



Avaron Flexible Strategies Fund

SEMI-ANNUAL REPORT FOR THE FINANCIAL YEAR 2019
UNAUDITED

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FUND FACTS

Avaron Flexible Strategies Fund is a public common alternative investment fund registered in the Republic of Estonia.

Name of the Fund	Avaron Flexible Strategies Fund
Fund Management Company	AS Avaron Asset Management (reg. no. 11341336)
Registered address and contact details of the Fund Management Company	Address: Narva mnt 7d, 10117 Tallinn, Estonia Phone: +372 664 4200 Facsimile: +372 664 4201 E-mail: avaron@avaron.com www.avaron.com
Depository & custody bank	Swedbank AS (reg. no. 10060701)
Fund administration (NAV calculation) & Transfer Agent services	Swedbank AS (reg. no. 10060701)
Auditor	KPMG Baltics OÜ (reg. no. 10096082)
Supervisor	Estonian Financial Supervision Authority
Investment managers	Valdur Jaht, Peter Priisalm
Fund established	25 November 2008
Start of the Fund's activities	17 December 2008
Reporting period	1 January 2019–30 June 2019

MANAGEMENT REPORT

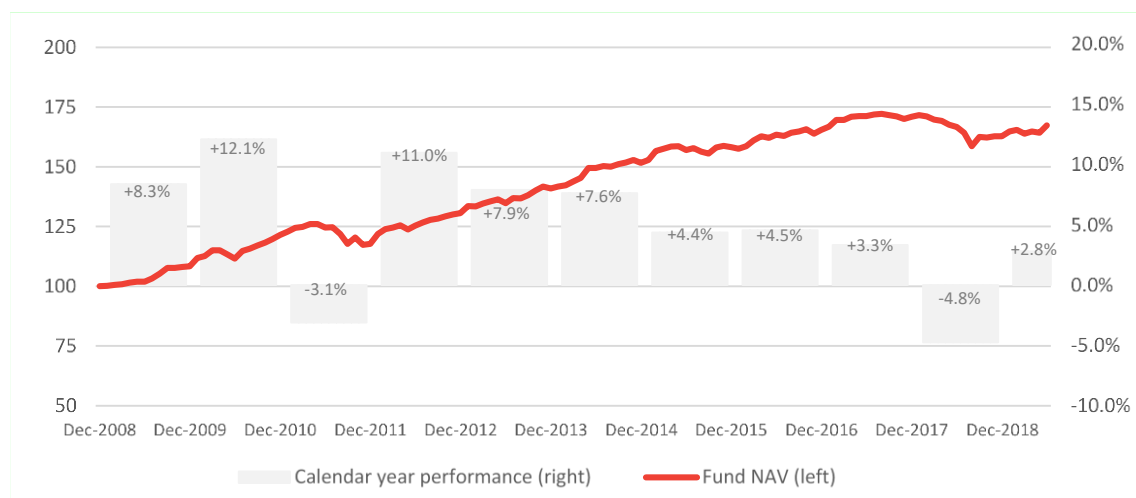
Avaron Flexible Strategies Fund (hereinafter: “the Fund”) is an actively managed fund set up for investors that wish to assign asset allocation decision making to Avaron. The Fund can invest in all liquid asset classes, including cash, bonds and fixed income, equities, funds and derivatives. As allocation to different asset classes varies based on Avaron investment managers' views on valuation levels and available investment opportunities, the risk level and risk profile of the Fund are changing over time. However, while making investments, we keep in mind the absolute return target in 3-5 year horizon. The Fund does not guarantee any of the capital invested. The Fund has a global mandate with bias to Central and Eastern Europe, a region of Avaron’s competence.

In the first half of 2019 the Fund’s net return (investor return after the deduction of all fees) was 2.8%. In 5 years the Fund has delivered net return of +11.9%. The total net assets of the Fund remained at €10.2 million as at 30 June 2019.

Table 1. Net return of the Fund units, in EUR

	2019 HY1	1 year	3 years	5 years	7 years	Since inception
Unit	2.8%	0.4%	2.4%	11.9%	33.5%	67.4%

Graph 1. Performance of Fund’s NAV since launch



26 August 2019
 Kristel Kivinurm-Priisalm
 Member of the Management Board

CONFIRMATION OF THE MANAGEMENT BOARD OF THE FUND MANAGEMENT COMPANY TO THE SEMI-ANNUAL FINANCIAL STATEMENTS OF 2019

The Management Board of the Fund Management Company has prepared the semi-annual Financial Statements of Avaron Flexible Strategies Fund on 26/08/2019.

The Financial Statements have been prepared in accordance with the requirements stipulated in the regulation no 1606/2002/EU of the European Parliament and of the Council on the application of International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Commission, the Investment Funds Act, Minister of Finance Regulation no 8 of 18/01/2017 "Requirements for the reports of investment funds to be published" and no 11 of 31/01/2017 "Procedure for Determination of Net Asset Value of Investment Funds" as established on the basis of the Investment Funds Act.

It gives a true and fair view of the assets, liabilities, net asset value and performance results of Avaron Flexible Strategies Fund. The Management Board considers Avaron Flexible Strategies Fund to carry its activities as a going concern.

The semi-annual Financial Statements of Avaron Flexible Strategies Fund have been approved by the Fund Management Company and the Investment Managers.

Name	Date	Signature
Kristel Kivinurm-Priisalm <i>Member of the Management Board of the Fund Management Company</i>	26/08/2019	/Signed digitally/
Valdur Jaht <i>Member of the Management Board of the Fund Management Company / Investment Manager</i>	26/08/2019	/Signed digitally/
Peter Priisalm <i>Investment Manager</i>	26/08/2019	/Signed digitally/

FINANCIAL STATEMENTS**BALANCE SHEET**

In EUR

ASSETS	Note	30/06/2019	31/12/2018
Cash and cash equivalents	3	4,428,102	4,864,742
Term deposits	3	752,183	700,905
Financial assets at fair value through profit or loss:			
Shares and units	4	1,549,817	1,082,010
Bonds	4	2,802,555	2,669,592
Derivatives	4; 7	19,282	-
Loans and receivables			
Receivables and prepayments	4	52,201	153,373
Unlisted bonds	4	653,496	960,506
TOTAL ASSETS		10,257,636	10,431,128
 LIABILITIES			
Financial liabilities at fair value through profit or loss:			
Derivatives	4; 7	-	207,527
Other financial liabilities			
Payables to the management company	4; 6	40,499	10,888
Payables to the depository	4	4,052	2,356
Other liabilities	4	26,165	10,212
TOTAL LIABILITIES (except net assets attributable to holders)		70,716	230,983
 NET ASSETS ATTRIBUTABLE TO HOLDERS		10,186,920	10,200,145

STATEMENT OF INCOME AND EXPENSES

In EUR

INCOME	Note	01/01/2019- 30/06/2019	01/01/2018- 30/06/2018
Interest income		141,027	162,349
From bonds		137,608	161,472
From deposits		3,419	877
Dividend income			
From shares and units		70,360	49,980
Net gain/loss from financial assets at fair value through profit or loss		162,006	-464,419
From shares and units	5	122,296	-134,066
From bonds	5	94,518	-221,740
From derivative instruments	5	-54,808	-108,613
Net gain/loss from foreign exchange		13,631	40,164
Other financial income			
Other interest income		800	-
TOTAL INCOME		387,824	-211,926
OPERATING EXPENSES			
Management fees	6	62,452	77,420
Performance fees	6	31,071	104
Custodian fees		11,444	14,456
Transaction fees		96	209
Other operating expenses		3,181	2,320
TOTAL OPERATING EXPENSES		108,244	94,509
NET INCOME		279,580	-306,435

STATEMENT OF CHANGES IN NET ASSETS

In EUR

	01/01/2019- 30/06/2019	01/01/2018- 30/06/2018	01/01/2017- 30/06/2017
NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	10,200,145	13,149,570	10,781,579
Cash received for fund units issued	5,451	142,779	1,292,796
Cash paid for fund units redeemed	-298,256	-1,540,975	-433,259
Net result of the Fund	279,580	-306,435	375,075
NET ASSET VALUE AT THE END OF THE PERIOD	10,186,920	11,444,939	12,016,191
	30/06/2019	30/06/2018	30/06/2017
Number of units in circulation at the end of the period:	608,645.887	686,884.853	701,633.712
Net asset value of an unit:	16.7370	16.6621	17.1260
Total net asset value of the units in circulation:	10,186,920	11,444,939	12,016,191

STATEMENT OF CASH FLOWS

In EUR

	01/01/2019- 30/06/2019	01/01/2018- 30/06/2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	145,770	153,723
Dividends received	25,987	39,450
Net result from foreign exchange	-284,236	113,844
Sale of investments	878,979	1,202,068
Purchase of investments	-1,002,337	-514,317
Cash collateral for derivatives	150,000	-150,000
Operating expenses paid	-78,467	-140,207
	-164,304	704,561
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	5,451	154,365
Payments on redemption of units	-280,772	-1,542,561
	-275,321	-1,388,196
TOTAL CASH FLOWS	-439,625	-683,635
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	4,864,742	6,370,560
Effect of exchange rate fluctuations on cash and cash equivalents	2,985	-15,093
Cash and cash equivalents at the end of the period	4,428,102	5,671,832

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES AND ASSESSMENTS USED

The semi-annual financial statements of Avaron Flexible Strategies Fund for 2019 have been prepared in compliance with the valid Investment Funds Act as supplemented by the regulations of the Minister of Finance. The financial statements have been prepared, as stipulated in the Minister of Finance Regulation 8 of 18/01/2017 "Requirements for the reports of investment funds to be published" in accordance with the accounting policies and information presentation principles of the International Financial Reporting Standards as approved by the European Commission while taking into account the specifications of the regulation and Rules for Calculating Net Asset Value of Funds.

The financial statements have been prepared in EUR, which is also Fund's functional and presentation currency.

The main accounting principles used when preparing the financial statements have been set out below.

The following standards and interpretations have been used for the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IFRS 9 "Prepayment Features With Negative Compensation" (effective for annual periods beginning on or after 1 January 2019),
- IFRS 16 "Leases" (2017) (effective for annual periods beginning on or after 1 January 2019),
- IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IAS 19 „Plan Amendment, Curtailment or Settlement“ (effective for annual periods beginning on or after 1 January 2019),
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019).

The adoption of these amendments to the existing standards has not led to any significant changes in the Fund's accounting policies.

Standards and interpretations issued by IASB but not yet adopted by the EU

At present, the IFRS' as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at date of publication of the financial statements:

- IFRS 17 "Insurance Contracts" was issued on May 2017 and will replace IFRS 4 "Insurance Contracts" and is effective for annual periods beginning on or after 1 January 2021,
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020),
- Amendment to IFRS 3 „Business Combinations“ (effective for annual periods beginning on or after 1 January 2020),
- Amendments to IAS 1 „Presentation of Financial Statements“ and IAS 8 „Accounting Policies, Changes in Accounting Estimates and Errors“: Definition of Material (effective for annual periods beginning on or after 1 January 2020).

The Fund has not estimated the impact on the new standards and amendments on its accounting principles and semi-annual report.

Use of estimates and judgements

The preparation of the financial statements calls for the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements have been used according to the best knowledge based on prior experience and other factors that the management considers reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Financial instruments are recognized in the balance sheet at fair value taking into account the principles stipulated in the Rules for Calculating Net Asset Value of Funds approved by the Management Board. The fair value of financial instruments quoted on actively traded markets is determined by the quoted prices. If the prices in active markets are not available other valuation models are being used according to the Rules for Calculating Net Asset Value of Funds. Main risks involved with the estimates and judgements that may affect the value of the Fund's assets and liabilities are related to measuring the fair value of financial instruments based on valuation models that use unobservable inputs.

Foreign currency transactions

Foreign currency transactions are recorded using the last bid rate established by the depository for the funds managed by AS Avaron Asset Management on the transaction date (hereinafter referred to as the depository bid rate). This rate is based on market inputs. The assets and liabilities quoted in foreign currency are translated into EUR based on the depository bid rate applicable on the reporting date.

Gains and losses from foreign currency transactions are recorded in the statement of income and expenses under "Gain/ (loss) from transactions in foreign currencies" on a net basis.

Financial instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets include cash, contractual right to receive cash or another financial assets (for example receivables) from another entity, equity instruments of another entity and contractual rights to exchange financial assets with another entity under potentially favourable conditions. Financial liabilities include contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets with another entity under potentially unfavourable conditions.

Financial assets and liabilities are initially recorded at cost, which is the fair value of the consideration paid or received to acquire the financial asset or liability. Financial instruments are later divided into three categories in accordance to the principles of IFRS 9 taking into account the measurement:

1. amortised cost;
2. fair value through other comprehensive income (FVOCI);
3. fair value through profit or loss (FVTPL).

The Fund does not hold financial assets measured at fair value through other comprehensive income.

Classification

On initial recognition, the Fund classifies financial instruments at amortised cost or fair value through profit or loss. A financial instrument is measured at amortised cost if it is not designated as at FVTPL, it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). The classification and subsequent measurement depend on the business model for managing the financial assets and the contractual cash flow characteristics. The classification of financial assets is determined at initial recognition.

The Fund has determined the following business models for managing financial assets:

- held-to-collect business model, which includes financial assets that are held to collect contractual cash flows,
- other business model, where financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent purchases and sales taking place.

Recognition

In the course of normal business activities investments into shares or units of funds, bonds and derivative instruments are recognised using the trade date accounting principles. Trade date is defined as the date when the Fund takes the obligation to buy or sell the financial instrument. Financial assets and liabilities are initially recognised at acquisition cost, which is the fair value of the consideration paid for the financial asset. Initial acquisition cost of financial assets at fair value through profit or loss includes direct expenses related to financial asset or liability (commission). According to IFRS 13 these commissions should be recognized directly in the statement of income and expenses. Commissions recognized as acquisition cost are insignificant and have no impact on Fund's assets or net income. Commissions are shown in the semi-annual report under "Net gain/loss from financial assets at fair value through profit and loss" through revaluation. If the commissions were directly expensed, they would have been reported under operating expenses.

After initial recognition all the financial assets and liabilities are measured at fair value in the category "At fair value through profit or loss" or at amortised cost. Gains/ (losses) from the revaluation of securities are recorded in the statement of income and expenses under "Net gain/loss from financial assets at fair value through profit or loss".

Dividend income from the financial assets at fair value through profit or loss are recorded in the statement of income and expenses under "Dividends" at the moment when the Fund's right to the dividend is fixed.

Fair value of financial instruments

Fair value is the price that would be received upon selling an asset or paid upon transferring a liability in an orderly transaction in the principal market (or the most advantageous market) between market participants at the measurement date, irrespective if the price is easily traceable or shall be determined using other valuation techniques. According to the fair value hierarchy stipulated in IFRS 13 the financial instruments at fair value shall be divided into three levels depending on the rate of observable inputs used:

- level 1 – unadjusted quoted prices in active market for identical assets or liabilities;
- level 2 – inputs other than quoted prices in level 1 that are observable directly or indirectly;
- level 3 – unobservable inputs for an asset or liability.

Observable inputs are inputs that are determined based on the market data (such as publicly available information about actual events or transactions) and that reflect assumptions which market participants would use when pricing an asset or a liability. When a fair value measurement is developed using inputs from multiple levels of the fair value hierarchy, the fair value measurement of that instrument shall fall entirely into the lowest level from which the inputs have been used.

If an instrument is traded on multiple regulated markets, based on professional judgement, the one that is most liquid and most representative is considered as the principal market.

Measuring the fair value of financial instruments is based on the Rules for Calculating Net Asset Value of Funds approved by the Management Board. General principles are the following:

- The market value of shares traded on a regulated market is determined on the basis of the official closing price on the reporting date. If the closing price is unavailable, the official mid price is used. If the mid price is also unavailable, the last official bid price is used.
- In Avaron's opinion the market price of bonds may not reflect the fair value of the securities even when the market price is available. The value of bonds not traded on a regulated market is determined based on the average of the bid and ask quotes as provided by the price feed service provider being used. If the quotes are not available or if the quotes do not reflect the fair value of the bond in the opinion of the Fund Management Company, the price is determined based on the yield curve.
- The value of options not traded on a regulated market is determined based on the Black & Scholes valuation model. The inputs that are necessary for the calculation are determined by the Fund Management Company after consulting with the counterparty of the option.

Financial instruments at amortised cost

At each reporting date the Fund recognises loss allowances for expected credit losses on financial assets measured at amortised cost. The loss allowance for a financial instrument is measured at an amount equal the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. When determining the credit risk, financial assets are divided into two categories. Financial assets that are determined to have low credit risk at the reporting date, and other financial assets for which credit risk has not increased significantly since initial recognition are classified to the first category. Financial assets which credit risk has increased significantly are classified to the second category. The Fund measures loss allowances for the first category instruments at an amount equal to 12-month expected credit losses. The second category instruments' loss allowances are measured at an amount equal to lifetime expected credit losses.

Unlisted bonds' credit risk is assessed individually. As the financial position of the issuers has not deteriorated and economic outlook remains favourable, there are no credit losses assessed on unlisted bonds in the application of IFRS 9. The Fund Management Company has applied regular evaluation process to financial assets measured at amortised cost, which includes, among other aspects, counterparties' payment behaviour, financial performance and overall outlook of the economic environment.

Derecognition

Securities are removed from the balance sheet when the Fund has lost control over the corresponding financial assets either as a result of selling them or expiry of their term. FIFO method is used in accounting for the realised gains/ (losses) from securities transactions. The line "Sales profit/ (loss)" in the statement of income and expenses indicates the difference between the sales amount of an instrument and the corresponding acquisition cost. The sales amount of securities includes the commissions related to the transaction.

Offsetting

Financial assets and liabilities at fair value through profit and loss are offset only when the Fund has a legal right to offset the amounts and it intends to use the right.

Cash and cash equivalents and cash flows

Cash and cash equivalents comprise of the Fund's current accounts and over-night deposits that are subject to an insignificant risk of changes in their fair value.

Cash flows from operating activities are reported using the direct method.

Deposits

Deposits comprise term deposits of credit institutions given that their maturity is less than 12 months. Deposits are initially recognised at acquisition cost and subsequently measured at amortized cost using the effective interest rate method.

Receivables

Receivables include revenues calculated on the accrual basis but not yet collected, including dividend receivables and other accrued income. Miscellaneous receivables include receivables from unsettled sales transactions.

Receivables are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method from which any possible impairment loss has been deducted.

Reverse-repo transactions

Securities that are bought using reverse repurchase agreement (reverse-repo) are recognized under loans and prepayments to customers. The difference between the sales and repurchase price is considered as interest and is accrued during the contract period using effective interest rate method.

Other financial liabilities

Other financial liabilities include management fee and performance fee payables to the Fund Management Company, depository fee and transaction fee payables to the depository. Liabilities also include payables to Fund unit holders for redeemed units. Miscellaneous liabilities include payables for securities purchase transactions.

Other financial liabilities are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method.

Fund units

The Fund has one class of units which are reported as financial liabilities. Units are issued on every banking day. Units are redeemed with either 7 calendar days' or 30 calendar days' advance notice, as may be chosen by redeeming Unitholder in his or her sole discretion. Switching Units is not allowed. The redemption price of a Unit shall depend on the notice period for fulfilling the redemption order, as chosen by the unit-holder. If the Unitholder has chosen a notice period of 7 calendar days, the redemption price shall be the net asset value of the Unit that is calculated as of the seventh calendar day following the day of receiving the redemption order. If the Unitholder has chosen a notice period of 30 calendar days, the redemption price shall be the net asset value of the Unit that is calculated as of the last Banking Day of the 30 calendar days immediately following the day of receiving the redemption order. In case the Unitholder redeems the Units with 7 calendar days' advance notice, a redemption fee is applicable. In case the Unitholder redeems the Units with 30 calendar days' advance notice, no redemption fee is applied.

The net asset value of a Unit is determined by dividing the total net asset value of a class of Units by the number of Units of that class that have been issued and not redeemed (adjusted by the number of Units from unsettled subscription and redemption orders that have been received by the management company).

The income of the Fund shall not be distributed to unit holders but shall be reinvested. A unit holder's profit or loss is reflected in the Unit's net asset value change.

Interest and dividend income

Interest income is recognised on accrual basis using the effective interest rate method. It comprises reported interest from cash and cash equivalents, deposits and debt instruments at fair value through profit or loss.

Received dividends are recorded under “Dividends” at the moment when the shareholder’s right to the dividend is fixed.

Other financial income

Refunds of management fee received by the Fund are recognized under “Other financial income” in statement of income and expenses. When the assets of the Fund are invested in another investment fund managed by the Management Company, the Management Company refunds the management fee which were charged on the invested amount to the Fund making the investment. The management fee is deducted by fees related to fund size before payment. Refunds of management fee are made each quarter. If the Management Company has made an agreement on refunding management fees with other management companies which are managing funds in which the Fund is investing, the Fund Management Company transfers the full amount to the Fund and these amounts are also recognised under “Other income”.

Operating expenses

The operating expenses of the Fund include the management fee and performance fee payable to the management company, the depository fee payable to the Fund’s depository, fund administration fees, fees to the registrar of fund units, transaction fees and other operating expenses stated in the Fund rules. Transaction fees related to security purchase and sales transactions are recorded under “Transaction fees” in the statement of income and expenses. Commissions which arose and were paid in acquisition of securities, but are not clearly identifiable are included within the acquisition cost of securities.

Related parties

Parties that are considered as related parties to the Fund are the management company AS Avaron Asset Management, other investment funds managed by the management company, all the group companies, the Management Board of the Fund Management Company and their related parties. According to the Fund rules the Fund pays management fees to the management company on a monthly basis. Transactions with group companies have been made based on market conditions.

NOTE 2. RISK MANAGEMENT

Short Overview of Investment and Risk Management Techniques

Avaron Flexible Strategies is an asset allocation fund targeting long-term capital growth through economic and market cycles by combining investments into various asset classes, industries and geographies. Predominant exposure of the Fund is invested in listed equities and exchange traded funds, listed and non-listed fixed income, and money market instruments or cash. The allocation to different asset classes depends on Avaron investment managers' views on valuation levels and available investment opportunities, and varies over time. As a result the risk level of the Fund also changes over time.

The Fund is mainly exposed to market risk, including currency risk, interest rate risk and price risk, credit risk and liquidity risk arising from the financial instruments it holds. Funds investing in equities are subject to loss of value because of weakness in the stock market, a particular industry, or specific holdings. Stock prices can decline for many reasons, including adverse political or economic developments, changes in investor psychology, heavy institutional selling, or historical and prospective earnings of the issuer.

Funds that invest in fixed income are subject to interest rate and credit risk. Interest rate risk arises from potential decline in bond prices that accompanies a rise in interest rates. Longer-maturity bonds typically decline more than those with shorter maturities. Credit risk is a chance that any fund holding could have its credit rating downgraded or that a bond issuer will default (fail to make timely payments of interest or principal).

Foreign securities carry additional risks, including exchange rate changes, adverse political and economic developments, differing regulatory environments and accounting standards.

Avaron has established procedures for internal risk management in order to identify, monitor, measure and, if necessary, hedge the risks associated with the Fund's investments. Avaron regularly examines that the Fund is in compliance with its investment restrictions. Portfolio diversification across sectors, countries, currencies and instruments alongside with liquidity analysis are the main risk management tools used. In addition, Avaron may use derivatives to reduce investment risks. Avaron's investment team actively follows financial results of issuers and makes relevant changes in the Fund's portfolio based on the Fund Managers' views of the economy and attractiveness of each financial instrument in respect to issuer specific risk.

Credit risk

Credit risk refers to the risk that the issuer of a security where the Fund has invested or the counterparty to a transaction on account of the Fund fails to perform its obligations either fully or partially (e.g. an issuer fails to redeem the issued debt obligations, a counterparty to a trade does not deliver the securities or cash during the settlement, a counterparty defaults on a loan granted by the Fund), causing damage to the Fund.

Maximum exposure to credit risk as of the end of the period in EUR:

	30/06/2019	% of NAV	31/12/2018	% of NAV
Cash and cash equivalents	4,428,102	43.47%	4,864,742	47.69%
Term deposits	752,183	7.38%	700,905	6.87%
Corporate bonds	2,802,555	27.51%	2,669,592	26.17%
Loans and receivables				
Receivables and prepayments	52,201	0.51%	153,373	1.50%
Unlisted bonds	653,496	6.42%	960,506	9.42%
TOTAL	8,688,537	85.29%	9,349,118	91.65%

The following table presents information related to the Fund's financial derivative instruments assets and liabilities by counterparty net of amounts available for offset under ISDA agreements and net of related collateral received or pledged by the Fund as of the end of the period in EUR:

		Gross Amount Not Offset in the Balance Sheet				Net Amount
		Gross Amounts of Assets in the Balance Sheet	Derivative Financial Instruments Available to Offset	Cash Collateral Pledged	Non-Cash Collateral	
Counterparty	Credit Rating					
Swedbank AS	AA- (S&P) - Swedbank AB	19,282	-	-	-	19,282
TOTAL		19,282	-	-	-	19,282

		Gross Amount Not Offset in the Balance Sheet				Net Amount
		Gross Amounts of Liabilities in the Balance Sheet	Derivative Financial Instruments Available to Offset	Cash Collateral Pledged	Non-Cash Collateral	
Counterparty	Credit Rating					
Swedbank AS	AA- (S&P) - Swedbank AB	-207,527	-	150,000	-	-57,527
TOTAL		-207,527	-	150,000	-	-57,527

The Fund's assets are invested in bonds that are transferable. In case of debt securities with investment grade rating by S&P (or Moody's equivalent) of BBB- or higher a basic financial analysis and a study of terms of the issue (prospectus) is conducted. In case of debt securities with no rating / non-investment grade rating, deeper due diligence requirements apply.

Allocation of bonds according to rating in Standard & Poor's rating scale in EUR:

	30/06/2019	% of NAV	31/12/2018	% of NAV
BB-	389,196	3.82%	555,976	5.45%
B+	1,437,137	14.11%	1,156,385	11.34%
B	191,940	1.88%	174,374	1.71%
No rating	1,437,778	14.12%	1,743,363	17.09%
TOTAL	3,456,051	33.93%	3,630,098	35.59%

The Fund's cash and cash equivalents are held with the Fund's depository Swedbank AS, which parent company Swedbank AB is rated AA- as of 01/04/2019 by Standard & Poor's and with Luminor Bank AS, which is rated A- as of 13/09/2018 by Moody's and with AS SEB Pank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 30/10/2018 by Standard & Poor's. Term deposits are held with Luminor Bank AS and Bigbank AS.

Liquidity risk

Liquidity risk refers to the risk that due to low liquidity a financial instrument cannot be sold at the desired time, at the desired price or there is no market (buyer) at all. Liquidity risk is particularly relevant in case of investing into small cap companies and instruments not traded on a regulated securities market. The Fund's financial assets include unlisted bond investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its unlisted instruments in due time to meet its liquidity requirements.

Liquidity risk is managed through regular liquidity analysis and limitations on estimated exit times from positions and share capital/ free float ownership.

Maximum exposure of financial liabilities according to the maturity as of the end of the period in EUR:

	Up to 1 month		Over 1 month	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Payables to the management company	40,499	10,888	-	-
Payables to the depository	4,052	2,356	-	-
Payments on redemption of units	25,477	7,994	-	-
Other liabilities	-	-	688	2,219
Net Assets attributable to Holders	-	-	10,186,920	10,200,145
TOTAL	70,028	21,238	10,187,608	10,202,364

The Fund maintains the credit lines of 1,000,000 EUR that it can access to meet short-term liquidity needs. These resources have not been used as of 30/06/2019.

Positions that may take more than 20 days to liquidate based on six months average trading volume (30% of trading volume) can be found on the next table.

Instrument	Country	Sector	% of NAV	
			30/06/2019	31/12/2018
TURKIYE VAKIFLAR BANK 01.11.27	Turkey	Financials	5.67%	5.51%
LHV GROUP SUBORDIN 29.10.25	Estonia	Financials	3.88%	3.81%
YAPI VE KRD BK 5.5% 06.12.22	Turkey	Financials	3.24%	2.91%
ENDOVER AURORA 11.00% 14.12.20 ¹	Estonia	Real Estate	2.96%	2.96%
INBANK SUBORDINATED 28.09.2026	Estonia	Financials	2.11%	2.11%
B2 HOLDING AS FRN EUR 08.12.20	Norway	Financials	2.09%	2.06%
TURKEY 5.200% 16.02.2026 EUR	Turkey	Sovereign	2.02%	-
MAGNETIC MRO 8.00% 21.12.21 ¹	Estonia	Industrial	1.97%	1.96%
KERNEL HOLDING 8.75% 31.01.22	Luxembourg	Consumer Staples	1.88%	1.71%
GL LIMAN ISLETM 8.125%14.11.21	Turkey	Industrial	1.73%	1.66%
LHV GROUP SUBORDIN 28.11.28	Estonia	Financials	1.71%	1.76%
TURKIYE BANKASI 7.85% 10.12.23	Turkey	Financials	1.68%	1.52%
TURKIYE BANKASI VAR% 29.06.28	Turkey	Financials	1.50%	1.39%
MAINOR ULEMISTE 5.5% 05.04.23 ¹	Estonia	Real Estate	1.49%	1.49%
BULGARIA REAL ESTATE FUND	Bulgaria	Real Estate	1.39%	1.27%
ENDOVER FABRIK 11.00% 17.10.20 ¹	Estonia	Real Estate	-	3.01%
ATRIUM EUROPEAN REAL ESTATE	Jersey	Real Estate	-	1.86%
FINANSBANK 6.25% 30.04.19 USD	Turkey	Financials	-	1.73%
TALLINK GRUPP AS	Estonia	Industrial	-	1.66%
TOTAL			35.32%	40.38%

¹Bonds not traded on a regulated market

As the bonds are not traded on the stock exchange, we are not able to calculate the average daily turnover of bonds. Due to the conservative approach, we have listed all the bonds in the list above. Liquidation of remaining positions based on six months average trading volume may probably take less than 20 days.

Market risk

Market risk refers to the risk of suffering losses due to adverse price movements at a specific securities market or a market for other assets. Adverse price movements may be caused by a country's weak economic indicators, poor financial results of an business sector, volatile securities market, investors' behaviour and psychology and other factors.

Diversification among sectors, countries, currencies and instruments are the main risk management tools used by the Fund to address market risk.

Currency risk

The Fund is open to foreign currency risk. Currency breakdown of the Fund's assets in EUR:

	30/06/2019	% of Assets	31/12/2018	% of Assets
EUR	7,384,657	71.99%	7,312,998	70.11%
USD	2,102,959	20.50%	2,353,747	22.57%
BGN	341,295	3.33%	329,025	3.15%
RON	250,457	2.44%	362,625	3.48%
SEK	105,687	1.03%	-	-
TRY	57,127	0.56%	61,947	0.59%
RUB	13,077	0.13%	8,418	0.08%
RSD	2,377	0.02%	2,368	0.02%
TOTAL	10,257,636	100.00%	10,431,128	100.00%

Taking into account the derivatives contracts, net FX positions as per currency were the following:

	30/06/2019	% of Assets	31/12/2018	% of Assets
USD	350,291	3.41%	-35,454	-0.34%
BGN	341,295	3.33%	329,025	3.15%
RON	250,457	2.44%	362,625	3.48%
SEK	105,687	1.03%	-	-
TRY	57,127	0.56%	61,947	0.59%
RUB	13,077	0.13%	8,418	0.08%
RSD	2,377	0.02%	2,368	0.02%
TOTAL	1,120,311	10.92%	728,929	6.98%

Currency risk sensitivity analysis

Fund's net asset value would have been affected by the weakening of foreign currencies against EUR on 30 June 2019. The sensitivity analysis assumes the weakening of foreign currency rates against EUR in the magnitude of the change from the higher to to lower value during the last ten years. The analysis assumes that all the other variables remain constant. Analysis for 31 December 2018 has been made using the same assumptions.

The impact on net assets attributable to Fund's unit holders and net income:

	30/06/2019			31/12/2018		
	Currency weakening	Possible impact	Currency's % of Assets	Currency weakening	Possible impact	Currency's % of Assets
USD	-32%	-103,047	3.41%	-32%	13,760	-0.34%
TRY	-77%	-44,031	0.56%	-77%	-47,746	0.59%
RON	-15%	-41,562	2.44%	-15%	-53,473	3.48%
SEK	-26%	-27,958	1.03%	-	-	-
BGN	-5%	-16,706	3.33%	-5%	-17,666	3.15%
RUB	-63%	-15,784	0.13%	-63%	-7,388	0.08%
RSD	-27%	-646	0.02%	-29%	-695	0.02%
TOTAL		-249,734	10.92%		-113,208	6.98%

Instrument's price risk

Price risk is closely related to market risk but mainly affects a specific security or investment. Price risk is the risk of suffering losses due to adverse price movements of a specific stock or another investment. The price of a specific security is affected by developments in the issuer's financial results, changes in the competitive environment, analyst estimates and commentaries, etc.

Concentration of risk of Fund's investments based on sectors as of the end of the period in EUR:

	30/06/2019	% of NAV	31/12/2018	% of NAV
Financials	2,465,941	24.22%	2,419,011	23.71%
Real Estate	787,940	7.74%	1,079,649	10.59%
Industrial	659,787	6.47%	496,939	4.87%
Consumer Staples	366,358	3.59%	337,278	3.31%
Utilities	250,457	2.46%	209,815	2.06%
Commodities	220,147	2.16%	-	-
Sovereign	206,161	2.02%	-	-
Materials	49,077	0.48%	-	-
Consumer Discretionary	-	-	169,416	1.66%
TOTAL	5,005,868	49.14%	4,712,108	46.20%

Concentration of risk of the Fund's investments based on geographic location as of the end of the period in EUR:

	30/06/2019	% of NAV	31/12/2018	% of NAV
Estonia	1,720,516	16.89%	2,039,887	20.01%
Turkey	1,668,971	16.38%	1,564,354	15.33%
Russia	251,860	2.47%	194,260	1.90%
Romania	250,457	2.46%	209,815	2.06%
Germany	220,147	2.16%	-	-
Norway	212,458	2.09%	209,875	2.06%
Jersey	192,963	1.90%	190,021	1.86%
Luxembourg	191,940	1.88%	174,374	1.71%
Bulgaria	141,792	1.39%	129,522	1.27%
Sweden	105,687	1.04%	-	-
Finland	49,077	0.48%	-	-
TOTAL	5,005,868	49.14%	4,712,108	46.20%

Instrument's price risk sensitivity analysis

Sensitivity analysis is based on standard deviation of the Fund since launch, whereas the Fund's risk profile has been calculated based on normal distribution. The analysis assumes that all the other variables remain constant. Analysis as per 31 December 2018 has been made with using the same assumptions.

	Probability	+/- possible change of Fund's NAV during year	
		2019	2018
σ	68.27%	2.64%	2.68%
2σ	95.45%	5.28%	5.36%
3σ	99.73%	7.93%	8.04%

NOTE 3. CASH AND CASH EQUIVALENTS**Deposits in EUR**

	30/06/2019	% of NAV	31/12/2018	% of NAV
Deposits, Luminor Bank AS	450,000	4.42%	400,000	3.92%
Deposits, Bigbank AS	300,000	2.94%	300,000	2.95%
Over-night deposits, Swedbank AS	232,157	2.28%	482,613	4.73%
TOTAL*	982,157	9.64%	1,182,613	11.60%

* "Term deposits" in balance sheet include also accrued interest in the amount of 2,182.78 EUR as at 30/06/2019 and 905.27 EUR as at 31/12/2018. "Receivables and prepayments" in the balance sheet include also accrued interest from overnight deposit in the amount of 5.94 EUR as at 30/06/2019 (31/12/2018: 12.89 EUR).

Cash and cash equivalents (incl. over-night deposit) by credit institution and currency

	30/06/2019	% of NAV, converted into EUR	31/12/2018	% of NAV, converted into EUR
Swedbank AS		18.74%		22.31%
EUR	1,459,458	14.33%	1,429,887	14.02%
USD	264,009	2.28%	553,654	4.73%
BGN	390,209	1.96%	390,209	1.96%
RUB	941,480	0.13%	672,903	0.08%
RSD	280,382	0.02%	280,382	0.02%
TRY	13,380	0.02%	478	0.00%
RON	-	-	711,561	1.50%
Luminor Bank AS		14.91%		15.58%
EUR	1,519,433	14.91%	1,589,067	15.58%
AS SEB Pank		9.82%		9.80%
EUR	1,000,066	9.82%	999,996	9.80%
TOTAL		43.47%		47.69%

The Fund's cash and cash equivalents are held with the Fund's depository Swedbank AS, which parent company Swedbank AB is rated AA- as of 01/04/2019 by Standard & Poor's and with Luminor Bank AS, which is rated A- as of 13/09/2018 by Moody's and with AS SEB Pank, which parent company Skandinaviska Enskilda Banken AB is rated A+ as of 30/10/2018 by Standard & Poor's. Term deposits are held with Luminor Bank AS and Bigbank AS.

NOTE 4. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES TO CATEGORIES AND LEVELS

In EUR

30/06/2019	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	4,428,102	-	-	-	-	-
Term deposits	-	-	-	752,183	-	-	-	-	-
Shares and units	1,549,817	-	-	-	-	-	-	-	-
Bonds	2,802,555	-	-	-	-	-	-	-	-
Derivative instruments	-	19,282	-	-	-	-	-	-	-
Unlisted bonds	-	-	-	-	-	653,496	-	-	-
Interest receivable	-	-	-	6	-	-	-	-	-
Dividend receivable	-	-	-	52,195	-	-	-	-	-
LIABILITIES									
Payables to the management company	-	-	-	-	-	-	-	40,499	-
Payables to the depository	-	-	-	-	-	-	-	4,052	-
Payments on redemption of units*	-	-	-	-	-	-	-	25,477	-
Other liabilities	-	-	-	-	-	-	-	688	-
Net assets attributable to holders	-	-	-	-	-	-	-	10,186,920	-
TOTAL	4,352,372	19,282	-	5,232,486	-	653,496	-	10,257,636	-

* Liabilities are carried in the balance sheet under "Other liabilities".

Additional information for instruments categorised under Level 3

	Unlisted bonds
Starting balance of Level 3 instruments	960,506
Sales	-300,000
Interest received	28,625
Interest accrued	3,496
Total level 3 investments	653,496

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost amounts approximate fair value. There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

Avaron Flexible Strategies Fund

In EUR

31/12/2018	Measured at fair value through profit or loss			Financial assets at amortised cost			Financial liabilities at amortised cost		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS									
Cash and cash equivalents	-	-	-	4,864,742	-	-	-	-	-
Term deposits	-	-	-	700,905	-	-	-	-	-
Shares and units	1,082,010	-	-	-	-	-	-	-	-
Bonds	2,669,592	-	-	-	-	-	-	-	-
Unlisted bonds	-	-	-	-	-	960,506	-	-	-
Interest receivable	-	-	-	13	-	-	-	-	-
Dividend receivable	-	-	-	3,360	-	-	-	-	-
Collateral receivable	-	-	-	150,000	-	-	-	-	-
LIABILITIES									
Derivative instruments	-	207,527	-	-	-	-	-	-	-
Payables to the management company	-	-	-	-	-	-	-	10,888	-
Payables to the depository	-	-	-	-	-	-	-	2,356	-
Payments on redemption of units*	-	-	-	-	-	-	-	7,993	-
Other liabilities	-	-	-	-	-	-	-	2,219	-
Net assets attributable to holders	-	-	-	-	-	-	-	10,200,145	-
TOTAL	3,751,602	207,527	-	5,719,020	-	960,506	-	10,223,601	-

* Liabilities are carried in the balance sheet under "Other liabilities".

Additional information for instruments categorised under Level 3

	Unlisted bonds
Starting balance of Level 3 instruments	956,302
Purchases	800,000
Sales	-800,000
Interest received	17,375
Interest accrued	10,506
Total level 3 investments	960,506

According to the estimates of the Fund Management Company the carrying value of financial assets and liabilities at amortised cost amounts approximate fair value. There have been no transfers of the assets designated as at fair value from one level to another as of the end of the period.

NOTE 5. NET GAIN/LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In EUR

	01/01/2019- 30/06/2019	01/01/2018- 30/06/2018
Net gain/loss from financial assets at fair value through profit or loss		
From shares and units		
Sales profit/(-loss)	-	34,023
Unrealised profit /(-loss)	122,296	-168,090
From bonds		
Sales profit/(-loss)	-4,714	-7,503
Unrealised profit /(-loss)	99,232	-214,237
From derivative instruments		
Sales profit/(-loss)	-281,618	100,980
Unrealised profit /(-loss)	226,810	-209,592
Total net gain/(-loss)	162,006	-464,419

Sales profit/loss and unrealised profit/loss include commissions paid to brokers on the acquisition and disposal of the securities. According to the principles of IAS 39 and IFRS 9 the commissions should be reflected in the statement of income and expenses under transaction costs. According to the estimates of the Fund Management Company the effect of commissions to the net gain/loss from financial assets is not significant.

NOTE 6. TRANSACTIONS WITH RELATED PARTIES

In addition to the Fund Management Company, companies belonging to the same group, other investment funds managed by the Management Company and shareholders of the Management Company are considered to be related parties to the Fund.

Consolidation exception applies for the Fund as it corresponds to Investment Entity's definition introduced in IFRS 10. The Fund carries its investment in Avaron Flexible Strategies Fund at fair value through profit or loss.

The transactions with related parties were as follows in EUR:

	01/01/2019- 30/06/2019	01/01/2018- 30/06/2018
Fund Management Company		
Paid management and performance fees	93,523	77,524
Units bought	-	394,456
Other entities belonging to the consolidation group of the Fund Management Company		
Units bought	-	98,000
Units sold	-	394,456
TOTAL	93,523	964,436

The balances outstanding with related parties were as follows in EUR:

	30/06/2019	31/12/2018
Fund Management Company		
Management and performance fee payable	40,499	10,888
TOTAL	40,499	10,888

Related parties of the Fund Management Company owned the units of Avaron Flexible Strategies Fund in market value as follows:

	30/06/2019	31/12/2018
Ultimate parent of the Fund Management Company	1,552,693	1,510,575
Fund Management Company	388,816	378,269
TOTAL	1,941,509	1,888,844

NOTE 7. DERIVATIVE INSTRUMENTS

In EUR
30/06/2019

Type of Instrument	Issuer of Instrument	Quantity of underlying	The underlying currency	Exercise date	Price of Instrument / premium	Exercise price		Market value		Equity of the issuer of the instrument
						Per unit	Total	Date	Total	
Swap	Swedbank AS	1,771,950	EUR	08/05/2019	1.0000	1.0000	1,771,950	28/06/2019	-	EUR 1,749,711,000
		2,000,000	USD	08/08/2019	0.8763	0.8860	1,771,950	28/06/2019	19,282	EUR 1,749,711,000
TOTAL									19,282	

Collateral and margin accounts received and paid by the Fund in respect of financial derivative instruments

No collateral was pledged or received at the end of 30/06/2019

Avaron Flexible Strategies Fund

In EUR
31/12/2018

Type of Instrument	Issuer of Instrument	Quantity of underlying	The underlying currency	Exercise date	Price of Instrument / premium	Exercise price		Market value		Equity of the issuer of the instrument
						Per unit	Total	Date	Total	
Swap	Swedbank AS	2,181,674	EUR	08/02/2019	1.0000	1.0000	2,181,674	31/12/2018	-	EUR 1,666,587,000
		2,750,000	USD	08/02/2019	0.8688	0.7933	2,181,674	31/12/2018	-207,527	EUR 1,666,587,000
TOTAL									-207,527	

Collateral and margin accounts received and paid by the Fund in respect of financial derivative instruments

In EUR
31/12/2018

Type of Collateral	Counterparty	Currency	Amount received	Amount paid
Cash	Swedbank AS	EUR	-	150,000
TOTAL			-	150,000

STATEMENT OF INVESTMENTS

In EUR 30/06/2019

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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SHARES**SHARES LISTED ON STOCK EXCHANGE:**

SC FONDUL PROPRIETATEA SA	ROFPTAACNOR5	RO			RON	0.15	168,191	0.23	250,457	2.46%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	JE	S&P	BBB-	EUR	3.39	199,146	3.28	192,963	1.90%
TALLINK GRUPP AS	EE3100004466	EE			EUR	0.94	157,508	0.97	161,237	1.58%
SBERBANK COMMON SHARE	RU0009029540	RU	Fitch	BBB-	USD	3.22	128,933	3.31	132,538	1.30%
TALLINNA SADAM AS	EE3100021635	EE			EUR	1.70	105,924	1.95	121,501	1.19%
MAGNIT PJSC	RU000A0JKQU8	RU	S&P	BB	USD	86.94	199,965	51.88	119,322	1.17%
SWEDBANK AB SER A	SE0000242455	SE	S&P	AA-	SEK	12.61	100,872	13.21	105,687	1.04%
COCA-COLA ICECEK AS	TRECOLA00011	TR	Fitch	BB	TRY	10.29	125,024	4.54	55,096	0.54%
UPM-KYMMENE OYJ	FI0009005987	FI	S&P	BBB	EUR	23.37	49,084	23.37	49,077	0.48%

SHARES TOTAL**1,234,647****1,187,878****11.66%**

Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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FUNDS**CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:**

BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.76	101,204	1.06	141,792	1.39%
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CLOSED-END FUNDS TOTAL**101,204****141,792****1.39%****EXCHANGE TRADED COMMODITIES ON STOCK EXCHANGE:**

XTRACKER PHYSICAL GOLD ETC	DE000A1E0HR8	DE	DEUTCHE BANK AG	EUR	111.45	202,837	120.96	220,147	2.16%
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EXCHANGE TRADED COMMODITIES TOTAL**202,837****220,147****2.16%****FUNDS TOTAL****304,041****361,939****3.55%****SHARES AND FUNDS TOTAL****1,538,688****1,549,817****15.21%**

Statement of investments as of 30/06/2019 (continued)

Name	ISIN	Emitent country	Rating agency	Rating	FX	Interest rate	Maturity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
BONDS*												
TURKIYE VAKIFLAR BANK 01.11.27	XS1551747733	TR	S&P	B+	USD	8.00%	01/11/2027	86.86	660,106	74.85	577,363	5.67%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE			EUR	6.50%	29/10/2025	105.07	389,810	105.50	395,357	3.88%
YAPI VE KRD BK 5.5% 06.12.22	XS0861979440	TR	S&P	B+	USD	5.50%	06/12/2022	82.06	328,241	82.22	330,060	3.24%
ENDOVER AURORA 11.00% 14.12.20 ¹	EE3300111582	EE			EUR	11.00%	14/12/2020	100.00	300,000	100.00	301,283	2.96%
INBANK SUBORDINATED 28.09.2026	EE3300110964	EE			EUR	7.00%	28/09/2026	102.76	203,460	108.48	214,791	2.11%
B2 HOLDING AS FRN EUR 08.12.20	NO0010753072	NO	S&P	BB-	EUR	7.50%	08/12/2020	109.50	219,000	105.88	212,458	2.09%
TURKEY 5.200% 16.02.2026 EUR	XS1909184753	TR	S&P	B+	EUR	5.20%	16/02/2026	98.50	197,000	101.20	206,161	2.02%
MAGNETIC MRO 8.00% 21.12.21 ¹	EE3300111608	EE			EUR	8.00%	21/12/2021	100.00	200,000	100.00	200,311	1.97%
KERNEL HOLDING 8.75% 31.01.22	XS1533923238	LU	S&P	B	USD	8.75%	31/01/2022	93.16	186,316	92.81	191,940	1.88%
GL LIMAN ISLETM 8.125%14.11.21	XS1132825099	TR	Fitch	BB-	USD	8.13%	14/11/2021	86.16	172,312	87.50	176,738	1.73%
LHV GROUP SUBORDIN 28.11.28	EE3300111558	EE			EUR	6.00%	28/11/2028	100.00	166,000	104.40	174,134	1.71%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	S&P	B+	USD	7.85%	10/12/2023	88.85	177,705	85.30	171,285	1.68%
TURKIYE BANKASI VAR% 29.06.28	XS1623796072	TR	S&P	B+	USD	7.00%	29/06/2028	83.35	166,709	73.07	152,268	1.50%
MAINOR ULEMISTE 5.5% 05.04.23 ¹	EE3300111343	EE			EUR	5.50%	05/04/2023	100.00	150,000	100.00	151,902	1.49%
BONDS TOTAL									3,516,659		3,456,051	33.93%

*Accrued interest in the amount of 37,280.12 EUR has been added to the value of bonds

¹Bonds not traded on a regulated market

Name	Derivative Type	Emitent country	Rating agency	Rating	FX	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
DERIVATIVES											
FX-Swap EUR/USD Swedbank AS	Swap	EE	S&P	AA- (Swedbank AB)	USD	08/08/2019			19,282	0.19%	
DERIVATIVES TOTAL									19,282	0.19%	
INSTRUMENTS TOTAL									5,074,628	5,025,150	49.33%

Statement of investments as of 30/06/2019 (continued)

Credit Institution	Deposit type	Credit Institution's country	Rating agency	Rating	FX	Interest rate	Start date	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
DEPOSITS*												
Luminor Bank AS	Term deposit	EE	Moody's	A-	EUR	0.60%	02/04/2019	02/04/2020	250,000		250,367	2.46%
Swedbank AS	Overnight	EE	S&P	AA-	USD	0.92%	28/06/2019	29/06/2019	232,157		232,163	2.28%
Luminor Bank AS	Term deposit	EE	Moody's	A-	EUR	0.50%	05/10/2018	07/10/2019	200,000		200,742	1.97%
Bigbank AS	Term deposit	EE			EUR	1.10%	26/04/2019	26/04/2020	200,000		200,391	1.96%
Bigbank AS	Term deposit	EE			EUR	1.00%	26/10/2018	28/10/2019	100,000		100,683	0.99%
DEPOSITS TOTAL									982,157		984,346	9.66%
*Accrued interest in the amount of 2,188.72 EUR has been added to the value of deposits												
Name	Credit Institution's country	Credit Institution	FX	Interest rate	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets		
CASH												
CURRENT ACCOUNT	EE	Luminor	EUR				1,519,433		1,519,433	14.91%		
CURRENT ACCOUNT	EE	Swedbank	EUR				1,459,458		1,459,458	14.33%		
CURRENT ACCOUNT	EE	SEB	EUR				1,000,066		1,000,066	9.82%		
CURRENT ACCOUNT	EE	Swedbank	BGN				199,503		199,503	1.96%		
CURRENT ACCOUNT	EE	Swedbank	RUB				13,077		13,077	0.13%		
CURRENT ACCOUNT	EE	Swedbank	RSD				2,377		2,377	0.02%		
CURRENT ACCOUNT	EE	Swedbank	TRY				2,031		2,031	0.02%		
CURRENT ACCOUNT TOTAL							4,195,945		4,195,945	41.19%		
INVESTMENTS TOTAL							10,233,448		10,205,441	100.18%		
OTHER ASSETS												
DIVIDEND RECEIVABLE			EUR								52,195	0.51%
OTHER ASSETS TOTAL											52,195	0.51%
TOTAL ASSETS OF THE FUND									10,233,448		10,257,636	100.69%
LIABILITIES											-70,716	-0.69%
NET ASSETS OF THE FUND											10,186,920	100.00%

Avaron Flexible Strategies Fund

In EUR 31/12/2018

Name	ISIN	Emitent country	Rating agency	Rating	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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SHARES

SHARES LISTED ON STOCK EXCHANGE:

SC FONDUL PROPRIETATEA SA	ROFPTAACNOR5	RO			RON	0.15	168,191	0.19	209,815	2.06%
ATRIUM EUROPEAN REAL ESTATE	JE00B3DCF752	JE	S&P	BBB-	EUR	3.39	199,146	3.23	190,021	1.86%
TALLINK GRUPP AS	EE3100004466	EE			EUR	0.94	157,508	1.02	169,416	1.66%
TALLINNA SADAM AS	EE3100021635	EE			EUR	1.70	105,924	2.04	127,108	1.25%
MAGNIT PJSC	RU000A0JKQU8	RU	S&P	BB	USD	86.94	199,965	43.93	101,036	0.99%
SBERBANK OF RUSSIA PJSC	RU0009029540	RU	Fitch	BBB-	USD	3.22	128,933	2.33	93,224	0.91%
COCA-COLA ICECEK AS	TRECOLA00011	TR	Fitch	BBB-	TRY	10.29	125,024	5.09	61,868	0.61%

SHARES TOTAL							1,084,691	952,488	9.34%
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Name	ISIN	Fund country	Fund Management Company	FX	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
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FUNDS

CLOSED-END FUNDS LISTED ON STOCK EXCHANGE:

BULGARIA REAL ESTATE FUND	BG1100001053	BG	REAL ESTATE MANAGEMENT LTD	BGN	0.76	101,204	0.97	129,522	1.27%
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CLOSED-END FUNDS TOTAL						101,204	129,522	1.27%
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FUNDS TOTAL						101,204	129,522	1.27%
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SHARES AND FUNDS TOTAL						1,185,895	1,082,010	10.61%
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Statement of investments as of 31/12/2018 (continued)

Name	ISIN	Emitent country	Rating agency	Rating	FX	Interest rate	Maturity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
BONDS*												
TURKIYE VAKIFLAR BANK 01.11.27	XS1551747733	TR	S&P	B+	USD	8.00%	01/11/2027	86.86	660,106	72.79	562,006	5.51%
LHV GROUP SUBORDIN 29.10.25	EE3300110741	EE			EUR	6.50%	29/10/2025	105.07	389,810	103.60	388,509	3.81%
ENDOVER FABRIK 11.00% 17.10.20 ¹	EE3300111491	EE			EUR	11.00%	17/10/2020	100.00	300,000	100.00	306,691	3.01%
ENDOVER AURORA 11.00% 14.12.20 ¹	EE3300111582	EE			EUR	11.00%	14/12/2020	100.00	300,000	100.00	301,467	2.96%
YAPI VE KRD BK 5.5% 06.12.22	XS0861979440	TR	S&P	B+	USD	5.50%	06/12/2022	82.06	328,241	73.88	296,834	2.91%
INBANK SUBORDINATED 28.09.2026	EE3300110964	EE			EUR	7.00%	28/09/2026	102.76	203,460	108.45	214,847	2.11%
B2 HOLDING AS FRN EUR 08.12.20	NO0010753072	NO	S&P	BB-	EUR	7.00%	08/12/2020	109.50	219,000	104.50	209,875	2.06%
MAGNETIC MRO 8.00% 21.12.21 ¹	EE3300111608	EE			EUR	8.00%	21/12/2021	100.00	200,000	100.00	200,400	1.96%
LHV GROUP SUBORDIN 28.11.28	EE3300111558	EE			EUR	6.00%	28/11/2028	100.00	166,000	107.60	179,501	1.76%
FINANSBANK 6.25% 30.04.19 USD	XS1063442484	TR	Fitch	BB-	USD	6.25%	30/04/2019	86.49	172,976	87.43	176,670	1.73%
KERNEL HOLDING 8.75% 31.01.22	XS1533923238	LU	S&P	B	USD	8.75%	31/01/2022	93.16	186,316	84.01	174,374	1.71%
GL LIMAN ISLETM 8.125%14.11.21	XS1132825099	TR	Fitch	BB-	USD	8.13%	14/11/2021	86.16	172,312	83.79	169,431	1.66%
TURKIYE BANKASI 7.85% 10.12.23	XS1003016018	TR	S&P	B+	USD	7.85%	10/12/2023	88.85	177,705	77.33	155,451	1.52%
MAINOR ULEMISTE 5.5% 05.04.23 ¹	EE3300111343	EE			EUR	5.50%	05/04/2023	100.00	150,000	100.00	151,948	1.49%
TURKIYE BANKASI VAR% 29.06.28	XS1623796072	TR	S&P	B+	USD	7.00%	29/06/2028	83.35	166,709	67.96	142,094	1.39%
BONDS TOTAL									3,792,635		3,630,098	35.59%

*Accrued interest in the amount of 43,689.39 EUR has been added to the value of bonds

¹Bonds not traded on a regulated market

Name	Derivative Type	Emitent country	Rating agency	Rating	FX	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets	
DERIVATIVES											
FX-Swap EUR/USD Swedbank AS	Swap	EE	S&P	AA- (Swedbank AB)	USD	08/02/2019			-207,527	-2.03%	
DERIVATIVES TOTAL									-207,527	-2.03%	
INSTRUMENTS TOTAL									4,771,003	4,504,581	44.17%

Statement of investments as of 31/12/2018 (continued)

Credit Institution	Deposit type	Credit Institution's country	Rating agency	Rating	FX	Interest rate	Start date	Maturity	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets
DEPOSITS*												
	Overnight											
Swedbank AS	deposit	EE	S&P	AA-	USD	0.96%	31/12/2018	01/01/2019	482,613		482,627	4.73%
Bigbank AS	Term deposit	EE			EUR	0.75%	26/10/2018	26/04/2019	200,000		200,279	1.97%
Luminor Bank AS	Term deposit	EE	Moody's	A-	EUR	0.50%	05/10/2018	07/10/2019	200,000		200,244	1.96%
Bigbank AS	Term deposit	EE			EUR	1.00%	26/10/2018	28/10/2019	100,000		100,186	0.98%
Luminor Bank AS	Term deposit	EE	Moody's	A-	EUR	0.40%	05/10/2018	07/01/2019	100,000		100,098	0.98%
Luminor Bank AS	Term deposit	EE	Moody's	A-	EUR	0.40%	05/10/2018	05/04/2019	100,000		100,098	0.98%
DEPOSITS TOTAL									1,182,613		1,183,532	11.60%
*Accrued interest in the amount of 918.16 EUR has been added to the value of deposits												
Name	Credit Institution's country	Credit Institution	FX	Interest rate	Quantity	Average acquisition cost per unit	Average acquisition cost	Market value per unit	Total market value	Share of market value of fund's net assets		
CASH												
CURRENT ACCOUNT	EE	Luminor	EUR				1,589,067		1,589,067	15.58%		
CURRENT ACCOUNT	EE	Swedbank	EUR				1,429,887		1,429,887	14.02%		
CURRENT ACCOUNT	EE	SEB	EUR				999,996		999,996	9.80%		
CURRENT ACCOUNT	EE	Swedbank	BGN				199,503		199,503	1.96%		
CURRENT ACCOUNT	EE	Swedbank	RON				152,810		152,810	1.50%		
CURRENT ACCOUNT	EE	Swedbank	RUB				8,418		8,418	0.08%		
CURRENT ACCOUNT	EE	Swedbank	RSD				2,368		2,368	0.02%		
CURRENT ACCOUNT	EE	Swedbank	TRY				79		79	0.00%		
CURRENT ACCOUNT TOTAL							4,382,128		4,382,128	42.96%		
INVESTMENTS TOTAL									10,543,271	10,070,241	98.73%	
OTHER ASSETS												
COLLATERAL RECEIVABLE			EUR						150,000	1.47%		
DIVIDEND RECEIVABLE			EUR						3,360	0.03%		
OTHER ASSETS TOTAL									153,360	1.50%		
TOTAL ASSETS OF THE FUND									10,543,271	10,223,601	100.23%	
LIABILITIES										-23,456	-0.23%	
NET ASSETS OF THE FUND										10,200,145	100.00%	

STATEMENT OF COMMISSIONS

In EUR

01/01/2019-30/06/2019

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Wood and Company Financial Services a.s.	1	100,506	737	0.73%
Raiffeisen Centrobank AG	1	49,084	49	0.10%
Exchange Traded Commodities				
Wood and Company Financial Services a.s.	1	202,837	162	0.08%
OTC transactions				
Early redemption	1	300,000	-	-
Final maturity	1	178,285	-	-
Derivatives				
Swedbank AS	2	3,522,191	-	-
Bonds				
Adamant Capital Partners	1	199,251	-	-
TOTAL	8	4,552,154	948	0.02%

* Contracting Party to the EEA Agreement (European Economic Area countries)

Fund executes all securities transactions at net price. In acquisition the commission fee is included in the acquisition cost and in disposal the commission is deducted from the sale amount.

In EUR

01/01/2018-30/06/2018

	Number of transactions	Volume of transactions	Total commissions paid	Weighted average fee
Regulated securities market transactions*				
Shares				
Erste Group Bank AG	1	72,740	168	0.23%
Third country securities market transactions				
Shares				
BCS Prime Brokerage Limited	1	74,111	52	0.07%
OTC transactions				
IPO	2	439,924	-	-
Final maturity	3	1,128,990	-	-
Derivatives				
Swedbank AS	1	2,248,569	-	-
AS SEB Pank	2	512,568	-	-
TOTAL	10	4,476,902	220	0.00%

* Contracting Party to the EEA Agreement (European Economic Area countries)

Fund executes all securities transactions at net price. In acquisition the commission fee is included in the acquisition cost and in disposal the commission is deducted from the sale amount.