Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product	**Avaron High Yield Bond Fund, A Unit**
ISIN	EE3600001855
Fund Management Company	AS Avaron Asset Management
Contacts	https://avaron.com/, e-mail: avaron@avaron.com, tel. +372 6644 205

The Fund and Fund Management Company are authorized in Estonia and their activity is under a supervision of the Estonian Financial Supervision and Resolution Authority.

This key information was last updated on January 15, 2026.

What is this product?

Type	UCITS fund
Objectives	**The Fund primarily invests in high yield corporate bonds in Europe.** During certain times the Fund might have a significant concentration geographically to the Baltics, Emerging Europe, the Nordics or outside of Europe or sector-wise to financials, real estate or energy. A more detailed geographical and sectorial breakdown of the Fund is available on the Avaron website https://avaron.com/. The Fund mainly invests in unrated or below investment grade high yield corporate bonds. The risk level and return expectation of such instrument is higher than for government bonds or investment grade corporate bonds. Allocation of the Fund's assets between different bond types, industrial sectors and geographical regions is determined by the Management Company based on issuer specific analysis and exercising active portfolio management strategy. The Fund does not follow a benchmark. The Fund does not promote environmental and social characteristics and does not have a sustainable investment as its main objective. **Fund units are issued on every banking day and redeemed every banking day or with 10 banking days, one month or two months prior notice depending on the redemption amount.** Minimum investment into Fund's A unit is 100 EUR. **The unitholder's return on their investment into the Fund is reflected in the increase or decrease of the net asset value of the unit.** The Fund's return is determined on daily basis by the increase and decrease in value of the financial instruments in which the Fund invests. Proceeds from the Fund's investments shall be reinvested, no distributions shall be made to the investors. The return on an investment into the Fund or achievement of its investment objective is not guaranteed. More information about Fund's investment policy and restrictions is available in Fund's prospectus.
Intended retail investor	**Fund is intended for an investor** • who plans to hold the investment for at least 2 years; • who understands that the money invested in the Fund may both increase and decrease in value and that it is not certain that the entire capital invested can be returned; • who has prior experience with investing into investment products and whose risk tolerance is moderate.
Maturity	The Fund is open-ended and has no maturity. The Fund may be terminated only with the resolution of the Management Company's management board, or pursuant to the imperative provisions of the Applicable Law subject to the prior approval of the Financial Supervision Authority. More information about liquidation of the Fund is available in fund rules.
Other information	Fund's depositary is **Swedbank AS** (registry code 10060701). Fund **rules and prospectus**, **annual and/or semi-annual reports** are available at the Management Company's website https://avaron.com/documents/ or obtainable free of charge on request from the Management Company. Fund NAV is calculated daily and published at: https://avaron.com/our-products/hybondfund/

What are the risks and what could I get in return?

Summary risk indicator

The risk indicator assumes that you keep the product for 2 years.

The actual risk can vary significantly if you cash in at an early stage and you may get back less. The summary risk indicator provides an indication of the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets.

We have classified this product as 2 out of 7 which is low risk class. This means that the Fund has a low risk of increases and decreases in the unit value. The indicator primarily reflects the increase and decrease in the value of the securities in which the Fund has invested. The category may change over time.

Risks that are not captured by the summary risk indicator are risks from different types of bonds, issuer-specific price risk, credit risk and interest rate risk.

Performance scenarios

The figures do not take into account your personal tax situation, which may also affect how much you get back.

Your investment return from this Fund depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted.

Recommended holding period:	**2 years**		
Investment example:	**10,000 EUR**		
Scenarios		***1 year***	***2 years***
Minimum	**There is no minimum guaranteed return. You could lose some or all of your investment.**		
Stress	**What you might get back after costs**	**7,310 EUR**	**8,750 EUR**
	Average return each year	-26.9%	-6.5%
Unfavourable	**What you might get back after costs**	**8,630 EUR**	**9,050 EUR**
	Average return each year	-13.7%	-4.9%
Moderate	**What you might get back after costs**	**10,490 EUR**	**10,570 EUR**
	Average return each year	4.9%	2.8%
Favourable	**What you might get back after costs**	**12,120 EUR**	**12,300 EUR**
	Average return each year	21.2%	10.9%

The unfavourable, moderate, and favourable scenarios shown are illustrations using the worst, average, and best performance of the Fund (since January 2025) and for the rest of the period the Markit iBoxx EUR Liquid High Yield Index TRI over the last 10 years.

The stress scenario shows what you might get back in extreme market circumstances. This type of scenarios occurred for the Fund and Markit iBoxx EUR Liquid High Yield Index TRI between the following time periods:

Unfavourable: March 2018 - March 2020
Moderate: January 2018 - January 2020
Favourable: September 2022 - September 2024

What happens if AS Avaron Asset Management is unable to pay out?

By law, the Fund's assets must be held separate from the assets of the Fund Management Company. The Fund has a depositary Swedbank AS who is responsible for safekeeping the assets of the Fund. In the event of the bankruptcy of the Fund Management Company, the management of the Fund is taken over by the depositary Swedbank AS. There is no compensation or guarantee scheme in place for investors in the Fund.

What are the costs?

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the Fund and how well the Fund performs. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

Costs over time

We have assumed: *- In the first year you would get back the amount that you invested (0 % annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario.* *- EUR 10,000 is invested*	**If you exit after 1 year**	**If you exit after 2 years** (recommended holding period)
Total costs	178 EUR	311 EUR
Annual cost impact*	1.8%	1.5% each year

** This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be 2.8% before costs and 1.3% after costs.*

Composition of costs (amounts in euro are based on an investment of 10,000 euro)

One-off costs upon entry or exit		
Entry costs	0.5%	50 EUR
Exit costs	No exit fee	0 EUR
Ongoing costs		
Management fees and other administrative or operating costs	1.1% of the value of your investment per year. This is an estimate based on actual costs over the last year.	111 EUR
Transaction costs	0.2% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	17 EUR
Incidental costs taken under specific conditions		
Performance fee	No performance fee	0 EUR

How long should I hold it and can I take my money out early?

Recommended holding period: 2 years

The Fund has no minimum required holding period. However, since the Fund invests in high yield bonds, you should be prepared to hold the Fund for at least 2 years. You have the option to sell your Fund units any time taking into account the prior notice period prescribed for the sale of the Fund's units.

How can I complain?

If you wish to make a complaint about the Fund you may turn to the Fund Management Company by phone +372 6644 205 or via e-mail avaron@avaron.com. Handling Client Complaints Policy is available on Fund Management Company's website https://avaron.com/documents/. You can also contact the Estonian Financial Supervision and Resolution Authority (address Sakala 4, Tallinn 15030, https://www.fi.ee/en) for advice and explanations.

Other relevant information

Complete information about the Fund is available in Fund's prospectus and fund rules. Prospectus and fund rules, the current version of this key information document, the Fund's annual and/or semi-annual reports are available at https://avaron.com/documents/ or may be obtained free of charge from the Fund Management Company.

Past performance: Information about the past 10 calendar year performance of the Fund will be published in Fund's prospectus.

Historical performance scenarios: Previously published performance scenarios are available at https://avaron.com/our-products/hybondfund/