

Investment Objectives & Approach

The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (cash, deposits, bonds, equities, other investment funds, derivatives). The Fund's assets shall be invested globally, with a focus on Central and Eastern Europe. The Fund's risk level and portfolio allocation shall vary over time in accordance with the views of Avaron investment managers. Overall investors should accept that relatively high risk is associated with investing into the Fund. There is no guarantee that investors will get back the amount invested. The Fund is suited to an investor who does not want to follow the markets daily himself or herself and wishes the Avaron investment team to decide the allocation of each asset class (equities, bonds, deposits). Fund units can be redeemed with 1-3 month prior notice. However, arising from the Fund's investment strategy an investor should have an investment horizon of at least 3 years. Should the horizon fall below three years, investor should consider exiting the Fund.

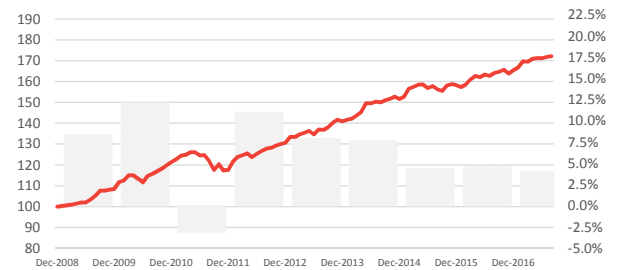
Fund Manager's Comment, August 2017

Global equities were almost flat in August. MSCI World lost 0.1% in \$. US dollar continued to weaken (-0.6% vs. the euro in August, -11.7% YTD) due to remaining uncertainty related to the policy implementation of Trump administration, while economic uptick in Eurozone continues. MSCI EM was up 2.0% in \$ (+1.4% in €) in August, Emerging Europe stocks rallied 4.8% on the back of strong flows into blue-chip index heavyweights in Poland and Hungary. Romanian equities and currency underperformed driven by speculations on banking tax introduction and cutting state contributions to 2nd pillar pension funds. Global bond markets posted positive performance in August with European and US bonds up 0.3%-0.8% and Emerging Market bonds up 1.3% in euros while only US high yield lost 0.7% in euros.

Avaron Flexible Strategies Fund gained 0.2% in August driven largely by the Fund's fixed income component. In 5 years the Fund has delivered +34.7% return. As of end-August the Fund had 10.6% of the assets invested in equities and 66.6% in fixed income. Eastern European economic outlook remains strong, thus we do not see any notable risks for the deterioration in the credit risk level in the region. Going forward we are rather to add credit risk to the portfolio, while maintaining or decreasing the duration given the tightening bias of major central banks.

To receive portfolio managers' detailed monthly report please send a request to info@avaron.com.

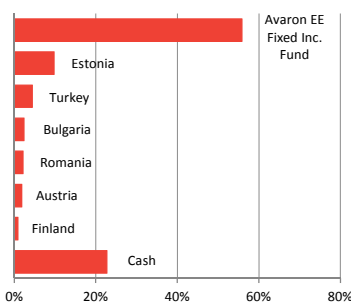
Performance since launch



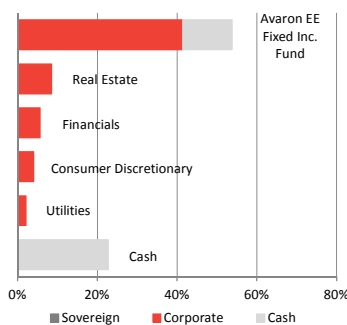
Calendar year performance (right) Fund NAV (left)
Past performance is not a guarantee or indicative of future results

Performance Overview	Net return	Calendar year net return	
1 month	0.2%	2016	4.5%
YTD	4.1%	2015	4.4%
3 months	0.5%	2014	7.6%
6 months	1.5%	2013	7.9%
1 year	4.9%	2012	11.0%
3 years	14.7%	2011	-3.1%
5 years	34.7%	2010	12.1%
Since inception	72.2%	2009	8.3%
		CAGR of calendar years	
		2015-2016	4.4%
		2014-2016	5.5%
		2012-2016	7.0%

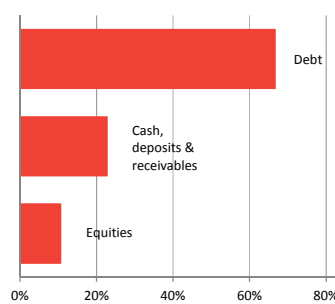
Geographic breakdown



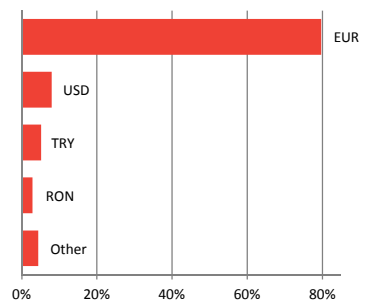
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	Aug-17	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Avaron EE Fixed Inc. Fund	55.8%	-4.1%	-9.5%	-7.2%	0.1%	2.4%
Estonia	9.7%	-0.7%	-1.3%	-0.2%	1.4%	9.6%
Turkey	4.4%	-0.4%	-0.8%	1.5%	2.6%	4.4%
Bulgaria	2.4%	-0.1%	-0.4%	-0.1%	0.7%	-2.8%
Romania	2.1%	-0.2%	-0.5%	-0.5%	-1.9%	-1.6%
Austria	1.8%	-0.1%	-0.3%	0.6%	1.8%	1.8%
Finland	0.9%	-0.1%	-0.1%	0.9%	0.9%	0.9%
Hungary	0.0%	0.0%	0.0%	-2.3%	-5.5%	-9.5%
Others	0.0%	0.0%	-0.1%	0.4%	0.2%	0.1%

Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Avaron EE Fixed Inc. Fund	0.2%	0.2%	3.2%	2.6%	13.7%	27.3%
Estonia	0.1%	0.5%	1.2%	0.7%	2.5%	3.8%
Turkey	0.0%	0.1%	0.6%	0.9%	1.0%	3.5%
Bulgaria	0.1%	0.2%	0.5%	0.4%	0.7%	3.5%
Romania	0.0%	0.0%	0.5%	0.6%	0.6%	4.5%
Austria	0.0%	0.1%	0.3%	0.2%	1.0%	1.0%
Finland	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
Hungary	0.0%	0.0%	0.0%	0.0%	0.2%	0.9%
Others	0.0%	-0.1%	0.2%	0.2%	0.6%	3.4%

Risk metrics

Volatility	2.1%
Sharpe ratio	2.33

Sector allocation

	Aug-17	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Avaron EE Fixed Inc. Fund	55.8%	-4.1%	-9.5%	-7.2%	0.1%	2.4%
Real Estate	8.6%	-0.6%	-1.4%	0.8%	6.9%	3.8%
Financials	5.7%	-1.5%	-2.1%	2.0%	1.9%	-0.7%
Consumer Discretionary	4.1%	-0.2%	-0.3%	-0.3%	-0.3%	4.1%
Utilities	2.1%	-0.2%	-0.5%	-0.5%	-5.9%	-0.7%
Energy	0.0%	0.0%	0.0%	-1.0%	-3.8%	0.0%
Equity funds	0.0%	0.0%	0.0%	-2.8%	0.0%	0.0%
Others	0.9%	0.9%	0.9%	2.1%	0.9%	-3.7%
FX Derivatives	0.0%	0.0%	-0.1%	0.1%	0.0%	-0.1%
Cash	22.7%	5.7%	13.0%	9.3%	0.1%	-5.0%

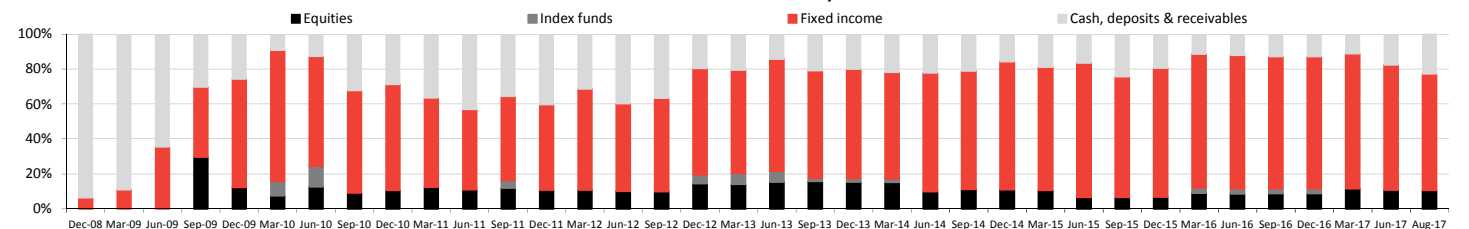
Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Avaron EE Fixed Inc. Fund	0.2%	0.2%	3.2%	2.6%	13.7%	27.3%
Real Estate	0.1%	0.4%	1.2%	0.8%	2.2%	4.6%
Financials	0.1%	0.1%	0.9%	0.8%	1.4%	4.5%
Consumer Discretionary	0.1%	0.4%	0.6%	0.4%	1.1%	1.2%
Utilities	0.0%	0.0%	0.5%	0.6%	0.9%	5.7%
Energy	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Equity funds	0.0%	0.0%	0.2%	0.3%	0.3%	3.6%
Others	-0.1%	-0.1%	0.0%	-0.1%	0.1%	0.4%
FX Derivatives	0.0%	-0.1%	0.0%	0.0%	0.3%	0.5%
Cash	0.0%	0.0%	0.1%	0.0%	0.2%	0.5%

Fund statistics

Number of positions	14
Top5	66.6%
Top10	73.8%

Historic Portfolio Allocation by Asset Class



Fund Facts - Avaron Flexible Strategies Fund

Investment Manager	AS Avaron Asset Management
Fund type	Public closed-end fund
Asset class	Flexible, all asset classes
Launch date	December 17, 2008
Domicile	Estonia
Currency	EUR
Dividends	reinvested
Fund size, MEUR	12.9
Total AUM, MEUR	450+

B unit	ISIN Code	NAV 31-Aug 2017
	EE3500100922	17.2191 EUR

Cut-off subscriptions	10am CET
Cut-off redemptions	Last business day of month 10 am CET Receive cash in 1 or 3 months

NAV frequency	Daily dealing, T+3
Public offering	Estonia
Supervised by	Estonian FSA
Custodian	Swedbank AS
Transfer agent	Swedbank AS
NAV calculation	Swedbank AS
External auditor	Deloitte
Internal auditor	PWC

Fund documents & prospectus	www.avaron.com/documents
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Min. Investment	-
Front-end load	-
Management fee	1.25%

Performance fee	10% over EURIBOR 12-months, annual reset (Dec 31)
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Back-end load (to the fund)	Rate depends on advance notice period - Advance notice 1 month: 1.5% - Advance notice 3 months: 0%
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Bloomberg ticker
B unit: AVFLXSB ET

See Lipper, TK Valoren tickers:
www.avaron.com/fundfacts_flex

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About Avaron Asset Management

Avaron Asset Management is an independent management-owned asset manager with a clear focus on Emerging Europe listed equities and fixed income. Our 8 investment professionals, in Estonia and Poland, focus on active investment management. In total 14 professionals are employed by Avaron.

We combine top down macroeconomic and sector analysis with bottom-up research. We source investment ideas through in-house proprietary research on approximately 300 companies, backed by regular visits and meetings. We seek inefficiencies in the valuation of companies' equity and debt with the aim to invest in well managed companies with leading market positions, highly motivated and dynamic management teams and competitive edge. Our preference goes to investments with attractive risk/return.

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



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