

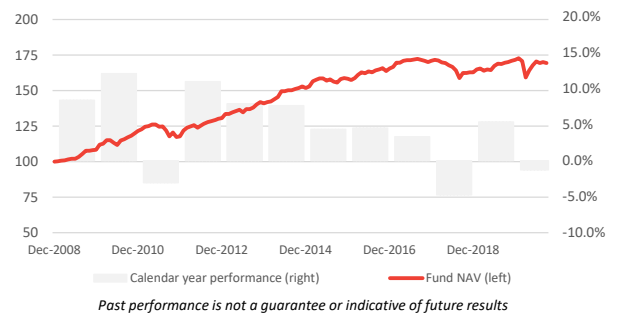
Investment Objectives & Approach

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, September 2020

Global equities corrected in September (MSCI World -3.6% in \$, -1.8% in €) as investor sentiment took a hit amid the fear of renewed lockdowns on the rising COVID-19 cases, delays to additional fiscal stimulus packages in the US and on concerns about lofty valuation of tech names that have led the market on the way up. Equities in Europe and Emerging Europe lost 2.3% and 5.4% value respectively. Fixed income markets performed positively in te midst of risk-off mood. Among commodities oil lost 7.9% and gold 2.4% of value. The Fund's NAV declined 0.4% in September, driven by the losses in commodity names (-0.7ppt contribution) while fixed income portfolio posted positive contribution (+0.5ppt). As of the end of the month 22% of the Fund is invested in equities trading at 10.8x 2021 expected earnings and 6.3% dividend yield, 36% in fixed income (8.3% yield to maturity) and 3% in gold.

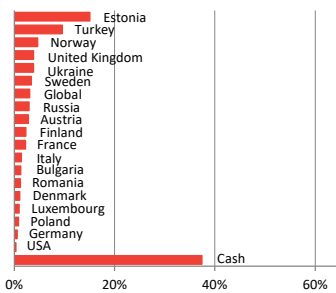
Performance since launch



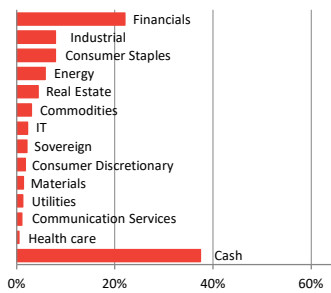
Performance overview	Net return	Calendar year net return
1 month	-0.4%	2019 5.4%
YTD	-1.3%	2018 -4.8%
3 months	-0.6%	2017 3.3%
6 months	6.3%	2016 4.5%
1 year	-0.2%	2015 4.4%
3 years	-1.3%	
5 years	8.8%	
7 years	22.6%	
10 years	44.7%	
Since inception	69.3%	

CAGR of calendar years		
Years	Fund	
2015-2019	2.5%	
2017-2019	1.2%	
2018-2019	0.2%	

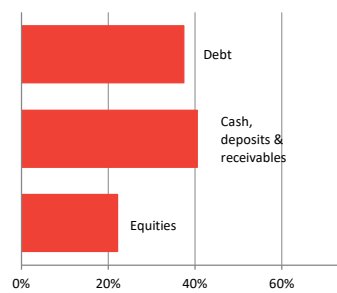
Geographic breakdown



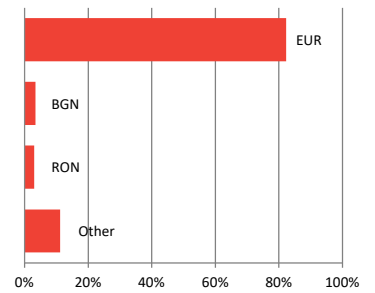
Sector breakdown



Asset class breakdown



Net currency breakdown



Country allocation

	Sep-20	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Estonia	15.1%	-1.0%	-0.7%	-1.8%	5.4%	10.6%
Turkey	9.6%	0.7%	0.7%	-8.4%	5.3%	8.5%
Norway	4.7%	0.0%	0.2%	2.6%	4.7%	4.7%
United Kingdom	3.8%	-0.1%	-0.3%	3.8%	3.8%	3.8%
Ukraine	3.8%	0.3%	0.0%	1.9%	3.8%	3.8%
Sweden	3.4%	0.1%	0.3%	0.5%	3.4%	3.4%
Global	3.1%	0.1%	-1.1%	3.1%	3.1%	3.1%
Russia	3.0%	0.2%	-3.2%	0.6%	3.0%	3.0%
Others	16.1%	2.6%	3.8%	5.6%	-48.2%	-54.7%

Contribution analysis

	1 mo	3 mo	12 mo	YTD	3 years	5 years
Turkey	0.2%	-0.3%	0.2%	-0.5%	1.9%	2.3%
Norway	-0.2%	-0.1%	0.1%	0.1%	0.3%	0.3%
United Kingdom	-0.3%	-0.5%	-0.3%	-0.3%	-0.3%	-0.3%
Ukraine	0.1%	0.1%	0.3%	0.3%	0.7%	0.7%
Sweden	-0.1%	0.0%	-0.3%	-0.3%	-0.2%	-0.2%
Global	-0.1%	0.2%	0.7%	0.7%	1.1%	1.1%
Russia	0.1%	-0.1%	0.1%	-0.1%	-0.4%	-0.4%
Others	-0.1%	0.7%	1.0%	0.5%	-1.3%	10.6%

Risk metrics	5Y risk
Volatility	3.0%
Sharpe ratio	0.69

Sector allocation

	Sep-20	Change				
		1 mo	3 mo	12 mo	3 years	5 years
Financials	22.1%	1.9%	2.0%	-4.4%	16.5%	19.4%
Industrial	7.9%	-3.7%	-2.2%	-0.5%	7.9%	7.9%
Consumer Staples	7.9%	1.6%	1.3%	4.2%	7.1%	7.9%
Energy	5.9%	0.8%	-3.5%	5.9%	5.9%	2.7%
Real Estate	4.4%	0.2%	0.0%	-3.5%	-4.2%	3.2%
Commodities	3.1%	0.1%	-1.1%	3.1%	3.1%	3.1%
IT	2.3%	0.1%	0.2%	2.3%	2.3%	2.3%
Others	8.2%	0.9%	2.4%	1.5%	-54.2%	-60.5%
FX Derivatives	0.9%	-0.2%	0.5%	1.5%	0.8%	0.7%
Cash	37.4%	-1.7%	0.4%	-10.0%	14.9%	13.3%

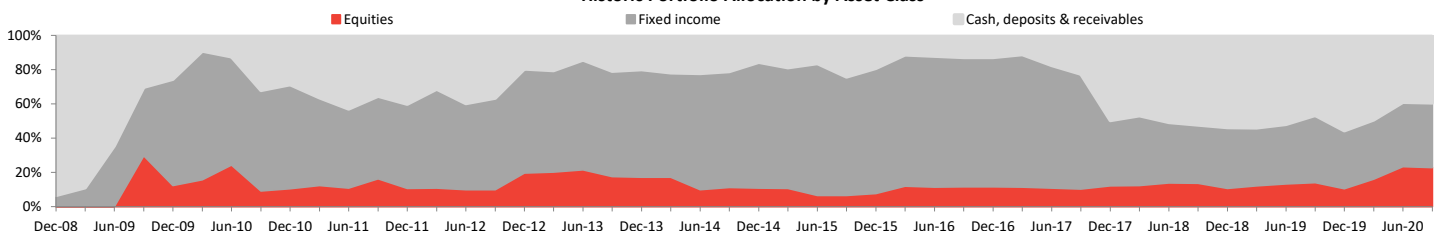
Contribution analysis

	1 mo	3 mo	12 mo	YTD	3 years	5 years
Industrial	0.3%	-0.2%	-1.0%	-1.1%	-0.2%	-0.2%
Consumer Staples	0.2%	0.2%	0.5%	0.5%	-0.1%	-0.2%
Energy	-0.7%	-1.2%	-0.6%	-0.6%	-0.5%	-0.5%
Real Estate	0.0%	-0.2%	-0.6%	-0.6%	0.2%	2.3%
Commodities	-0.1%	0.2%	0.7%	0.7%	1.1%	1.1%
IT	0.0%	0.1%	0.6%	0.6%	0.6%	0.6%
Others	0.0%	0.4%	1.2%	0.9%	2.2%	13.8%
FX Derivatives	-0.2%	0.4%	0.6%	0.2%	-2.2%	-2.3%
Cash	0.0%	-0.1%	-0.2%	-0.2%	-0.2%	-0.1%

Fund statistics

Number of positions	42
Top5	16.4%
Top10	26.7%

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	AVFLXS EB
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	9.4		See Lipper, TK Valoren tickers:	www.avaron.com/fundfacts_flex
Total AUM, MEUR	250+		ISIN Code	NAV 30-Sep-2020
Unit	EE3500100922	16.9317 EUR	NAV frequency	Daily dealing, T+3
Cut-off subscriptions	10am CET		Public offering	Estonia
Cut-off redemptions	10am CET, notice period 7 or 30 calendar days (redemption price will be fixed after the notice period)		Supervised by	Estonian FSA
NAV frequency	Daily dealing, T+3		Custodian	Swedbank AS
Public offering	Estonia		Transfer agent	Swedbank AS
Supervised by	Estonian FSA		NAV calculation	Swedbank AS
Custodian	Swedbank AS		External auditor	KPMG
Transfer agent	Swedbank AS		Internal auditor	PWC
NAV calculation	Swedbank AS		Fund documents & prospectus	www.avaron.com/documents
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 18 professionals (including 10 in the investment team), based in Estonia and Poland, takes care of around 250 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.

Signatory of:



Kristel Kivinurm-Priisalm
Managing Partner,
CEO & Investor Relations



Peter Priisalm
Partner, co-CIO,
Investment Manager



Valdur Jaht
Partner, co-CIO,
Investment Manager



Rain Leesi, CFA
Investment Manager

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