

Investment Objectives & Approach

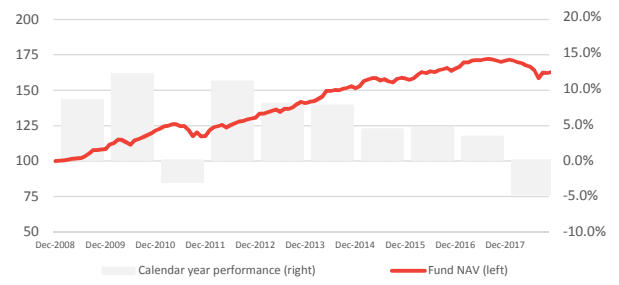
The Fund is targeted to private individuals and corporate investors who wish to preserve their capital through business cycles but are willing to accept risk in order to earn moderate returns. The assets of the Fund may be invested in any liquid financial asset (incl. cash, deposits, bonds, equities,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

Global equities marginally recovered in November following the sharp sell-off in October. MSCI World gained 1% in \$ terms (0.9% in €) with easing crude price and hopes of normalization of trade relations between US-China giving investors some ground for optimism. Emerging Markets recovered strongly, up 4.1% in \$ (4% in €). Emerging Markets' currencies strengthened as the 22% dive in crude prices took some pressure off current accounts and inflation. Emerging Europe (MSCI EFM EUROPE + CIS (E+C) ex Russia) gained 7.2% in € in November outperforming the GEM on the back of stronger Turkish lira and the relative strength of constituent frontier markets. Among fixed income markets European and global indices performed while US and emerging market bonds lost value.

The Fund NAV gained 0.3% in November. YTD the Fund NAV is down 4.8% mainly due to negative contribution from Turkish hard currency bonds which prices we expect to normalize in mid-term. The Fund has 13% invested in equities, 32% in bonds and the rest is kept in cash due to our cautious view on the markets.

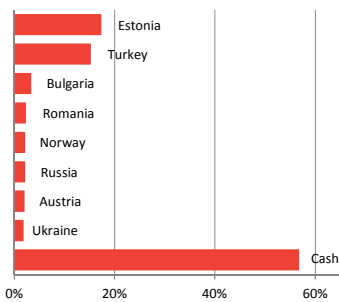
Performance since launch



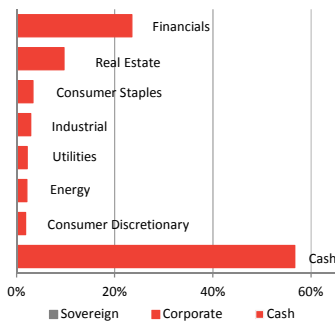
Past performance is not a guarantee or indicative of future results

Performance overview	Net return	Calendar year net return	
1 month	0.3%	2017	3.3%
YTD	-4.8%	2016	4.5%
3 months	2.6%	2015	4.4%
6 months	-2.9%	2014	7.6%
1 year	-4.2%	2013	7.9%
3 years	2.5%	2012	11.0%
5 years	14.8%	2011	-3.1%
7 years	38.7%	2010	12.1%
Since inception	62.8%		

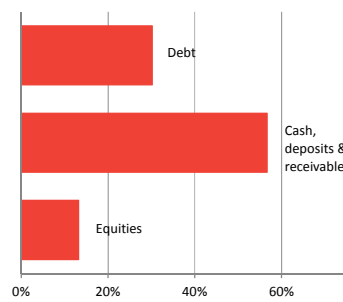
Geographic breakdown



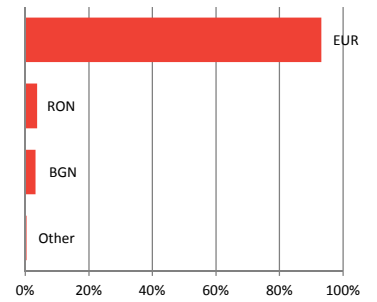
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	Nov-18	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Estonia	17.2%	2.6%	-2.8%	6.4%	7.0%	8.5%
Turkey	15.1%	0.6%	3.4%	11.2%	13.9%	15.1%
Bulgaria	3.2%	0.1%	0.0%	0.9%	2.0%	0.6%
Romania	2.2%	0.1%	0.1%	0.1%	-0.7%	-3.5%
Norway	2.1%	0.1%	0.0%	1.2%	2.1%	2.1%
Russia	2.0%	0.0%	0.0%	1.1%	2.0%	2.0%
Austria	2.0%	-0.1%	-3.0%	0.1%	2.0%	2.0%
Ukraine	1.7%	0.0%	0.0%	0.8%	1.7%	1.7%
Others	-2.3%	-1.6%	-2.1%	36.5%	54.1%	55.4%

Contribution analysis

	Contribution analysis					
	1 mo	3 mo	12m	YTD	3 years	5 years
Estonia	0.4%	0.6%	1.3%	1.2%	3.1%	3.9%
Turkey	0.3%	3.4%	-1.5%	-1.6%	-1.6%	0.9%
Bulgaria	0.0%	-0.1%	-0.2%	-0.2%	0.5%	1.1%
Romania	0.0%	0.0%	0.4%	0.3%	0.8%	1.3%
Norway	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia	0.0%	0.0%	-0.9%	-0.9%	-1.0%	-1.0%
Austria	-0.2%	-0.2%	-0.2%	-0.2%	0.5%	0.9%
Ukraine	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Others	0.0%	-1.0%	-1.6%	-2.0%	5.0%	17.5%

Risk metrics

Volatility	2.1%
Sharpe ratio	0.57

Sector allocation

	Nov-18	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Financials	23.5%	2.5%	2.3%	18.2%	19.4%	22.1%
Real Estate	9.7%	-0.5%	-1.1%	-0.1%	4.2%	7.5%
Consumer Staples	3.3%	0.1%	0.1%	1.7%	3.3%	3.3%
Industrial	2.9%	0.1%	0.2%	2.9%	2.9%	2.9%
Utilities	2.2%	0.1%	0.1%	0.1%	-0.7%	-5.2%
Energy	2.1%	0.1%	0.1%	2.1%	1.0%	2.1%
Consumer Discretionary	1.9%	0.3%	-4.8%	-2.1%	-2.7%	-4.1%
Others	0.0%	0.0%	0.0%	40.4%	61.5%	60.0%
FX Derivatives	-2.3%	-0.1%	-0.7%	-2.5%	-2.4%	-2.6%
Cash	56.7%	-2.5%	3.8%	20.0%	36.4%	33.9%

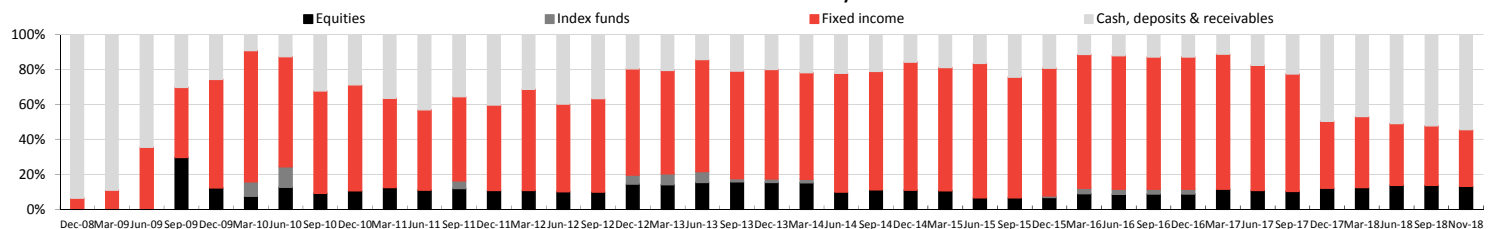
Contribution analysis

	Contribution analysis					
	1 mo	3 mo	12m	YTD	3 years	5 years
Financials	0.3%	3.4%	-1.3%	-1.4%	-0.8%	1.0%
Real Estate	-0.1%	-0.2%	-0.1%	-0.1%	1.9%	2.5%
Consumer Staples	0.0%	0.0%	-0.9%	-0.9%	-1.3%	-1.3%
Industrial	0.0%	0.2%	0.3%	0.4%	0.3%	0.3%
Utilities	0.0%	0.0%	0.4%	0.3%	0.8%	2.3%
Energy	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%
Consumer Discretionary	0.3%	0.4%	0.4%	0.2%	1.2%	1.5%
Others	0.0%	0.0%	0.0%	0.0%	6.6%	19.3%
FX Derivatives	-0.1%	-1.0%	-1.6%	-1.9%	-1.4%	-1.3%
Cash	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%

Fund statistics

Number of positions	23
Top5	17.2%
Top10	27.4%

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	10.2	See Lipper, TK Valoren tickers:	www.avaron.com/fundfacts_flex
Total AUM, MEUR	400+	ISIN Code	EE3500100922
Unit	NAV 30-Nov 2018 16.2822 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 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 Kivimurm-Priisalm
Managing Partner,
CEO & COO



Peter Priisalm
Partner, co-CIO,
Investment Manager



Valdur Jaht
Partner, co-CIO,
Investment Manager

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