

Key Investor Information

This document provides you with key investor information about this Fund. It is not a marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

Avaron Eastern Europe Fixed Income Fund

A Unit (ISIN: EE3600109377)

B Unit (ISIN: EE3600109385)

This Fund is managed by AS Avaron Asset Management, and regulated by Estonian Financial Supervision Authority.

Objectives and Investment Policy

The objective of the Fund's activities is long term capital growth from investing primarily in government and corporate fixed income instruments of Emerging Europe, Russia and countries within the Commonwealth of Independent States (CIS).

The Fund is actively managed and benchmark agnostic.

The investment region encompasses among others the following countries: Estonia, Latvia, Lithuania, Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Romania, Bulgaria, Croatia, Macedonia, Albania, Bosnia and Herzegovina, Serbia, Montenegro, Turkey, Russian Federation, Moldova, Ukraine, Georgia, Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Companies having substantial business interest in Eastern Europe but listed elsewhere are also considered part of the investment universe.

The main category of financial instruments are government and corporate bonds but the Fund also invests in other fixed income instruments. The Fund invests primarily in high yield and non-investment grade instruments.

The Management Company is a value investor and invests in government and corporate bonds of Eastern Europe, searching for investments with the best risk-return ratio.

The precise breakdown of the Fund assets between asset classes, types of issuers, countries and sectors shall be determined in the course of day to day investment management activities depending upon opportunities available in the market.

Fund investment decisions are based on the analysis of the macroeconomic trends, companies, movements of currencies and interest rates.

The Fund may invest in securities nominated in euros or in local currencies. The Fund is allowed to make transactions with derivatives for the purpose of hedging currency risks as well as for the purpose of achieving the Fund's investment objectives based on the Management Company's view on undervaluation or overvaluation of currencies. The Fund's total exposure to derivative instruments may not exceed the total net asset value of the Fund.

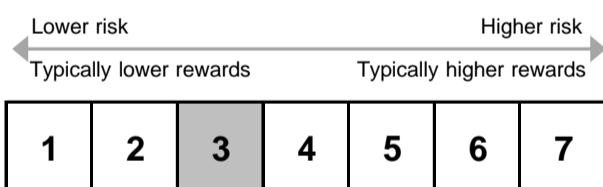
The Units shall be issued and switched on every banking day. The Units shall be redeemed on every Monday submitting the redemption order a week in advance.

Income of the Fund shall not be distributed to unit-holders and shall be reinvested. A unit-holder's profit or loss shall be reflected in changes in Unit's net asset value.

Information on the principles of the Fund's investment policy, investment restrictions and diversification principles is available in more detail in the Fund rules and prospectus.

Recommendation: this Fund may not be appropriate for investors who plan to withdraw their money within less than 5 years.

Risk and Reward Profile



Risk and reward indicator indicates the risk and reward ratio of the Fund. The higher the indicator the higher the likelihood for a greater possible return but also a higher risk to lose the investment. **The lowest category does not mean a "risk free investment".**

A fixed income index with an investment portfolio similar to the Fund has been used for calculation of the synthetic risk and reward indicator. It may not be a reliable indication for the future.

The Fund is considered a medium-high risk investment product because the assets are mainly invested into the financial instruments with higher risk from the Eastern Europe region. Investors should acknowledge that there is no guarantee that the capital invested into the Fund will be preserved or that it will grow. The risk category shown is not guaranteed and may shift over time.

Various risks relate to investing into the Fund that may have a negative effect on the outcome of the investment and are not reflected within the risk and reward indicator. In case the risk factors materialise, it is possible that the investor will lose a substantial part of the investment in the Fund.

The most critical risks that are most likely to have an impact on the market value of the assets of the Fund include market risk,

The assets of the Fund shall be fully invested in financial instruments of Eastern Europe countries. The legal, political and economic infrastructure of emerging countries is still at an early stage of development. In such countries it is more likely that social, economic or political instability will occur. As a result, investing in the Eastern Europe region is accompanied by higher risks compared to investing in developed markets.

The currency exchange rates of the investment region may substantially fluctuate against the Fund's reference currency, the euro and this may have a significant impact on the Unit's net asset value. The Management Company does not generally hedge foreign currency exchange rate risks. Countries may impose restrictions on capital flows and currency export. This may result in difficulties for the Fund in drawing sales proceeds and may harm the ability of the Fund to redeem Units regularly. Financial supervision may be ineffective in the countries of the investment region. Accounting, auditing and reporting standards accepted in Eastern Europe countries may not be equivalent to the standards accepted in developed markets. The systems for settlement and registering of securities and the regulations applicable to and supervision of settlement bodies, registrars and custodians may not be up to the standards assumed in developed markets.

When investing into Emerging Europe markets, the investor should take into account that any risk factor listed in this section is more likely to materialise compared to investing into developed markets.

The list of risks related to investing in the Fund is available in more detail in the Fund prospectus in the section "Risks".

Fund prospectus is available at www.avaron.com/documents.

Charges for this Fund

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest

Entry charge	none
Exit charge	none

Charges taken from the Fund over a year

Ongoing charge	A unit 1.21%
	B unit 0.86%

Charges taken from the Fund under certain specific conditions

Performance fee	none
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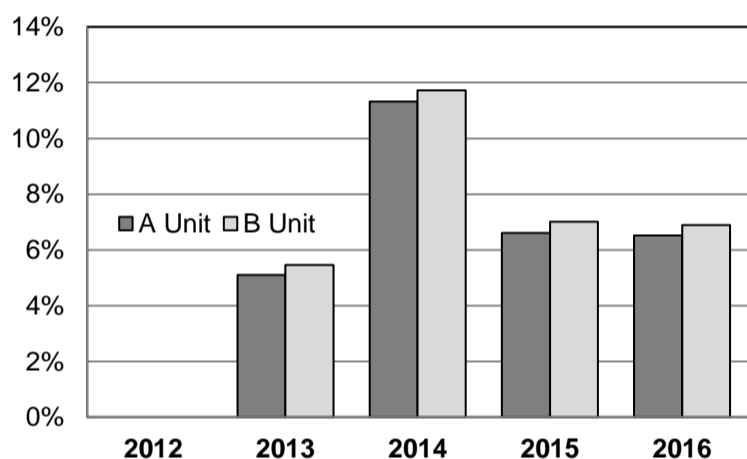
- The **ongoing charge** figure is based on expenses for the year 2016. It includes management fee, custody fee, expenses related to keeping the register of the Units, Fund administration fees. This figure may vary from year to year.

For more information about charges please see Fund prospectus section "Charges".

Fund prospectus is available at www.avaron.com/documents.

Past Performance

Avaron Eastern Europe Fixed Income Fund



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

Past performance figure includes portfolio transaction costs, management fee, custody fee, expenses related to keeping the register of the Units, fund administration fees, expenses related to auditing the Fund.

Fund was launched on 10 July 2012.

Practical information

- Depository is Swedbank AS (reg.no. 10060701).
- Fund rules and prospectus, annual and semi-annual reports are available free of charge at the Management Company's web page www.avaron.com/documents or by request from the Management Company.
- Description of the Management Company's remuneration policy, including information regarding the principles of calculating and persons responsible for determining the remuneration, is available at the Management Company's website www.avaron.com. The description of the remuneration policy in form of a paper copy is made available to the investors at the registered office of the Management company upon request.
- The Management Company has outsourced the keeping account of the Fund's assets, organising the accounting of the Fund and determining the Fund's net asset value to Swedbank AS (reg.no. 10060701). The calculation of net asset value, subscription and redemption price of a Unit are done at least once for each banking day on the following banking day no later than 4.30 PM CET+1. The Management Company verifies calculations and discloses the information at its web site www.avaron.com.
- If a unit-holder is a taxable person, gains from Units may be taxable. The Management Company does not withhold any taxes on gains earned from Units. Declaring such gains in the tax declaration of accounting period is an obligation of a unit-holder. The tax system applicable to an investor may depend on the investor's residence for tax purposes, legal set-up and other circumstances. We advise to consult a professional tax advisor.
- AS Avaron Asset Management may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.

This Fund is authorised in Estonia and regulated by Estonian Financial Supervision Authority.

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This key investor information is accurate as at 17 January 2017.

