

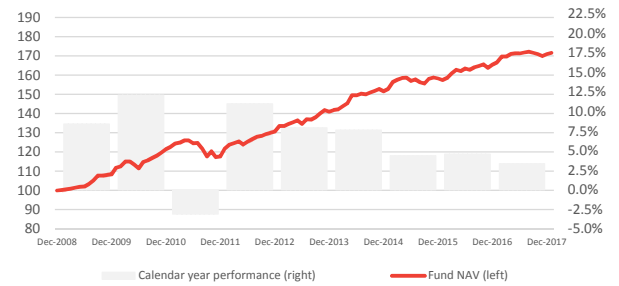
Investment Objectives & Approach

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, January 2018

Global equities had one of the best starts to a year in decades as MSCI World gained 5.3% in \$ (+1.6% in €) in January. A wide array of different investor sentiment indicators are at multi-year and multi-decade extremes amid goldilocks economic setting and the fear of missing the further surge upwards. On the FX side US dollar finished another month in red against the euro, down 3.5% vs. the euro. Emerging Europe stocks (MSCI EFM CEEC ex-RU) gained 4.8% in € in January amid the prevailing risk-on mood in Emerging Markets, up 3.9% in €. The upward move in the region was broad-based supported by positive fund flows. Emerging Europe currencies were largely stable, only Turkish lira saw noteworthy weakness against the euro due to increased geopolitical tensions. Fixed income markets on the other hand had negative return in January. Avaron Flexible Strategies Fund gained 0.4% in January.

Performance since launch

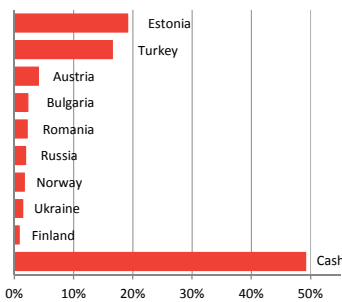


Past performance is not a guarantee or indicative of future results

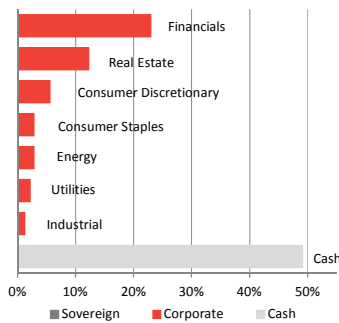
Performance Overview	Net return	Calendar year net return	
1 month	0.4%	2017	3.3%
YTD	0.4%	2016	4.5%
3 months	0.3%	2015	4.4%
6 months	-0.2%	2014	7.6%
1 year	2.9%	2013	7.9%
3 years	12.3%	2012	11.0%
5 years	28.5%	2011	-3.1%
7 years	39.8%	2010	12.1%
Since inception	71.6%		

CAGR of calendar years	
2016-2017	3.9%
2015-2017	4.1%
2013-2017	5.5%

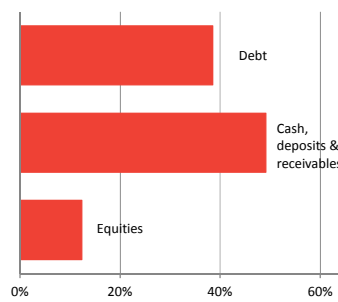
Geographic breakdown



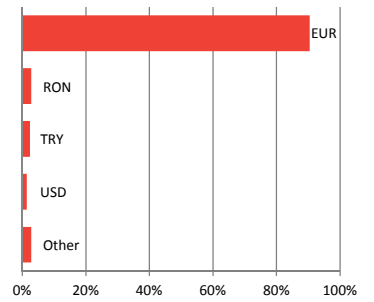
Sector breakdown



Asset class breakdown



Net currency breakdown



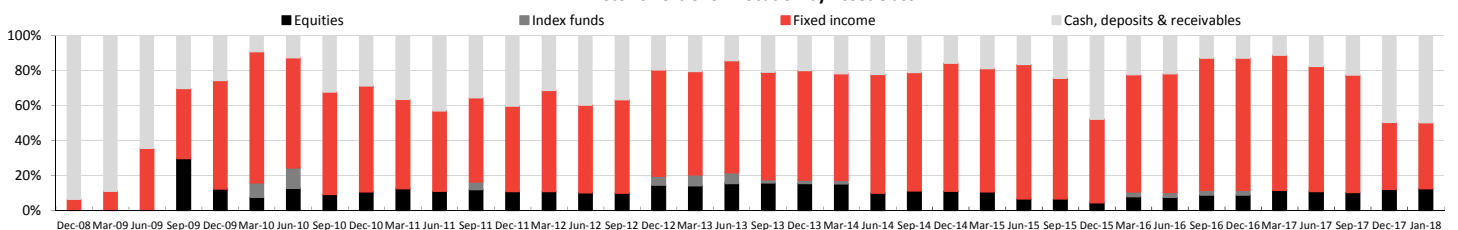
Country allocation

	Jan-18	Change					Contribution analysis					Risk metrics	3Y risk	
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12m	YTD	3 years			5 years
Estonia	19.1%	0.0%	9.5%	7.6%	10.3%	16.1%	0.2%	0.4%	0.8%	0.2%	2.5%	3.6%	Volatility 1.8% Sharpe ratio 2.35	
Turkey	16.5%	-0.4%	12.3%	10.9%	12.8%	16.5%	-0.3%	-0.5%	0.2%	-0.3%	-0.1%	2.9%		
Austria	4.1%	0.0%	2.2%	2.9%	-0.4%	4.1%	0.0%	0.1%	0.4%	0.0%	1.3%	1.2%		
Bulgaria	2.3%	0.0%	-0.1%	-0.4%	0.7%	-3.8%	0.0%	-0.1%	0.3%	0.0%	0.6%	2.2%		
Romania	2.2%	0.1%	0.1%	-0.8%	-1.0%	-1.7%	0.1%	0.2%	0.3%	0.1%	0.8%	3.6%		
Russia	1.9%	0.0%	1.9%	1.9%	1.9%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Norway	1.7%	0.0%	1.7%	1.7%	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Ukraine	1.4%	0.0%	1.4%	1.4%	1.4%	1.4%	0.0%	-0.1%	-0.1%	0.0%	-0.1%	-0.1%		
Others	1.7%	2.8%	59.1%	66.9%	67.5%	65.7%	0.5%	0.7%	3.0%	0.5%	12.7%	26.9%		

Sector allocation

	Jan-18	Change					Contribution analysis					Fund statistics	
		1 mo	3 mo	12 mo	3 years	5 years	1 mo	3 mo	12m	YTD	3 years		5 years
Financials	23.0%	-0.2%	17.4%	16.6%	17.6%	21.3%	0.0%	0.0%	0.7%	0.0%	1.0%	3.4%	Number of positions 27 Top5 20.5% Top10 30.2%
Real Estate	12.3%	0.0%	3.7%	4.2%	7.2%	6.6%	0.1%	0.2%	0.9%	0.1%	2.5%	3.8%	
Consumer Discretionary	5.6%	0.0%	1.7%	0.9%	0.7%	4.7%	0.1%	0.3%	0.4%	0.1%	1.4%	1.2%	
Consumer Staples	2.9%	-0.2%	2.0%	2.9%	2.9%	2.9%	-0.2%	-0.4%	-0.5%	-0.2%	-0.5%	-0.5%	
Energy	2.8%	0.0%	2.8%	1.9%	-1.5%	2.8%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	
Utilities	2.2%	0.1%	0.1%	-0.8%	-4.8%	-2.7%	0.1%	0.2%	0.3%	0.1%	0.8%	4.9%	
Industrial	1.3%	0.0%	1.3%	1.3%	1.3%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Others	0.0%	0.0%	55.9%	67.3%	55.7%	61.2%	0.0%	-0.2%	2.0%	0.0%	11.5%	26.2%	
FX Derivatives	0.8%	0.3%	0.7%	0.9%	0.7%	0.8%	0.5%	0.9%	1.0%	0.5%	1.1%	1.5%	
Cash	49.1%	-0.1%	26.1%	39.5%	36.2%	25.4%	0.0%	-0.1%	-0.2%	0.0%	0.0%	0.2%	

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	13.2
Total AUM, MEUR	450+

B unit	ISIN Code	NAV 31-Jan 2018
	EE3500100922	17.1616 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	KPMG
Internal auditor	PWC

Fund documents & prospectus	www.avaron.com/documents
--	--

Min. Investment	-
Front-end load	-
Management fee	1.25%

Performance fee	10% over EURIBOR 12-months, annual reset (Dec 31)
------------------------	--

Back-end load (to the fund)	Rate depends on advance notice period
	- Advance notice 1 month: 1.5%
	- Advance notice 3 months: 0%

Bloomberg ticker
B unit: AVFLXSB ET

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

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 Asset Management is an independent management-owned asset manager with a clear focus on Emerging Europe listed equities and fixed income. Our 11 investment professionals, in Estonia and Poland, focus on active investment management. In total 17 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.



Kristel Kivnurm-Priisalm
Managing Partner,
CEO & COO



Peter Priisalm
Partner, co-CIO,
Investment Manager



Valdur Jaht
Partner, co-CIO,
Investment Manager

Important Legal Information

This material has been drawn up by AS Avaron Asset Management (hereafter: Avaron), a fund management company registered in Estonia which is authorised and supervised by the Estonian Financial Supervision Authority. The contact details of Avaron are as follows: address Narva mnt 7D, 10117 Tallinn, Estonia; phone +372 6644 205; fax +372 6644 201; e-mail info@avaron.com. This material is the copyright property of Avaron, unless noted otherwise, and all rights are reserved.

This material contains data and facts on investments and funds managed by Avaron, which are provided for information purposes only. No investment advice is offered or given by Avaron to persons using this material. This material is complimentary to and not a substitute for independent professional advice from a person qualified to provide it in your home country. Reliance on this material for the purpose of buying the securities to which this material relates may expose a person to a significant risk of losing all of the property or other assets invested. The information herein is, to the best of the knowledge of Avaron, in accordance with the facts. However, Avaron, none of its affiliates, directors or officers accept any liability in respect of the accuracy or completeness of any information herein, or omitted to be included herein, or any information provided, or omitted to be provided, by any third party. All information and expressions of opinion contained in this material are subject to change without notice. This material does not constitute or form part of a distribution or an offer or solicitation to buy or sell any securities (in particular, shares or units in any of Avaron funds) to any person in any jurisdiction in which such distribution, offer or solicitation would be contrary to local law or regulation. In particular, the information herein is not for distribution, and does not constitute an offer to sell or buy, or the solicitation of any offer to sell or buy, any securities in the United States of America or to or for the benefit of United States persons (within the meaning of Regulation S under the Securities Act of 1933). In relation to persons in the United Kingdom, the information herein is directed only at Investment Professionals in the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. This material should not be relied on by persons in the United Kingdom who are not Investment Professionals. Any investment or investment activity to which this material relates is available in the United Kingdom only to Investment Professionals and will be engaged in only with Investment Professionals. In relation to persons in Switzerland, this material is directed only at Swiss Qualified Investors in the meaning of Article 10 (3) of the Collective Investment Schemes Act. Swiss private individuals are not allowed to use this material. The funds managed by Avaron are not authorised for distribution in Switzerland.

Subscription of Avaron funds should be made on the basis of the funds' prospectus and key investor information, the relevant fund rules and the latest available annual or semi-annual reports. These documents can be obtained from Avaron. Past performance is not indicative of future results. The value of investments and any income derived from the funds may fall as well as rise and investors may not get back the amount invested. An investment in the funds entails risks, some of which are described in the prospectuses of the funds. Investors should be aware of the high risks associated with investments in emerging markets such as Central and Eastern Europe. This material may include forward looking statements which are based on Avaron's current opinions, expectations and projections. We undertake no obligation to update or revise any forward looking statements. Actual results could differ materially from those anticipated in the forward looking statements. Any dispute, controversy or claim arising out of or in connection with the information provided in this material shall be settled in accordance with Estonian law exclusively in Estonian courts.