

Investment objectives & Investor profile

Avaron High Yield Bond Fund invests in high yield corporate bonds in Europe, with focus on the Baltics and Emerging Europe. The portfolio is spread across different companies, sectors and countries. We aim to invest in bonds yielding 7%+ per annum. Avaron and Avaron group companies are the Fund's largest investors with over 3M euros.

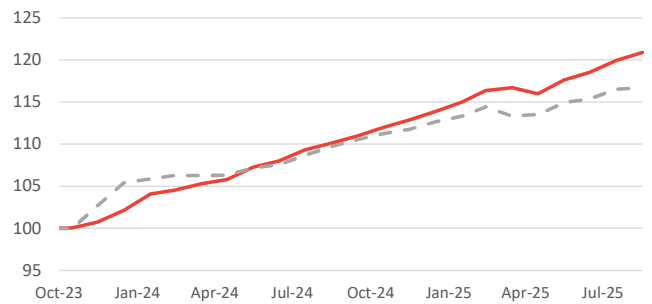
Returns*	Fund	Index	Excess
1 month	0.8%	0.2%	0.6%
3 months	2.8%	1.6%	1.2%
6 months	3.9%	2.0%	1.9%
YTD	6.2%	3.6%	2.5%
1 year	9.8%	6.4%	3.4%
Since launch**	20.9%	16.7%	4.2%

* Fund A unit, Index is Europe liquid high yield index (Markit iBoxx EUR Liquid High Yield Index TRI)

** Fund performance since 16.10.2023

Returns*	Fund	Index	Excess
2025 YTD	6.2%	3.6%	2.5%
2024	11.5%	6.9%	4.6%

Performance since launch



— FUND NAV, A unit*

- - Europe liquid high yield index (Markit iBoxx EUR Liquid High Yield Index TRI)*

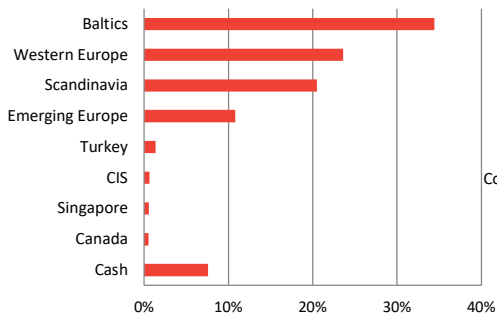
*Rebased (October 2023 = 100)

Past performance is not a guarantee or indicative of future results.

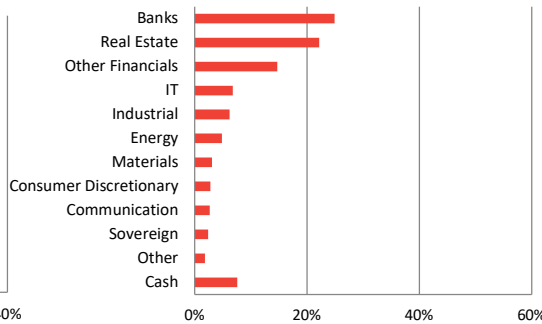


The risk indicator assumes that you keep the Fund for 2 years

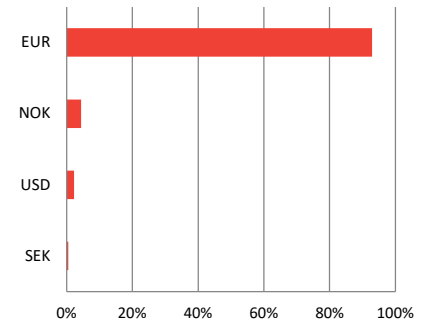
Breakdown by country



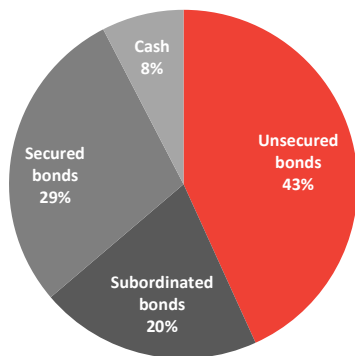
Breakdown by sector



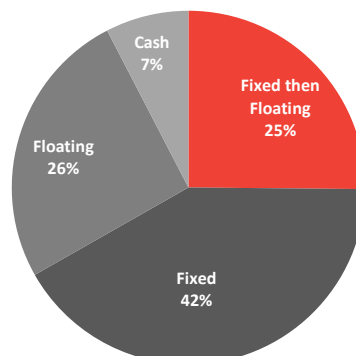
Breakdown by currency



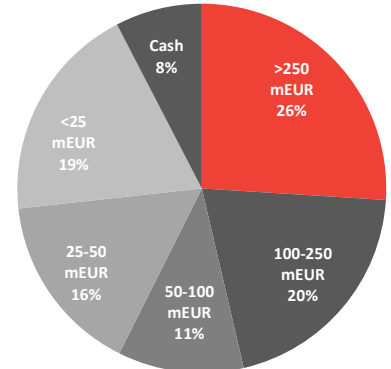
Breakdown by type



Breakdown by coupon type



Breakdown by issue size



Bond portfolio statistics

31/08/2025

Maturity (years)	14.6
Maturity to call (years)	3.0
Yield to maturity (YTM)	8.1%
Cash adjusted yield to maturity	7.5%
Yield to worst (YTW)	7.3%
Portfolio current yield (CY)	8.2%
Share of perpetuals	22.0%
Current yield of perpetuals	8.5%
Modified duration (%)*	2.5

* Duration is calculated based on the assumption that perpetual instruments are called at first call date.

Fund statistics

Number of bonds	87
Number of issuers	72

Fund facts - Avaron High Yield Bond Fund

Investment Manager	AS Avaron Asset Management
Fund type	UCITS (launch October 2023)
Asset class	Bonds
Currency and domicile	EUR, Estonia

Dividends	reinvested
Fund size	33.6 MEUR
Avaron's ownership	3.4 MEUR
Total AUM	304.5 MEUR

Supervised by	Estonian FSA
Custodian	Swedbank AS
Transfer Agent	Swedbank AS
NAV calculation	Swedbank AS
External auditor	KPMG
Internal auditor	PWC

NAV frequency	Daily
Subscription of units	Daily, cut-off 10am CET

Redemptions:	
<100 000 EUR	Daily, cut-off 10am CET
100k-500k EUR	notice period 10 business days, cut-off 10am CET
500k-3M EUR	at month-end NAV with 1 month notice, cut-off 1st business day 10am CET
> 3M EUR	at month-end NAV with 2 months notice, cut-off 1st business day 10am CET

Public offering	Estonia, Latvia, Lithuania
Fund documents & prospectus	https://avaron.com/our-products/hybondfund/

Fund Fees	A Unit	B Unit	C Unit	D Unit
ISIN	EE3600001855	EE3600001863	EE3600001897	EE3600001905
Min. initial investment	100 EUR	100 EUR	250 000 EUR	1 000 000 EUR
Front-end load*	0.50%	0.50%	0.50%	0.50%
Management fee	0.90%	0.30%	0.75%	0.55%
Performance fee	-	9% of return, high-water mark	-	-
Back-end load	-	-	-	-
Bloomberg RIC	AVHYBFA ET LP68855624	AVHYBFB ET LP68855625	AVHYBFC ET LP68855626	AVHYBFD ET LP68855627
NAV as of 31-Aug-2025	12.0901 EUR	11.9863 EUR	10.7634 EUR	10.7807 EUR

*A subscription fee of 0.5% of the subscription amount is applied to unit subscriptions. The subscription fee is transferred to the Fund and is the income of the Fund.

Contact Information

Avaron Asset Management
Narva mnt 7D, 10117 Tallinn
ESTONIA
Phone: +372 66 44 205
Fax: +372 66 44 201
E-mail: info@avaron.com
www.avaron.com

About Avaron Asset Management

Avaron is an independent asset management boutique founded in 2007 by Kristel Kivinurm-Priisalm, Valdur Jaht and Peter Priisalm. We invest the assets of private individuals, companies and institutional investors. We have experience in investing in high yield corporate bonds since 2008. Avaron manages the Avaron Flexible Strategies Fund, which invests in European bonds and stocks, and the Avaron Emerging Europe Fund, which invests in stocks in the Eastern European region. Over 500 investors have trusted our team to manage over 300 million euros of their assets. Avaron has one of the largest teams investing in the stock and bond markets in Estonia. We employ 18 dedicated professionals, including three investment managers and four analysts. We have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). We are supervised by the Estonian Financial Supervision Authority.



Kristel Kivinurm-Priisalm

Managing Partner,
Head of Investor Relations
Tel: +372 511 2242
info@avaron.com



Peter Priisalm

Partner, co-CIO,
Investment Manager



Valdur Jaht

Partner, co-CIO,
Investment Manager



Rain Leesi, CFA

Investment Manager,
Head of Research

Read more about Avaron: <https://avaron.com/>
Read more about our team: <https://avaron.com/our-company/team/>

Important Legal Information

The information presented in this material about the fund, its management, investments and related fees is not complete. Source documents of the fund are the fund rules and prospectus. For additional information turn to AS Avaron Asset Management: phone +372 664 4205, e-mail invest@avaron.com, address Tallinn Narva mnt. 7D.

An investment in the fund entails various risks that may affect the return on the investment. A more detailed overview of the risks associated with investing in the fund is provided in the fund's prospectus. The investor should accept that the preservation or growth of the investment placed in the net asset value of the unit is not guaranteed. The net asset value of a unit can fluctuate significantly, and investing can result in profit or loss. If the risks materialize, the investor may lose a significant part of his or her investment. The fund's past performance is not a guarantee and does not indicate the fund's performance in subsequent periods.

The fund's assets are mainly invested in high yield bonds in the European region. The Fund should be considered an investment product with medium risk level. It is suitable for an investor with a moderate risk tolerance whose investment horizon is at least two years and who has previous experience with investing in financial products. The investor should tolerate and his or her financial situation should allow for a significant fluctuation in the net asset value of the unit. The investor should also take into account that there is a waiting period for redemption of fund units. Each investor should independently consider the risks associated with investing in the fund and evaluate their impact and possible consequences, taking into account their own investment experience and knowledge, financial condition, investment time horizon and goals.

Signatory of:



Overview of the month

August delivered solid returns across most asset classes.

Unfortunately, the weaker US dollar erased the positive performance for euro-based investors. The key market-moving economic news was the US July non-farm payrolls report, which pointed to a faster-than-expected slowdown in the US labor market. At the Federal Reserve's annual Jackson Hole meeting, Chair Jerome Powell noted that the balance of economic risks has shifted in light of the latest labor market data, which could justify a change in monetary policy. As a result, the probability of a 25bps rate cut in September increased significantly, with markets also expecting an additional cut later this year.

Bond indices posted mostly positive returns in base currencies last month.

The only segment under slight pressure was European investment grade bonds, where spreads on French issuers widened due to potential implications of the political crisis. In addition, the 2.3% decline of the US dollar had a notable negative impact on euro-based returns of USD indices.

The European Liquid High Yield Index, which reflects our bond universe, gained 0.2% in August.

The index yield to maturity for its 2.8-year portfolio declined to around 5%. Although the index yield has hovered near 5% in recent months, we continue to find bonds with reasonable credit risk that offer significantly higher yields. The weighted average yield of new investments added to the portfolio in August was 8.4%.

The rate-cutting cycle in Europe has been on pause since June.

Future moves will largely depend on the eventual impact of new trade tariffs on the European economy. For now, inflation is expected to gradually ease toward 1.5%, which should allow the ECB to lower its policy rate further and support bond prices. Market expectations after the July decision no longer price in additional cuts this year.

The Fund's NAV rose 0.8% in August and is up 6.2% year-to-date.

Over the past 12 months, the NAV increased 9.8% (+20.9% since the Fund's launch in October 2023). **The bond portfolio (87 instruments from 72 issuers) has a yield to maturity of 8.1%, which we consider attractive.** The average maturity of the bonds is 14.6 years. Taking into account the likelihood of early redemptions (a common practice among issuers), the effective maturity is closer to 3 years. The portfolio's current yield stands at 8.2%. The Fund's size has grown to nearly €33.6 million, of which €3.4 million is invested by Avaron and its portfolio managers.

In the second half of August, bond market activity picked up.

During the month we analyzed 23 bonds, 17 of which were new issues. Compared to spring, the market has shifted

somewhat. Finding bonds with an attractive risk-return profile at yields above 6% has become more difficult, as many new issues come to market either at too low yields or with risks we find excessive. Likewise, companies already in our portfolio are refinancing their debt at lower interest rates. In our view, this requires even more thorough company analysis before committing to new investments.

In August, we added 4 new bonds to the portfolio and increased positions in 2 existing holdings.

In total, we invested €2.4m during the month, with a weighted average yield to maturity on purchase of 8.4%, unhedged for FX risk. Of these investments, 13.6% were in Norwegian kroner, the remainder in euros. Altogether, NOK-denominated instruments make up 4.4% of the portfolio. We have decided to keep the NOK exposure unhedged.

Geographically, 34% of the Fund's assets are invested in bond issues from the Baltics and 20% in the Nordics.

The remaining investments are spread across 14 different countries.