR | 6.00%         | 19/12/2029 | 100.00                       | 176,000                  | 100.10                | 176,205            | 1.08%                               |
| INTL PETROL 7.25% 01.02.2027              | NO0012423476 | CA              | S&P           | B      | USD | 7.25%         | 01/02/2027 | 88.39                        | 176,772                  | 85.16                 | 175,721            | 1.08%                               |
| CULLINAN HOLDCO FRN 15.10.2026            | XS2397354015 | LU              | S&P           | B      | EUR | 8.69%         | 15/10/2026 | 88.25                        | 176,500                  | 80.97                 | 165,521            | 1.02%                               |
| INBANK ALLUTA T2 9% 13.12.2033            | EE3300003714 | EE              |               |        | EUR | 9.00%         | 13/12/2033 | 100.00                       | 134,000                  | 111.25                | 149,611            | 0.92%                               |
| AIDER KONSERN FRN 20.05.2026              | NO0012520495 | NO              |               |        | NOK | 10.76%        | 20/05/2026 | 10.00                        | 149,936                  | 9.17                  | 139,038            | 0.85%                               |
| KERNEL HOLDING 6.75% 27.10.2027           | XS2244927823 | LU              | S&P           | CC     | USD | 6.75%         | 27/10/2027 | 84.61                        | 169,218                  | 60.47                 | 123,052            | 0.76%                               |
| CLEANR GRUPA FRN 09.12.2025               | LV0000802676 | LV              |               |        | EUR | 10.43%        | 09/12/2025 | 100.00                       | 120,000                  | 99.00                 | 121,942            | 0.75%                               |
| NORSKE VIKING FRN 03.05.2024 <sup>1</sup> | NO0011140402 | NO              |               |        | NOK | 12.73%        | 03/05/2024 | 10.31                        | 134,000                  | 8.95                  | 118,585            | 0.73%                               |
| VNV GL 5.5% 24.06.2024                    | SE0016275077 | SE              |               |        | SEK | 5.50%         | 24/06/2024 | 9.79                         | 122,333                  | 8.91                  | 111,491            | 0.68%                               |
| LUMINOR BANK VAR% 16.01.2026              | XS2576365188 | EE              |               |        | EUR | 7.25%         | 16/01/2026 | 100.00                       | 100,000                  | 101.90                | 108,787            | 0.67%                               |
| VNV GL 5.0% 31.01.2025                    | SE0017483019 | SE              |               |        | SEK | 5.00%         | 31/01/2025 | 9.58                         | 119,732                  | 8.51                  | 107,274            | 0.66%                               |
| DELFINGROUP FRN 25.09.2024                | LV0000850055 | LV              |               |        | EUR | 12.70%        | 25/09/2024 | 96.70                        | 96,700                   | 102.25                | 102,391            | 0.63%                               |

Statement of investments as of 31/12/2023 (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>                            |              |                 |               |        |     |               |            |                                   |                          |                       |                    |  |
| GL AGRAJES FRN 22.12.2025                | NO0010912801 | ES              |               |        | EUR | 9.92%         | 22/12/2025 | 100.00                            | 100,000                  | 101.70                | 101,894            | 0.63%                                      |
| ELKO GRUPA 6% 12.02.2026                 | LV0000870079 | LV              |               |        | EUR | 6.00%         | 12/02/2026 | 100.00                            | 100,000                  | 96.75                 | 99,033             | 0.61%                                      |
| COOP PANK 10% PERP 2022 AT1 <sup>1</sup> | EE3300002641 | EE              |               |        | EUR | 10.00%        | 30/06/2072 | 100.00                            | 100,000                  | 94.02                 | 96,492             | 0.59%                                      |
| AXACTOR FRN 15.09.2026                   | NO0011093718 | NO              | S&P           | B      | EUR | 9.28%         | 15/09/2026 | 100.00                            | 100,000                  | 95.13                 | 95,491             | 0.59%                                      |
| BIGBANK 8.0% SUBT2 16.02.2033            | EE3300003052 | EE              |               |        | EUR | 8.00%         | 16/02/2033 | 100.00                            | 88,000                   | 104.45                | 92,757             | 0.57%                                      |
| EXPLORER II 3.375% 24.02.2               | NO0010874548 | NO              |               |        | EUR | 3.38%         | 24/02/2025 | 100.00                            | 95,000                   | 91.79                 | 88,316             | 0.54%                                      |
| IUTECR 11.000% 06.10.2026                | XS2378483494 | LU              |               |        | EUR | 11.00%        | 06/10/2026 | 100.00                            | 90,000                   | 92.67                 | 85,671             | 0.53%                                      |
| MAINOR 4.75% 10.06.2026                  | EE3300002138 | EE              |               |        | EUR | 4.75%         | 10/06/2026 | 100.00                            | 82,500                   | 94.25                 | 77,963             | 0.48%                                      |
| HKSCAN 5% 24.03.2025                     | FI4000490990 | FI              |               |        | EUR | 5.00%         | 24/03/2025 | 100.07                            | 100,070                  | 76.40                 | 77,722             | 0.48%                                      |
| DDM DEBT 9% 20.04.2026                   | SE0015797683 | SE              | Fitch         | B-     | EUR | 9.00%         | 19/04/2026 | 100.00                            | 100,000                  | 70.00                 | 71,750             | 0.44%                                      |
| WALDORF 9.75% 01.10.2024 <sup>1</sup>    | NO0011100935 | GB              |               |        | USD | 9.75%         | 01/10/2024 | 84.61                             | 56,397                   | 88.44                 | 60,393             | 0.37%                                      |
| CAYBON HOLD FRN 03.12.2025               | SE0017084478 | SE              |               |        | SEK | 0.00%         | 03/12/2025 | 9.81                              | 122,674                  | 4.46                  | 58,740             | 0.36%                                      |
| BAKKGRUPPEN FRN 03.02.2025               | NO0010917750 | NO              |               |        | NOK | 11.73%        | 03/02/2025 | 9.37                              | 106,170                  | 4.62                  | 54,166             | 0.33%                                      |
| INBANK ALLUT 5.5% 15.12.2031             | EE3300002302 | EE              |               |        | EUR | 5.50%         | 15/12/2031 | 100.00                            | 56,000                   | 93.65                 | 52,453             | 0.32%                                      |
| <b>BONDS TOTAL</b>                       |              |                 |               |        |     |               |            |                                   | <b>9,769,796</b>         |                       | <b>9,836,226</b>   | <b>60.36%</b>                              |

| 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 | 08/05/2024 |                          |                       | - 2 719            | -0.02%                                     |
| <b>DERIVATIVES TOTAL</b>    |                 |                 |               |               |     |            |                          |                       | <b>- 2 719</b>     | <b>-0.02%</b>                              |
| <b>INSTRUMENTS TOTAL</b>    |                 |                 |               |               |     |            | <b>14,728,828</b>        |                       | <b>15,027,961</b>  | <b>92.22%</b>                              |

| Credit Institution    | Deposit type      | 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>      |                   |               |        |     |               |            |            |                          |                       |                    |  |
| Swedbank AS           | Overnight deposit |               |        | EUR | 1.46%         | 29/12/2023 | 30/12/2023 | 448,598                  |                       | 448,621            | 2.75%                                      |
| <b>DEPOSITS TOTAL</b> |                   |               |        |     |               |            |            |                          | <b>448,598</b>        | <b>448,621</b>     | <b>2.75%</b>                               |

\*Accrued interest in the amount of 22.43 EUR has been added to the value of deposits

## Statement of investments as of 31/12/2023 (continued)

| Name                            | Credit Institution's country | Credit Institution | FX  | Interest rate | Quantity | Average acquisition cost per unit | Market value per unit | Total market value | Share of market value of fund's net assets |
|---------------------------------|------------------------------|--------------------|-----|---------------|----------|-----------------------------------|-----------------------|--------------------|--|
| <b>CASH</b>                     |                              |                    |     |               |          |                                   |                       |                    |  |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | BGN |               |          | 13,019                            |                       | 13,019             | 0.08%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | SEK |               |          | 81,446                            |                       | 81,446             | 0.50%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | USD |               |          | 30,597                            |                       | 30,597             | 0.19%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | NOK |               |          | 485,722                           |                       | 485,722            | 2.98%                                      |
| CURRENT ACCOUNT                 | EE                           | SEB                | EUR |               |          | 286                               |                       | 286                | 0.00%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | GBP |               |          | 226,487                           |                       | 226,487            | 1.39%                                      |
| <b>CURRENT ACCOUNT TOTAL</b>    |                              |                    |     |               |          | <b>837,557</b>                    |                       | <b>837,557</b>     | <b>5.14%</b>                               |
| <b>INVESTMENTS TOTAL</b>        |                              |                    |     |               |          | <b>16,017,702</b>                 |                       | <b>16,314,138</b>  | <b>100.11%</b>                             |
| <b>OTHER ASSETS</b>             |                              |                    |     |               |          |                                   |                       |                    |  |
| DIVIDEND RECEIVABLE             |                              |                    | EUR |               |          |                                   |                       | 1 706              | 0.01%                                      |
| <b>OTHER ASSETS TOTAL</b>       |                              |                    |     |               |          |                                   |                       | <b>1 706</b>       | <b>0.01%</b>                               |
| <b>TOTAL ASSETS OF THE FUND</b> |                              |                    |     |               |          | <b>16,017,702</b>                 |                       | <b>16,315,844</b>  | <b>100.13%</b>                             |
| LIABILITIES                     |                              |                    |     |               |          |                                   |                       | -20,726            | -0.13%                                     |
| <b>NET ASSETS OF THE FUND</b>   |                              |                    |     |               |          |                                   |                       | <b>16,295,118</b>  | <b>100.00%</b>                             |

## In EUR 31/12/2022

| 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> |              |                 |               |        |     |                                   |                          |                       |                    |  |
| BP PLC-SPONS ADR                        | US0556221044 | GB              | S&P           | A-     | USD | 22.34                             | 173,133                  | 32.63                 | 252,856            | 1.93%                                      |
| ENEFIT GREEN AKTSIA                     | EE3100137985 | EE              |               |        | EUR | 3.95                              | 197,722                  | 4.38                  | 218,900            | 1.67%                                      |
| EURONEXT NV                             | NL0006294274 | NL              | S&P           | BBB+   | EUR | 84.65                             | 229,394                  | 69.16                 | 187,424            | 1.43%                                      |
| IGNITIS GRUPE AB                        | LT0000115768 | LT              | S&P           | BBB+   | EUR | 19.89                             | 172,037                  | 19.02                 | 164,523            | 1.25%                                      |
| SAGE GROUP PLC                          | GB00B8C3BL03 | GB              | S&P           | BBB+   | GBP | 7.39                              | 138,906                  | 8.43                  | 158,459            | 1.21%                                      |
| OMV PETROM SA                           | ROSNPPACNOR9 | RO              |               |        | RON | 0.06                              | 118,403                  | 0.08                  | 158,250            | 1.21%                                      |
| OMV AG                                  | AT0000743059 | AT              | Fitch         | A-     | EUR | 19.20                             | 60,049                   | 48.10                 | 150,457            | 1.15%                                      |
| HUSQVARNA AB-B                          | SE0001662230 | SE              | S&P           | BBB    | SEK | 6.55                              | 149,689                  | 6.55                  | 149,553            | 1.14%                                      |
| ENGIE LOYALTY 2023                      | FR0010208488 | FR              | S&P           | BBB+   | EUR | 9.29                              | 97,564                   | 13.39                 | 140,574            | 1.07%                                      |
| SAP SE                                  | DE0007164600 | DE              | S&P           | A      | EUR | 94.70                             | 129,744                  | 96.39                 | 132,054            | 1.01%                                      |
| SWEDBANK AB                             | SE0000242455 | SE              | S&P           | A+     | SEK | 12.61                             | 100,872                  | 15.87                 | 126,961            | 0.97%                                      |
| VISA INC                                | US92826C8394 | US              | S&P           | AA-    | USD | 182.94                            | 118,914                  | 194.06                | 126,138            | 0.96%                                      |
| TECHNOGYM SPA                           | IT0005162406 | IT              |               |        | EUR | 6.90                              | 118,613                  | 7.15                  | 122,980            | 0.94%                                      |
| TALLINK GRUPP AS                        | EE3100004466 | EE              |               |        | EUR | 0.81                              | 188,998                  | 0.52                  | 122,102            | 0.93%                                      |
| TALLINNA SADAM AS                       | EE3100021635 | EE              |               |        | EUR | 1.73                              | 145,473                  | 1.42                  | 119,424            | 0.91%                                      |
| FIELMANN AG                             | DE0005772206 | DE              |               |        | EUR | 53.20                             | 164,926                  | 37.02                 | 114,762            | 0.87%                                      |
| HAMBURGER HAFEN UND LOGISTIK            | DE000A0S8488 | DE              |               |        | EUR | 16.42                             | 155,174                  | 11.90                 | 112,455            | 0.86%                                      |
| CENTRALNIC GROUP PLC                    | GB00BCCW4X83 | GB              |               |        | GBP | 0.84                              | 46,244                   | 1.76                  | 96,993             | 0.74%                                      |
| AENA SME SA                             | ES0105046009 | ES              | Fitch         | A-     | EUR | 136.78                            | 105,317                  | 117.30                | 90,321             | 0.69%                                      |
| DANONE SA                               | FR0000120644 | FR              | S&P           | BBB+   | EUR | 55.17                             | 99,303                   | 49.23                 | 88,614             | 0.67%                                      |
| CTS EVENTIM AG and CO KGAA              | DE0005470306 | DE              |               |        | EUR | 37.47                             | 50,584                   | 59.60                 | 80,460             | 0.61%                                      |
| KRONES AG                               | DE0006335003 | DE              |               |        | EUR | 65.55                             | 49,164                   | 105.00                | 78,750             | 0.60%                                      |
| LENZING AG                              | AT0000644505 | AT              |               |        | EUR | 46.04                             | 64,460                   | 54.80                 | 76,720             | 0.58%                                      |
| AIR LIQUIDE SA                          | FR0000120073 | FR              | S&P           | A      | EUR | 115.86                            | 63,724                   | 132.40                | 72,820             | 0.55%                                      |
| RAYSEARCH LABORATORIES AB               | SE0000135485 | SE              |               |        | SEK | 8.34                              | 97,191                   | 6.09                  | 70,910             | 0.54%                                      |
| SIXT SE PRFD                            | DE0007231334 | DE              |               |        | EUR | 41.01                             | 47,159                   | 54.50                 | 62,675             | 0.48%                                      |
| KONE OYJ                                | FI0009013403 | FI              |               |        | EUR | 47.84                             | 58,847                   | 48.30                 | 59,409             | 0.45%                                      |
| THULE GROUP AB                          | SE0006422390 | SE              |               |        | SEK | 23.38                             | 64,289                   | 19.49                 | 53,588             | 0.41%                                      |
| JCDECAUX SA                             | FR0000077919 | FR              | S&P           | BBB-   | EUR | 16.66                             | 49,989                   | 17.72                 | 53,160             | 0.40%                                      |
| FRESENIUS MEDICAL CARE AG               | DE0005785802 | DE              | S&P           | BBB    | EUR | 63.05                             | 100,881                  | 30.57                 | 48,912             | 0.37%                                      |
| ALIBABA GROUP HOLDING LTD               | US01609W1027 | CH              | S&P           | A+     | USD | 192.58                            | 101,103                  | 82.28                 | 43,198             | 0.33%                                      |
| ADIDAS AG                               | DE000A1EWWW0 | DE              | S&P           | A+     | EUR | 202.11                            | 56,591                   | 127.46                | 35,689             | 0.27%                                      |
| EUROCELL PLC                            | GB00BVV2KN49 | GB              |               |        | GBP | 2.60                              | 51,911                   | 1.67                  | 33,348             | 0.25%                                      |

## Statement of investments as of 31/12/2022 (continued)

| 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>           |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| HERMAN MILLER INC                                 | US6005441000 | US              | S&P                           | BB     | USD | 20.47                             | 27,637                   | 19.62                 | 26,493             | 0.20%                                      |
| DETSKY MIR PJSC                                   | RU000A0JSQ90 | RU              |                               |        | USD | 1.56                              | 194,704                  | 0.00                  | 0                  | 0.00%                                      |
| MAGNIT PJSC                                       | RU000A0JKQU8 | RU              |                               |        | USD | 86.94                             | 199,965                  | 0.00                  | 0                  | 0.00%                                      |
| POLYUS PJSC                                       | RU000A0JNAA8 | RU              | Fitch                         | WD     | USD | 167.76                            | 100,655                  | 0.00                  | 0                  | 0.00%                                      |
| <b>SHARES TOTAL</b>                               |              |                 |                               |        |     |                                   | <b>4,089,326</b>         |                       | <b>3,629,932</b>   | <b>27.64%</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        |
| <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                  | 1.02                  | 230,413            | 1.75%                                      |
| <b>CLOSED-END FUNDS TOTAL</b>                     |              |                 |                               |        |     |                                   | <b>180,932</b>           |                       | <b>230,413</b>     | <b>1.75%</b>                               |
| <b>EXCHANGE TRADED COMMODITIES:</b>               |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| XTRACKER IE PHYSICAL GOLD ETC                     | DE000A2T0VU5 | DE              | DEUTCHE BANK AG               |        | EUR | 22.05                             | 377,662                  | 26.31                 | 450,601            | 3.43%                                      |
| <b>EXCHANGE TRADED COMMODITIES TOTAL</b>          |              |                 |                               |        |     |                                   | <b>377,662</b>           |                       | <b>450,601</b>     | <b>3.43%</b>                               |
| <b>EXCHANGE TRADED FUNDS:</b>                     |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| KRANESHARES CSI CHINA INTERNET ETF                | IE00BFXR7892 | CH              | WAYSTONE MANAGEMENT COMPANY   |        | USD | 25.20                             | 216,719                  | 18.89                 | 162,425            | 1.24%                                      |
| <b>EXCHANGE TRADED FUNDS TOTAL</b>                |              |                 |                               |        |     |                                   | <b>216,719</b>           |                       | <b>162,425</b>     | <b>1.24%</b>                               |
| <b>VENTURE CAPITAL FUNDS:</b>                     |              |                 |                               |        |     |                                   |                          |                       |                    |  |
| Specialist VC Primary and Secondary Fund -        |              | EE              | Specialist Fund Management OÜ |        | EUR | 1.00                              | 38,922                   | 0.90                  | 35,205             | 0.27%                                      |
| <b>VENTURE CAPITAL FUNDS TOTAL</b>                |              |                 |                               |        |     |                                   | <b>38,922</b>            |                       | <b>35,205</b>      | <b>0.27%</b>                               |
| <b>FUNDS TOTAL</b>                                |              |                 |                               |        |     |                                   | <b>814,235</b>           |                       | <b>878,643</b>     | <b>6.69%</b>                               |
| <b>SHARES AND FUNDS TOTAL</b>                     |              |                 |                               |        |     |                                   | <b>4,903,561</b>         |                       | <b>4,508,575</b>   | <b>34.33%</b>                              |

**Statement of investments as of 31/12/2022 (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>                             |              |                 |               |        |     |               |            |                                   |                          |                       |                    |  |
| CAPITALICA BALT 6.50% 30.10.23            | LT0000404725 | LT              |               |        | EUR | 6.50%         | 30/10/2023 | 102.18                            | 306,531                  | 100.00                | 303,250            | 2.31%                                      |
| INVESTMIRA 6.000% 28.12.2023 <sup>1</sup> | LT0000405334 | LT              |               |        | EUR | 6.00%         | 28/12/2023 | 100.00                            | 200,000                  | 100.00                | 206,017            | 1.57%                                      |
| ADMIRAL MK ALLUT 8% 05.02.31              | EE3300001999 | EE              |               |        | EUR | 8.00%         | 05/02/2031 | 100.00                            | 200,000                  | 98.57                 | 203,578            | 1.55%                                      |
| EASTNINE FRN 08.07.2024                   | SE0013719788 | SE              |               |        | EUR | 5.00%         | 08/07/2024 | 100.00                            | 200,000                  | 99.77                 | 202,351            | 1.54%                                      |
| BALTIC HORIZON 4.250% 08.05.23            | EE3300111467 | EE              |               |        | EUR | 4.25%         | 08/05/2023 | 100.20                            | 200,400                  | 100.00                | 201,228            | 1.53%                                      |
| ARCO VARA 10% 13.12.2024 <sup>1</sup>     | EE3300003003 | EE              |               |        | EUR | 10.00%        | 13/12/2024 | 100.00                            | 200,000                  | 100.00                | 200,889            | 1.53%                                      |
| MAXIMA 6.250% 12.07.2027                  | XS2485155464 | LT              | S&P           | BB+    | EUR | 6.25%         | 12/07/2027 | 98.96                             | 197,922                  | 97.40                 | 200,647            | 1.53%                                      |
| ADVANZIA FRN SUBORD 24.03.31              | NO0010955909 | LU              |               |        | EUR | 5.25%         | 24/03/2031 | 100.00                            | 200,000                  | 97.88                 | 195,873            | 1.49%                                      |
| B2 HOLDING ASA FRN 22.09.2026             | NO0012704107 | NO              | S&P           | B+     | EUR | 8.98%         | 22/09/2026 | 100.00                            | 200,000                  | 97.00                 | 194,399            | 1.48%                                      |
| MEDIA AND GAMES FRN 21.06.26              | SE0018042277 | MT              |               |        | EUR | 8.31%         | 21/06/2026 | 98.00                             | 196,000                  | 95.81                 | 192,031            | 1.46%                                      |
| CULLINAN HOLDCO FRN 15.10.2026            | XS2397354015 | LU              | S&P           | B+     | EUR | 7.04%         | 15/10/2026 | 88.25                             | 176,500                  | 94.38                 | 191,275            | 1.46%                                      |
| STENA 7% 01.02.2024                       | USW8758PAK22 | SE              |               |        | USD | 7.00%         | 01/02/2024 | 90.88                             | 181,760                  | 90.84                 | 187,086            | 1.42%                                      |
| INTL PETROL 7.25% 01.02.2027              | NO0012423476 | CA              | S&P           | B      | USD | 7.25%         | 01/02/2027 | 88.39                             | 176,772                  | 87.33                 | 180,274            | 1.37%                                      |
| BEERENBERG FRN NOK 13.11.2023             | NO0010904782 | NO              |               |        | NOK | 8.79%         | 13/11/2023 | 10.40                             | 189,852                  | 9.63                  | 178,284            | 1.36%                                      |
| INBANK SUBORDINATED 19.12.2029            | EE3300001544 | EE              |               |        | EUR | 6.00%         | 19/12/2029 | 100.00                            | 176,000                  | 98.24                 | 172,952            | 1.32%                                      |
| BIGBANK 8.000% SUBT2 21.09.203            | EE3300002690 | EE              |               |        | EUR | 8.00%         | 21/09/2032 | 100.00                            | 164,000                  | 102.25                | 171,334            | 1.30%                                      |
| LHV GROUP VAR% 09.09.2025                 | XS2379637767 | EE              |               |        | EUR | 0.88%         | 09/09/2025 | 88.36                             | 176,718                  | 85.00                 | 170,536            | 1.30%                                      |
| LHV GROUP SUBORDIN 28.11.28               | EE3300111558 | EE              |               |        | EUR | 6.00%         | 28/11/2028 | 100.00                            | 166,000                  | 99.40                 | 165,889            | 1.26%                                      |
| LUMINOR BANK VAR% 29.08.24                | XS2523337389 | EE              |               |        | EUR | 5.00%         | 29/08/2024 | 100.00                            | 150,000                  | 99.20                 | 151,327            | 1.15%                                      |
| MAINOR ULEMISTE 5.5% 05.04.23             | EE3300111343 | EE              |               |        | EUR | 5.50%         | 05/04/2023 | 100.00                            | 150,000                  | 98.75                 | 150,073            | 1.14%                                      |
| AIDER KONSERN FRN 20.05.26                | NO0012520495 | NO              |               |        | NOK | 9.33%         | 20/05/2026 | 10.00                             | 149,936                  | 9.30                  | 140,953            | 1.07%                                      |
| WALDORF 9.75% 01.10.2024 <sup>1</sup>     | NO0011100935 | GB              |               |        | USD | 9.75%         | 01/10/2024 | 84.61                             | 112,812                  | 94.10                 | 128,469            | 0.98%                                      |
| NOR5KE VIKING FRN 03.05.2024 <sup>1</sup> | NO0011140402 | NO              |               |        | NOK | 8.75%         | 03/05/2024 | 10.31                             | 134,000                  | 9.53                  | 126,076            | 0.96%                                      |
| CLEANR GRUPA FRN EUR 09.12.25             | LV0000802676 | LV              |               |        | EUR | 8.70%         | 09/12/2025 | 100.00                            | 120,000                  | 100.00                | 120,539            | 0.92%                                      |
| SEAMLESS DISTR FRN 05.05.2024             | SE0015811914 | SE              |               |        | SEK | 8.75%         | 05/05/2024 | 9.89                              | 123,578                  | 8.87                  | 112,655            | 0.86%                                      |
| VNV GL 5.5% 24.06.2024                    | SE0016275077 | SE              |               |        | SEK | 5.50%         | 24/06/2024 | 9.79                              | 122,333                  | 8.48                  | 106,116            | 0.81%                                      |
| VNV GL 5.0% 31.01.2025                    | SE0017483019 | SE              |               |        | SEK | 5.00%         | 31/01/2025 | 9.58                              | 119,732                  | 8.23                  | 103,869            | 0.79%                                      |
| JOTTA GRP FRN 28.05.2025                  | NO0010998586 | NO              |               |        | NOK | 7.31%         | 28/05/2025 | 9.99                              | 109,901                  | 9.27                  | 102,853            | 0.78%                                      |
| COOP PANK 10% PERP 2022 AT1 <sup>1</sup>  | EE3300002641 | EE              |               |        | EUR | 10.00%        | 30/06/2072 | 100.00                            | 100,000                  | 100.00                | 102,500            | 0.78%                                      |
| LAKERS FRN 09.06.2025                     | NO0011017113 | SE              |               |        | NOK | 6.28%         | 09/06/2025 | 10.21                             | 112,259                  | 9.26                  | 102,451            | 0.78%                                      |
| ELKO GRUPA 6% 12.02.2026                  | LV0000870079 | LV              |               |        | EUR | 6.00%         | 12/02/2026 | 100.00                            | 100,000                  | 100.00                | 102,300            | 0.78%                                      |
| IUTECR 13.000% 07.08.2023                 | XS2033386603 | LU              |               |        | EUR | 13.00%        | 07/08/2023 | 100.00                            | 100,000                  | 96.69                 | 101,808            | 0.78%                                      |
| BAKKGRUPPEN FRN NOK 03.02.2025            | NO0010917750 | NO              |               |        | NOK | 7.75%         | 03/02/2025 | 9.65                              | 106,170                  | 9.04                  | 101,143            | 0.77%                                      |
| GL AGRAJES FRN EUR 22.12.2025             | NO0010912801 | ES              |               |        | EUR | 6.00%         | 22/12/2025 | 100.00                            | 100,000                  | 99.72                 | 99,901             | 0.76%                                      |



## Statement of investments as of 31/12/2022 (continued)

| 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                           | Swedbank           | EUR |               |          |                                   | 806,087                  |                       | 806,087            | 6.14%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | BGN |               |          |                                   | 229,894                  |                       | 229,894            | 1.75%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | SEK |               |          |                                   | 14,711                   |                       | 14,711             | 0.11%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | USD |               |          |                                   | 66,282                   |                       | 66,282             | 0.50%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | PLN |               |          |                                   | 191,560                  |                       | 191,560            | 1.43%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | RSD |               |          |                                   | 2,388                    |                       | 2,388              | 0.02%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | NOK |               |          |                                   | 56,182                   |                       | 56,182             | 43.00%                                     |
| CURRENT ACCOUNT                 | EE                           | SEB                | EUR |               |          |                                   | 649,994                  |                       | 649,994            | 4.95%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | GBP |               |          |                                   | 5,201                    |                       | 5,201              | 0.04%                                      |
| CURRENT ACCOUNT                 | EE                           | Swedbank           | RON |               |          |                                   | 22,140                   |                       | 22,140             | 0.17%                                      |
| <b>CURRENT ACCOUNT TOTAL</b>    |                              |                    |     |               |          |                                   | <b>2,044,439</b>         |                       | <b>2,044,439</b>   | <b>15.57%</b>                              |
| <b>INVESTMENTS TOTAL</b>        |                              |                    |     |               |          |                                   | <b>13,771,588</b>        |                       | <b>13,149,008</b>  | <b>100.13%</b>                             |
| <b>OTHER ASSETS</b>             |                              |                    |     |               |          |                                   |                          |                       |                    |  |
| DIVIDEND RECEIVABLE             |                              |                    | EUR |               |          |                                   |                          |                       | 166                | 0.00%                                      |
| <b>OTHER ASSETS TOTAL</b>       |                              |                    |     |               |          |                                   |                          |                       | <b>166</b>         | <b>0.00%</b>                               |
| <b>TOTAL ASSETS OF THE FUND</b> |                              |                    |     |               |          |                                   | <b>13,771,588</b>        |                       | <b>13,149,174</b>  | <b>100.13%</b>                             |
| LIABILITIES                     |                              |                    |     |               |          |                                   |                          |                       | 17,915             | -0.13%                                     |
| <b>NET ASSETS OF THE FUND</b>   |                              |                    |     |               |          |                                   |                          |                       | <b>13,131,259</b>  | <b>100.00%</b>                             |



## STATEMENT OF COMMISSIONS

In EUR

01/01/2023-31/12/2023

|  | Number of<br>transactions | Volume of<br>transactions | Total<br>commissions<br>paid | Weighted<br>average<br>fee |
|--|---------------------------|---------------------------|------------------------------|----------------------------|
| <b>Regulated securities market transactions*</b> |                           |                           |                              |                            |
| <b>Shares</b>                                    |                           |                           |                              |                            |
| Erste Group Bank AG                              | 1                         | 74,137                    | 52                           | 0.07%                      |
| Wood and Company Financial Services a.s.         | 5                         | 421,875                   | 1,215                        | 0.29%                      |
| Swiss Capital S.A.                               | 1                         | 224,547                   | 450                          | 0.20%                      |
| Pareto Securities AS                             | 1                         | 158,273                   | 142                          | 0.09%                      |
| SEB Pank AS                                      | 1                         | 47,878                    | 72                           | 0.15%                      |
| Baader Bank AG (CACEIS Bank S.A.)                | 4                         | 356,602                   | 356                          | 0.10%                      |
| <b>OTC trades</b>                                |                           |                           |                              |                            |
| <b>Investment funds</b>                          | 5                         | 26,185                    | 0                            | 0.00%                      |
| <b>Corporate actions</b>                         | 26                        | 1,996,956                 | 0                            | 0.00%                      |
| <b>Bonds issue</b>                               |                           |                           |                              |                            |
| Redgate Capital                                  | 1                         | 600,000                   | 0                            | 0.00%                      |
| Pareto Securities AS                             | 3                         | 494,201                   | 0                            | 0.00%                      |
| Banca Promos SPA                                 | 3                         | 609,015                   | 0                            | 0.00%                      |
| Inbank   | 1                         | 134,000                   | 0                            | 0.00%                      |
| Signet Bank                                      | 1                         | 201,184                   | 0                            | 0.00%                      |
| Luminor Bank AS Lithuanian Branch                | 4                         | 888,537                   | 0                            | 0.00%                      |
| Arctic Securities AS                             | 1                         | 300,000                   | 0                            | 0.00%                      |
| Šiauliu bankas AB                                | 1                         | 300,000                   | 0                            | 0.00%                      |
| Bigbank AS                                       | 1                         | 89,000                    | 0                            | 0.00%                      |
| LHV PANK AS                                      | 1                         | 36,000                    | 0                            | 0.00%                      |
| <b>Bonds</b>                                     |                           |                           |                              |                            |
| Pareto Securities AS                             | 3                         | 314,897                   | 0                            | 0.00%                      |
| Banca Promos SPA                                 | 2                         | 445,518                   | 0                            | 0.00%                      |
| Avaron Emerging Europe Fund                      | 1                         | 157,000                   | 0                            | 0.00%                      |
| SEB Pank AS                                      | 9                         | 493,062                   | 0                            | 0.00%                      |
| J.P. Morgan                                      | 2                         | 605,612                   | 0                            | 0.00%                      |
| Ashenden Finance SA                              | 2                         | 627,416                   | 0                            | 0.00%                      |
| <b>TOTAL</b>                                     | <b>80</b>                 | <b>9,601,895</b>          | <b>2,287</b>                 | <b>0.02%</b>               |

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

In EUR

01/01/2022-31/12/2022

|   | 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.            | 15                     | 999,863                | 1,505                  | 0.15%                |
| SEB Pank AS   | 5                      | 370,207                | 475                    | 0.13%                |
| Pareto Securities AS                                | 3                      | 211,841                | 191                    | 0.09%                |
| Baader Bank AG (CACEIS Bank S.A.)                   | 2                      | 128,183                | 318                    | 0.25%                |
| Santander Biuro Maklerskie                          | 1                      | 112,075                | 67                     | 0.06%                |
| Erste Group Bank AG                                 | 1                      | 61,400                 | 43                     | 0.07%                |
| <b>Third country securities market transactions</b> |                        |                        |                        |                      |
| <b>Shares</b>                                       |                        |                        |                        |                      |
| OYAK Yatirim Menkul Degerler A.S.                   | 2                      | 139,856                | 70                     | 0.05%                |
| <b>OTC transactions</b>                             |                        |                        |                        |                      |
| <b>Investment funds</b>                             | 5                      | 38,922                 |                        |                      |
| <b>Corporate actions</b>                            | 11                     | 535,384                |                        |                      |
| <b>Early redemption</b>                             | 1                      | 200,000                |                        |                      |
| <b>Final maturity</b>                               | 1                      | 100,000                |                        |                      |
| <b>Rights exercise</b>                              | 1                      | 3,531                  |                        |                      |
| <b>Bond issue</b>                                   |                        |                        |                        |                      |
| Luminor Bank AS Lithuanian Branch                   | 3                      | 524,956                |                        |                      |
| Pareto Securities AS                                | 3                      | 496,504                |                        |                      |
| Arco Vara AS  | 1                      | 200,000                |                        |                      |
| Bigbank AS  | 1                      | 164,000                |                        |                      |
| ABG Sundal Collier ASA                              | 1                      | 149,936                |                        |                      |
| Signet Bank   | 1                      | 120,000                |                        |                      |
| Coop Pank AS  | 1                      | 100,000                |                        |                      |
| <b>Bonds</b>  |                        |                        |                        |                      |
| Pareto Securities AS                                | 2                      | 298,399                |                        |                      |
| Signet Bank   | 2                      | 197,935                |                        |                      |
| Banca Promos SPA                                    | 1                      | 176,602                |                        |                      |
| SEB Pank AS   | 2                      | 150,974                |                        |                      |
| ESTO Holdings OÜ                                    | 1                      | 100,000                |                        |                      |
| Arctic Securities AS                                | 1                      | 86,274                 |                        |                      |
| <b>TOTAL</b>  | <b>68</b>              | <b>5,666,843</b>       | <b>2,669</b>           | <b>0.05%</b>         |

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

## REPORT ON REMUNERATION OF THE FUND MANAGEMENT COMPANY

The remuneration principles of all Avaron employees including investment managers and risk-takers are set in the Company's Remuneration Policy. The remuneration of Avaron employees consists of fixed and variable remuneration. The total remuneration is based on local labour market conditions, and is designed so as to achieve a reasonable balance between the fixed and variable components of the salary.

Avaron employees receive a fixed salary, which reflects relevant professional experience and organisational responsibility as set out in the employee's job description. Variable remuneration depends on the performance of the employee, the business unit concerned and Avaron's overall results. The assessment of the performance is set in a three-year framework, to ensure, that the assessment process is based on longer-term performance taking into account the business cycle of the Company and its business risks. After awarding a bonus to the employees the Company has a three-year period during which it has the right to reduce the bonus, stop the payments of the announced bonus or even require partial or full repayment. The full Remuneration Policy of AS Avaron Asset Management can be downloaded here [www.avaron.com/documents](http://www.avaron.com/documents).

The Fund Management Company employed 15 specialists as at the end of 2023 (end-2022: 17 specialists). Total remuneration amounted to:

In EUR

|   | <b>2023</b>    | <b>2022</b>    |
|---|----------------|----------------|
| Wages and salaries                                  | 435,116        | 481,111        |
| Social tax and unemployment insurance contributions | 161,811        | 184,480        |
| <b>Total</b>  | <b>596,927</b> | <b>665,591</b> |
| incl. bonus program cost with applicable taxes      | 76,353         | 81,453         |

The Members of the Management Board did not receive extra remuneration for participating in the work of the managing bodies. Independent member of the Supervisory Board did not receive any payments with applicable social tax in the financial year 2023 (2022: EUR 2,993).

No remuneration has been paid by the Fund.

## INDEPENDENT CERTIFIED AUDITOR'S REPORT

*Independent auditor's report is available in Estonian at Avaron's website:*  
<https://avaron.ee/dokumendid/>