

Investment Objectives & Approach

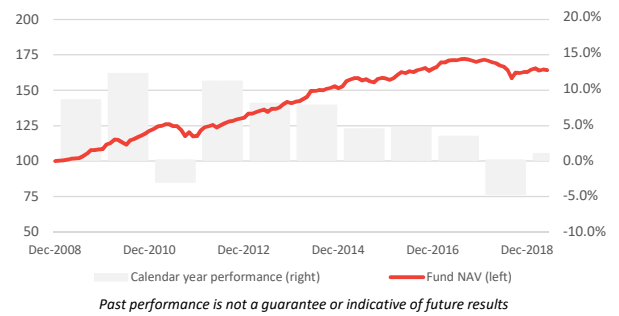
The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (incl. cash, deposits, bonds, equities, 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 prior notice of 7 or 30 calendar days. 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, May 2019

Rally in global equities continued for the 4th consecutive month as investors shrug off the deteriorating economic fundamentals amid prevailing belief that central banks will come to the rescue if needed. Fear of missing out contributed massively to the exuberant momentum in April. Emerging Europe (MSCI EFM EUROPE + CIS (E+C) ex Russia) underperformed once again gaining only 0.9% in € terms in April (MSCI World +3.4%, MSCI Global Emerging Markets +2%). Although equity prices in Turkey rose 1.7% in April, the Turkish lira dropped 6.6%, pushing euro-returns of the equity market to -4.9%. Investors fear that the already fragile lira could face a new bout of volatility should the central bank embark on a policy easing path. Fixed income returns were mixed with US, global emerging market and high yield bonds showing the best returns.

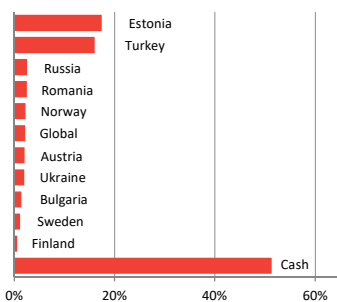
Avaron Flexible Strategies Fund NAV increased 0.5% due to rising stock prices. Year to date the Fund is up 1.2%. As at the end of the month 13% of the Fund was invested in equities, 32% in bonds, 2% in commodities and 53% was in cash and deposits. Portfolio companies trade on average 9.3x 12 month forward-looking earnings and offer 7% dividend yield. Portfolio bonds carry 6.6% yield to maturity of 2.5 years.

Performance since launch

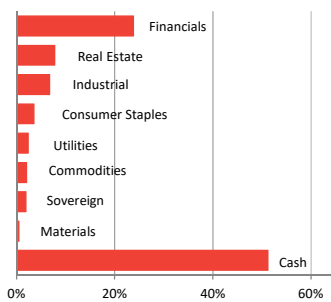


Performance overview	Net return	Calendar year net return	
1 month	-0.3%	2018	-4.8%
YTD	0.9%	2017	3.3%
3 months	-0.7%	2016	4.5%
6 months	0.9%	2015	4.4%
1 year	-2.0%	2014	7.6%
3 years	1.3%	2013	7.9%
5 years	9.9%	2012	11.0%
7 years	32.7%	2011	-3.1%
10 years	61.2%	2010	12.1%
Since inception	64.3%		

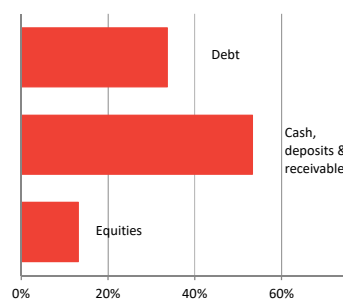
Geographic breakdown



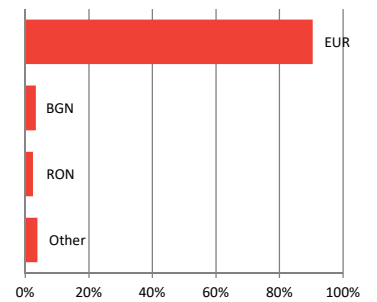
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	May-19	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Estonia	17.3%	0.0%	-2.8%	0.4%	7.1%	9.7%
Turkey	15.9%	1.6%	-1.0%	0.7%	13.0%	12.3%
Russia	2.4%	0.0%	0.2%	0.0%	2.4%	2.4%
Romania	2.4%	0.2%	0.4%	0.5%	-0.1%	-1.7%
Norway	2.1%	0.1%	0.1%	0.3%	2.1%	2.1%
Global	2.1%	0.1%	2.1%	2.1%	2.1%	2.1%
Austria	1.9%	-0.1%	0.0%	-2.5%	0.8%	1.9%
Ukraine	1.9%	0.0%	0.1%	0.3%	1.9%	1.9%
Others	2.7%	0.1%	1.6%	-1.6%	-66.9%	-63.5%

Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Estonia	0.0%	0.3%	1.5%	0.6%	3.1%	4.1%
Turkey	-0.1%	-1.1%	-0.3%	0.6%	-0.4%	-0.1%
Russia	0.0%	0.2%	-0.2%	0.5%	-0.6%	-0.6%
Romania	0.1%	0.4%	0.3%	0.3%	1.4%	1.4%
Norway	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Global	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Austria	-0.1%	0.0%	-0.2%	0.1%	0.3%	0.9%
Ukraine	0.0%	0.1%	0.2%	0.2%	0.2%	0.2%
Others	-0.2%	-0.4%	-1.7%	-0.7%	2.4%	12.8%

Risk metrics

Metric	Value
Volatility	2.2%
Sharpe ratio	1.00

Sector allocation

	May-19	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Financials	23.8%	-0.2%	-1.5%	0.2%	20.1%	22.5%
Real Estate	7.8%	0.0%	-2.9%	-1.3%	-0.1%	5.9%
Industrial	6.8%	-0.1%	1.8%	5.3%	6.8%	6.8%
Consumer Staples	3.6%	0.0%	0.0%	-0.1%	3.6%	3.6%
Utilities	2.4%	0.2%	0.4%	0.5%	-0.1%	-4.3%
Commodities	2.1%	0.1%	2.1%	2.1%	2.1%	2.1%
Sovereign	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Others	0.5%	0.5%	-1.2%	-7.4%	-72.0%	-71.3%
FX Derivatives	-0.1%	0.2%	-0.1%	1.1%	-0.1%	-0.2%
Cash	51.2%	-2.5%	-0.6%	-2.3%	37.8%	33.1%

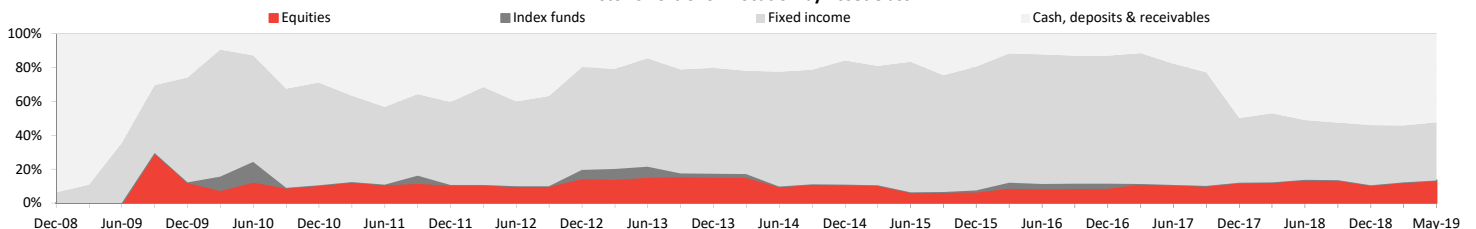
Contribution analysis

	1 mo	3 mo	12m	YTD	3 years	5 years
Financials	-0.1%	-0.6%	0.5%	1.1%	1.0%	1.5%
Real Estate	0.0%	0.2%	0.1%	0.4%	1.6%	2.4%
Industrial	0.0%	0.1%	0.6%	0.3%	0.6%	0.6%
Consumer Staples	0.0%	0.0%	-0.4%	0.3%	-1.0%	-1.0%
Utilities	0.1%	0.4%	0.3%	0.3%	1.4%	1.6%
Commodities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sovereign	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Others	0.0%	0.0%	0.2%	0.0%	4.8%	15.4%
FX Derivatives	-0.1%	-0.5%	-1.6%	-0.8%	-2.0%	-1.8%
Cash	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%

Fund statistics

Metric	Value
Number of positions	25
Top5	18.0%
Top10	28.3%

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	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	10.0	See Lipper, TK Valoren tickers:	www.avaron.com/fundfacts_flex
Total AUM, MEUR	368.3	Unit	ISIN Code NAV 31-May-2019 EE3500100922 16.4306 EUR
Cut-off subscriptions	10am CET	Fund documents & prospectus	www.avaron.com/documents
Cut-off redemptions	10am CET, notice period 7 or 30 calendar days (redemption price will be fixed after the notice period)		
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 (founded in 2007) is an independent management-owned investment manager with a clear focus on stock-picking (bottom-up) and value investing in Emerging Europe region. We aim to deliver positive risk-adjusted return to our clients over the market cycle. Our portfolios are long-only and invest in listed stocks.

Investment ideas are generated through in-house proprietary research of approximately 250 Emerging Europe companies, backed by regular on the ground visits and meetings. Our stock selection is primarily driven by the upside to internally set target prices on single company level. We invest only in business models that we understand and can model ourselves focusing on companies with leading market positions and strong recurring revenue streams. In addition, we have integrated ESG analysis into our investment process and adhere to the UN Principles for Responsible Investment (UN PRI). Our team of 20 professionals (including 11 in the investment team), based in Estonia and Poland, takes care of around 400 million euros of mainly professional investor assets.

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



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Managing Partner,
CEO & COO



Peter Priisalm
Partner, co-CIO,
Investment Manager



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Partner, co-CIO,
Investment Manager

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