

Investment Objectives & Approach

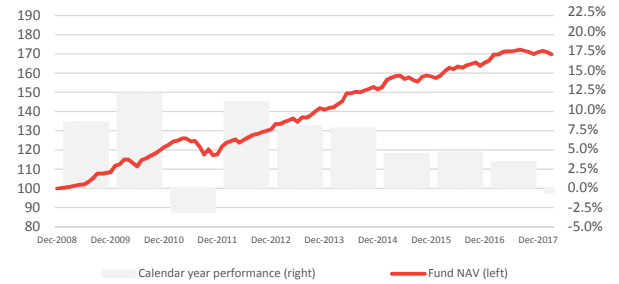
The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (incl. cash, deposits, bonds, equities, 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 7 or 30 calendar days 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, March 2018

Downward trend in global stock markets continued in March with MSCI World down 3.4% in euros, resulting in the negative quarter for the first time since 2015. Emerging Europe stocks (MSCI EFM CEEC ex-RU) lost 4.4% in € in March driven by the continuing sell-off in index-heavy Poland (-6.2%). In Q1 Emerging Europe equities have lost 6.1% in € with Poland and Hungary leading the downturn on negative fund flows. Turkish stocks have fared rather well in local currency terms, while tightening global liquidity alongside rising current account deficit has led to another wave of lira depreciation (-5% to euro in March). Fixed income returns were mixed while bonds related to USD (US, GEM) lost value, mainly due to dollar 1.1% depreciation to euro.

Avaron Flexible Strategies Fund lost 0.7% of its value due to equity positions. As at the end of March 12% of the Fund portfolio was invested in equities and 41% in bonds. The rest is kept in cash to wait for the right moment to dive into the market again.

Performance since launch

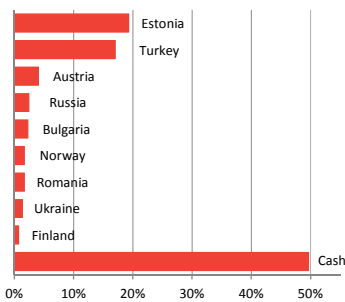


Past performance is not a guarantee or indicative of future results

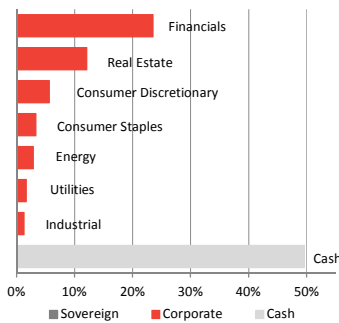
Performance Overview	Net return	Calendar year net return	
1 month	-0.7%	2017	3.3%
YTD	-0.7%	2016	4.5%
3 months	-0.7%	2015	4.4%
6 months	-1.0%	2014	7.6%
1 year	0.1%	2013	7.9%
3 years	7.7%	2012	11.0%
5 years	26.1%	2011	-3.1%
7 years	35.9%	2010	12.1%
Since inception	69.8%		

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

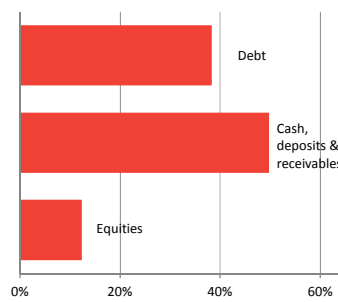
Geographic breakdown



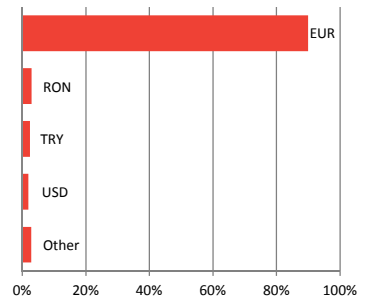
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	Mar-18	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Estonia	19.3%	-1.2%	0.2%	8.2%	10.9%	15.9%
Turkey	17.0%	-0.8%	0.1%	12.1%	13.4%	17.0%
Austria	4.0%	-0.2%	0.0%	2.1%	1.1%	4.0%
Russia	2.4%	0.0%	0.5%	2.4%	2.4%	2.4%
Bulgaria	2.3%	-0.1%	0.0%	-0.4%	0.8%	-3.5%
Norway	1.7%	-0.1%	0.0%	1.7%	1.7%	1.7%
Romania	1.7%	-0.1%	-0.4%	-0.9%	-1.4%	-2.0%
Ukraine	1.4%	-0.1%	-0.1%	1.4%	1.4%	1.4%
Others	0.6%	1.2%	0.8%	66.0%	62.0%	66.6%

Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Estonia	-0.1%	0.1%	0.7%	0.1%	2.3%	3.3%
Turkey	-0.3%	-0.3%	-0.3%	-0.3%	-0.4%	2.8%
Austria	0.0%	0.0%	0.3%	0.0%	0.4%	1.1%
Russia	-0.2%	-0.2%	-0.3%	-0.2%	-0.3%	-0.3%
Bulgaria	-0.1%	-0.1%	0.1%	-0.1%	0.5%	1.8%
Norway	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Romania	0.0%	0.2%	0.2%	0.2%	0.6%	3.4%
Ukraine	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.1%
Others	0.1%	0.2%	1.1%	0.2%	9.5%	25.5%

Risk metrics	3Y risk
Volatility	1.8%
Sharpe ratio	1.58

Sector allocation

	23.5%	Change				
		-1.2%	0.3%	16.0%	19.7%	22.0%
Financials	12.1%	-0.7%	-0.1%	2.5%	8.8%	6.6%
Real Estate	5.7%	-0.2%	0.1%	1.2%	0.9%	4.2%
Consumer Discretionary	3.3%	-0.1%	0.3%	3.3%	3.3%	3.3%
Consumer Staples	2.9%	-0.2%	0.0%	1.9%	-1.3%	2.9%
Energy	1.7%	-0.1%	-0.4%	-0.9%	-5.0%	-3.0%
Utilities	1.3%	-0.1%	0.0%	1.3%	1.3%	1.3%
Others	0.0%	0.0%	0.0%	63.6%	54.4%	64.5%
FX Derivatives	-0.1%	-0.1%	-0.6%	-0.2%	-0.2%	-0.1%
Cash	49.6%	2.7%	0.4%	38.3%	30.8%	28.7%

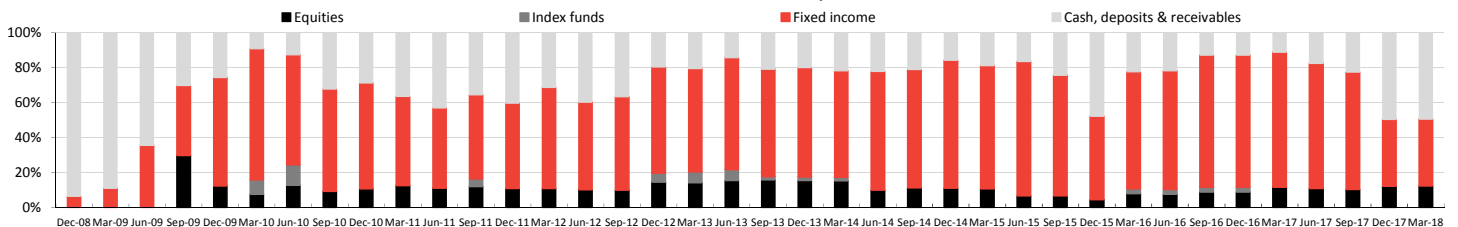
Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Financials	-0.3%	-0.1%	0.3%	-0.1%	0.6%	3.4%
Real Estate	0.0%	-0.1%	0.7%	-0.1%	1.7%	3.1%
Consumer Discretionary	-0.2%	-0.1%	0.2%	-0.1%	0.9%	0.8%
Consumer Staples	-0.1%	-0.4%	-0.7%	-0.4%	-0.7%	-0.7%
Energy	0.0%	0.0%	0.0%	0.0%	-0.1%	0.1%
Utilities	0.0%	0.2%	0.2%	0.2%	0.6%	4.6%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FX Derivatives	0.1%	0.2%	0.7%	0.2%	0.9%	1.3%
Cash	0.0%	0.0%	-0.2%	0.0%	0.0%	0.1%

Fund statistics

Number of positions	27
Top5	22.2%
Top10	31.9%

Historic Portfolio Allocation by Asset Class



Fund Facts - Avaron Flexible Strategies Fund

Investment Manager	AS Avaron Asset Management	Min. Investment	-
Fund type	non-UCITS, public common alternative investment fund	Front-end load	-
Asset class	Flexible, all asset classes	Management fee	1.25%
Launch date	December 17, 2008	Performance fee	10% over EURIBOR 12-months, annual reset (Dec 31)
Domicile	Estonia	Back-end load (to the fund)	Rate depends on advance notice period - Advance notice 7 calendar days: 1.5% - Advance notice 30 calendar days: 0%
Currency	EUR	Bloomberg ticker	B unit: AVFLXSB ET
Dividends	reinvested	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
Fund size, MEUR	12.2	See Lipper, TK Valoren tickers:	www.avaron.com/fundfacts_flex
Total AUM, MEUR	450+	ISIN Code	EE3500100922
Unit	NAV 31-Mar 2018 16.9798 EUR	Fund documents & prospectus	www.avaron.com/documents
Cut-off subscriptions	10am CET		
Cut-off redemptions	10am CET, notice period 7 or 30 calendar days		
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		

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
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Partner, co-CIO,
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