

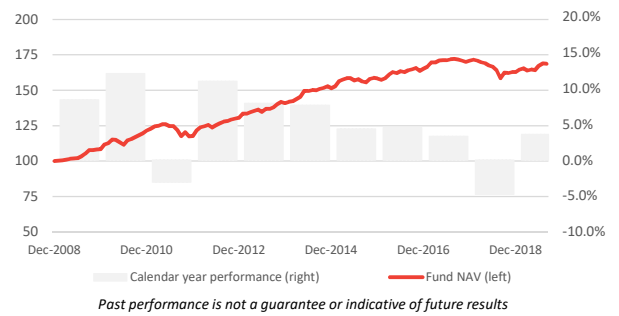
Investment Objectives & Approach

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, August 2019

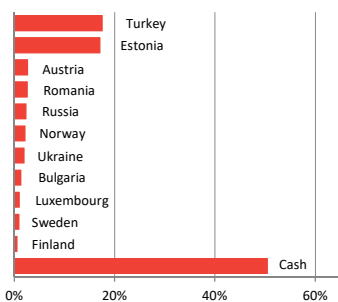
Global equities corrected in August as the escalation of trade tensions was once again outweighing the central banks' dovish tone. MSCI World was down 2.2% in \$ (-1.4% in €) while Emerging Markets lost 5.1% in \$ (-4.3% in €). Emerging Europe (MSCI EFM EUROPE + CIS (E+C) ex Russia) underperformed losing 6.6% in € terms driven by the poor performance of Polish stocks (-6.8% in €), especially banks. Turkish market also posted poor performance (-8.5% in €) as we saw some profit taking after the stellar early summer performance. In comparison to equities rally continued in the fixed income market as investors are more reluctant to take equity risk and have an expectation of interest rate cuts and supportive monetary policies. At the same time it is difficult to find yielding bonds in the environment where the 10-year German bund yields -0.7% per annum. Gold continued to rally, up 8.5%. Avaron Flexible Strategies Fund lost 0.1% in August due to falling equity prices. Year-to-date the Fund is up 3.6%. As at the end of the month 14% of the Fund is invested in equities, 36% into fixed income and 50% was kept in cash and deposits. Equities trade at 9.7x next 12 month earnings while bonds offer 5.5% yield to 2.6 year maturity. In case of further market decline we are eager to put the cash to work.

Performance since launch

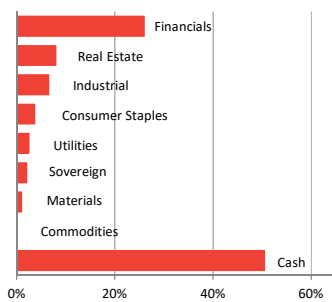


Performance overview	Net return	Calendar year net return	
1 month	-0.1%	2018	-4.8%
YTD	3.6%	2017	3.3%
3 months	2.6%	2016	4.5%
6 months	1.9%	2015	4.4%
1 year	6.3%	2014	7.6%
3 years	2.7%	2013	7.9%
5 years	12.4%	2012	11.0%
7 years	32.0%	2011	-3.1%
10 years	60.2%	2010	12.1%
Since inception	68.6%	2009	8.3%

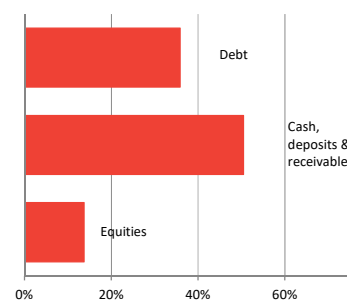
Geographic breakdown



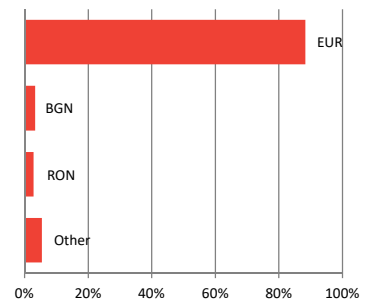
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	Aug-19	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Turkey	17.5%	0.4%	1.6%	5.8%	14.6%	15.7%
Estonia	17.1%	0.3%	-0.2%	-3.0%	7.1%	8.8%
Austria	2.6%	0.5%	0.7%	-2.3%	1.4%	2.6%
Romania	2.5%	0.1%	0.1%	0.5%	-0.1%	-1.5%
Russia	2.3%	-0.1%	-0.1%	0.3%	2.3%	2.3%
Norway	2.1%	0.0%	0.0%	0.0%	2.1%	2.1%
Ukraine	1.9%	0.0%	0.0%	0.2%	1.9%	1.9%
Bulgaria	1.3%	0.0%	0.0%	-1.9%	-1.2%	-0.4%
Others	2.1%	-2.5%	-1.2%	0.0%	-65.1%	-59.0%

Contribution analysis

	Contribution analysis					
	1 mo	3 mo	12m	YTD	3 years	5 years
Turkey	0.1%	2.0%	6.6%	2.6%	1.6%	1.9%
Estonia	0.1%	0.4%	1.6%	1.0%	3.5%	4.8%
Austria	0.0%	0.2%	0.1%	0.3%	0.5%	1.2%
Romania	0.1%	0.5%	0.7%	0.8%	1.5%	1.5%
Russia	-0.2%	0.1%	0.4%	0.6%	-0.5%	-0.5%
Norway	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ukraine	0.0%	0.1%	0.3%	0.4%	0.3%	0.3%
Bulgaria	0.0%	0.1%	0.0%	0.1%	0.3%	0.5%
Others	-0.1%	-0.1%	-1.5%	-0.8%	0.9%	12.1%

Risk metrics	5Y risk
Volatility	2.1%
Sharpe ratio	1.23

Sector allocation

	Aug-19	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Financials	26.0%	0.4%	2.1%	4.8%	22.3%	22.3%
Real Estate	8.0%	0.1%	0.2%	-2.7%	0.2%	6.3%
Industrial	6.6%	0.1%	-0.2%	3.8%	6.6%	6.6%
Consumer Staples	3.7%	-0.1%	0.1%	0.4%	3.7%	3.7%
Utilities	2.5%	0.1%	0.1%	0.5%	-0.1%	-5.5%
Sovereign	2.1%	0.0%	0.1%	2.1%	2.1%	2.1%
Materials	1.0%	0.5%	0.5%	1.0%	1.0%	1.0%
Others	0.0%	-2.2%	-2.1%	-8.6%	-72.5%	-63.9%
FX Derivatives	-0.3%	0.0%	-0.3%	1.2%	-0.3%	-0.3%
Cash	50.5%	1.2%	-0.7%	-2.4%	37.0%	27.8%

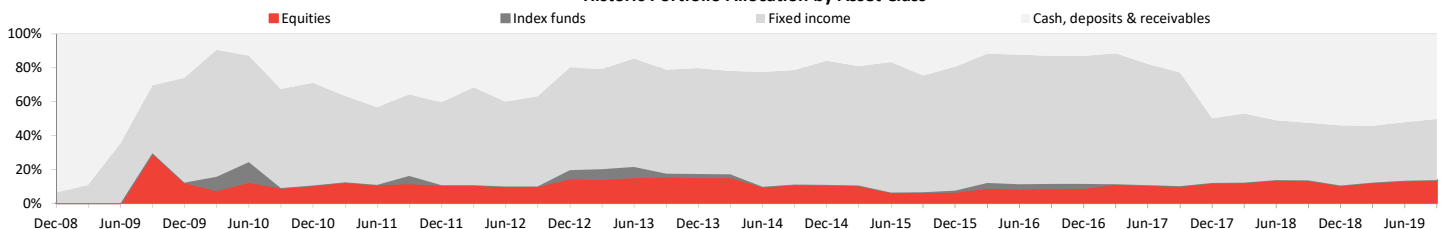
Contribution analysis

	Contribution analysis					
	1 mo	3 mo	12m	YTD	3 years	5 years
Financials	0.1%	1.9%	7.0%	3.0%	2.8%	3.3%
Real Estate	0.0%	0.4%	0.5%	0.8%	1.8%	2.9%
Industrial	0.0%	0.1%	0.6%	0.4%	0.8%	0.8%
Consumer Staples	-0.1%	0.3%	0.6%	0.6%	-0.7%	-0.7%
Utilities	0.1%	0.5%	0.7%	0.8%	1.5%	1.9%
Sovereign	-0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Materials	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Others	0.1%	0.3%	0.6%	0.4%	4.2%	15.7%
FX Derivatives	-0.2%	-0.4%	-1.9%	-1.3%	-2.5%	-2.2%
Cash	0.0%	0.1%	0.1%	0.1%	0.0%	0.2%

Fund statistics

Number of positions	26
Top5	19.1%
Top10	29.5%

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	10.1	See Lipper, TK Valoren tickers:	www.avaron.com/fundfacts_flex
Total AUM, MEUR	370+	ISIN Code	EE3500100922
Unit	NAV 31-Aug-2019 16.8639 EUR	NAV calculation	Swedbank AS
Cut-off subscriptions	10am CET	External auditor	KPMG
Cut-off redemptions	10am CET, notice period 7 or 30 calendar days (redemption price will be fixed after the notice period)	Internal auditor	PWC
NAV frequency	Daily dealing, T+3	Fund documents & prospectus	www.avaron.com/documents
Public offering	Estonia		
Supervised by	Estonian FSA		
Custodian	Swedbank AS		
Transfer agent	Swedbank AS		

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 19 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.



Kristel Kivnurm-Priisalm
Managing Partner,
CEO & COO



Peter Priisalm
Partner, co-CIO,
Investment Manager



Valdur Jaht
Partner, co-CIO,
Investment Manager

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