

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product	Avaron Flexible Strategies Fund
ISIN	EE3500100922
Fund Management Company	AS Avaron Asset Management
Contacts	https://avaron.com/ , e-mail: avaron@avaron.com , tel. +372 6644 205

The Fund and Fund Management Company are authorized in Estonia and their activity is under a supervision of the Estonian Financial Supervision and Resolution Authority. This key information was last updated on February 7, 2024

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type	Public common alternative investment fund (AIF)
Objectives	<p>The Fund primarily invests in attractively valued equities and high yield bonds of European companies with an objective to grow Unitholders' assets over the long term. As Avaron follows stock-picking and value investing principles, the Fund mainly invests into single stocks and single bonds but from time to time also uses exchange traded investment funds (ETFs). Although the Fund's geographical focus is European listed equities and corporate bonds, it can invest globally in all liquid asset classes. The Fund is actively managed and combines Avaron's investment team's best investment opportunities.</p> <p>The Fund's risk level and allocation to equities varies over time based on Avaron's investment managers' view on bottom-up investment opportunities, top-down trends and market cycle. Thus, for example, if Avaron's investment team finds attractive opportunities in the market, the Fund may be 70% invested in equities while if opportunities are scarce, the share of equities might fall to 20%. An investor can monitor the Fund's asset allocation positioning on monthly basis from the Fund factsheet disclosed on Avaron website. The asset allocation of the Fund is not tied to a benchmark but index is used for performance fee calculation. The Fund performs sectorial ESG (Environmental, Social and Governance) exclusions but does not promote environmental and social characteristics and does not have a sustainable investment as its main objective.</p> <p>Fund units are issued on every banking day and redeemed with 10 banking days prior notice. The switching of units with the units of other funds managed by the Management Company is allowed. There is no minimum investment. The Fund does not charge any subscription fee or redemption fee.</p> <p>The unitholder's return on their investment into the Fund is reflected in the increase or decrease of the net asset value of the unit. The Fund's return is determined on daily basis by the increase and decrease in value of the financial instruments in which the Fund invests. Proceeds from the Fund's investments shall be reinvested, no distributions shall be made to the investors. The return on an investment into the Fund or achievement of its investment objective is not guaranteed.</p> <p>More information about Fund's investment policy and restrictions is available in Fund's prospectus.</p>
Intended retail investor	<p>Fund is intended for an investor</p> <ul style="list-style-type: none"> • who seeks long-term capital growth and who plans to hold the investment for at least 5 years; • who does not have the time, sufficient knowledge and desire to make asset allocation and investment decisions themselves and would like Avaron team to manage their investments' allocation between different asset classes (equities, bonds, commodities) and securities to invest in through market cycles; • who understands that the money invested in the Fund may both increase and decrease in value and that it is not certain that the entire capital invested can be returned; • who has prior experience with investing into investment products.
Maturity	The Fund is open-ended and has no maturity. The Fund may be terminated only with the resolution of the Management Company's management board, or pursuant to the imperative provisions of the Applicable Law subject to the prior approval of the Financial Supervision Authority. More information about liquidation of the Fund is available in fund rules.
Other information	<p>Fund's depositary is Swedbank AS (registry code 10060701).</p> <p>Fund rules and prospectus, annual and/or semi-annual reports are available at the Management Company's website https://avaron.com/documents/ or obtainable free of charge on request from the Management Company.</p> <p>Fund NAV is calculated daily and published at: https://avaron.com/our-products/flex/</p>

What are the risks and what could I get in return?

Summary risk indicator



The risk indicator assumes that you keep the product for 5 years.

The actual risk can vary significantly if you cash in at an early stage and you may get back less. The summary risk indicator provides an indication of the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets.

We have classified this product as 2 out of 7 which is a low risk class. This means that the Fund has a low risk of increases and

decreases in the unit value. The indicator primarily reflects the increase and decrease in the value of the securities in which the Fund has invested. The category may change over time. Risk indicator calculations include a period when the Fund's strategy was capital preservation. Today the Fund follows a more flexible and growth orientated strategy, thus the Fund's risk category should be considered medium.

Various risks relate to investing into the Fund that are not captured by the risk indicator such as risk of unsuccessful asset allocation decisions, issuer-specific price risk, credit risk and interest rate risk.

More information on risks that may have effect on the outcome of the investment into the Fund is available in Fund's prospectus in chapter related to risks.

Performance scenarios

The figures shown include all the costs of the Fund itself. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Your investment return from this Fund depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted.

Recommended holding period: 5 years			
Investment example: 10,000 EUR			
Scenarios		1 year	5 years
Minimum	There is no minimum guaranteed return. You could lose some or all of your investment.		
Stress scenario	What you might get back after costs	4,160 EUR	7,310 EUR
	Average return each year	-58.4%	-6.1%
Unfavourable scenario	What you might get back after costs	9,040 EUR	10,110 EUR
	Average return each year	-9.6%	0.2%
Moderate scenario	What you might get back after costs	10,330 EUR	11,230 EUR
	Average return each year	3.3%	2.3%
Favourable scenario	What you might get back after costs	11,710 EUR	12,340 EUR
	Average return each year	17.1%	4.3%

The unfavourable, moderate, and favourable scenarios shown are illustrations using the worst, average, and best performance of the Fund over the last 10 years.

The stress scenario shows what you might get back in extreme market circumstances. This type of scenarios occurred for an investment between the following time periods:

Unfavourable: March 2015 - March 2020

Moderate: September 2014 - September 2019

Favourable: December 2018 - December 2023

What happens if AS Avaron Asset Management is unable to pay out?

By law, the Fund's assets must be held separate from the assets of the Fund Management Company. The Fund has a depositary Swedbank AS who is responsible for safekeeping the assets of the Fund. In the event of the bankruptcy of the Fund Management Company, the management of the Fund is taken over by the depositary Swedbank AS. There is no compensation or guarantee scheme in place for investors in the Fund.

What are the costs?

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the Fund and how well the Fund performs. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

Costs over time

We have assumed:

- In the first year you would get back the amount that you invested (0 % annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario.
- EUR 10,000 is invested

	If you exit after 1 year	If you exit after 5 years (recommended holding period)
Total costs	166 EUR	939 EUR
Annual cost impact*	1.7%	1.7% each year

* This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be 4.0% before costs and 2.3% after costs.

Composition of costs (amounts in euro are based on an investment of 10,000 euro)

One-off costs upon entry or exit		
Entry costs	No entry fee	0 EUR
Exit costs	No exit fee	0 EUR
Ongoing costs		
Management fees and other administrative or operating costs	1.2% of the value of your investment per year. This is an estimate based on actual costs over the last year.	120 EUR
Transaction costs	0.1% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	9 EUR
Incidental costs taken under specific conditions		
Performance fee	0.4%. Performance fee is 10% of the amount that the Unit return exceeds the reference index return (positive relative return), provided the Unit had a positive performance over a calendar year. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years.	37 EUR

How long should I hold it and can I take my money out early?

Recommended holding period: 5 years

The Fund has no minimum required holding period. However, since the Fund invests in equities, it is suitable for a medium to long investment horizon. You should be prepared to hold the Fund for at least 5 years. You have the option to sell your Fund units any time taking into account the prior notice period of 10 business days.

How can I complain?

If you wish to make a complaint about the Fund you may turn to the Fund Management Company by phone +372 6644 205 or via e-mail avaron@avaron.com. Handling Client Complaints Policy is available on Fund Management Company's website <https://avaron.com/documents/>. You can also contact the Estonian Financial Supervision and Resolution Authority (address Sakala 4, Tallinn 15030, <https://www.fi.ee/en>) for advice and explanations.

Other relevant information

Complete information about the Fund is available in Fund's prospectus and fund rules. Prospectus and fund rules, the current version of this key information document, the Fund's annual and/or semi-annual reports are available at <https://avaron.com/documents/> or may be obtained free of charge from the Fund Management Company.

Past performance: Information about the past 10 calendar year performance of the Fund is available on Fund's prospectus.

Historical performance scenarios: Previously published performance scenarios are available at <https://avaron.com/our-products/flex/>