

Annual Report

Tundra Pakistan Fund

515602-4787

2015-01-01 - 2015-12-31

Management Report

This is a translated copy from the Swedish original. If any conflict occurs in the translation the Swedish will prevail. The Board of Directors and the CEO of Tundra Fonder AB, 556838-6303, hereby submit the Annual Report for the period 2015-01-01 - 2015-12-31 on Tundra Pakistan Fund, 515602-4787.

The fund's performance

The fund rose 1.95 percent in 2015. The benchmark MSCI Pakistan fell 6.53 per cent during the same period.

The fund's net assets development

Assets under management at December 31, 2015 amounted to SEK 1 160 million, which represents an increase of SEK 554 million, compared with SEK 606 million at December 31, 2014. Value of units issued amounted to SEK 1 210 million and redemptions amounted to SEK 627 million. Net inflows to the fund during the period amounted to SEK 583 million.

Market

The Pakistani equity market, measured as MSCI Pakistan net (SEK) fell by 6.53 percent during the year. Global turbulence in emerging and frontier markets with continued outflows from funds invested in these asset classes overshadowed an underlying positive development in Pakistan's economy and its financial markets. Pakistan, which imports two thirds of the oil consumed and most of the important commodities benefited strongly from lower prices on raw materials during the year. This was reflected in an improved trade balance and falling inflation. In April 2015 Pakistan and China signed a treaty called China Pakistan Economic Corridor (CPEC), which means that China will invest in infrastructure and energy projects in Pakistan amounting to USD 46 billion (almost 20 percent of Pakistan's GDP) over the next 10-15 years. It is the first substantial investment commitment from a foreign investor since the 90s and is likely to positively affect economic activity in Pakistan in the coming years. In June 2015 the world's largest index provider MSCI announced Pakistan as an official candidate to be upgraded to emerging markets status. A decision is to be taken in May/June 2016, which if positive will increase the interest in Pakistan as an investment destination. On the political front 2015, was considerably calmer than 2014, and most observers, including Tundra, now sees it as likely that the current government will complete its term, which ends in 2018. The military clampdown on terrorism has also led to a significantly reduced number of terrorist attacks in 2015, compared to previous years. Pakistani equities was at the end of 2015 trading at just above 8 times annual earnings which is in the lower range of historical valuations.

Fund management and outlook

The fund rose 1.95 percent in 2015, significantly outperforming the benchmark MSCI Pakistan net (SEC) that fell 6.53 percent during the same period. At the sector level the decision to underweight the energy sector and the financial sector contributed positively to relative returns. Significant contributions also came from our stock picks in the pharmaceuticals sector (Searle and Feroz), consumer staples (Engro Foods and Noon Pakistan) and from the IT sector (Netsol and Avanceon). Preparing for 2016, we have added positions in sectors benefiting from the ongoing investments in infrastructure (eg pipelines, transformers/electricity meters as well as refined products, such as asphalt, diesel) but also the service sector (including IT and insurance) which we believe will benefit by extension of the growing economic activity. With the exception of oil and gas companies Pakistani companies mainly benefit from lower commodity prices. It improves margins as it lowers production costs and it also lowers borrowing costs (lower interest rates given lower inflation). Although Pakistan in the short term is influenced very positively by low commodity prices, there is a risk that an excessively prolonged period of low commodity prices, specifically oil, creating political turmoil in

oil-dependent regions (particularly the Middle East), which would have a negative impact on investments by foreign investors and thus the stock market.

Objectives and Investment Policy

The fund is actively managed to create a financial exposure to the economic development of Pakistan and to deliver as high returns to unitholders as possible with respect to the fund's risk level.

Risks in the fund

The fund has a significant underweight in the energy sector, which in the case of oil prices suddenly strengthened could affect the relative performance negatively. The fund does not hedge its holdings to currency fluctuations which may affect returns adversely in case the Pakistani rupee weakens.

Derivatives

According to the fund statutes, the fund has the right to trade in options, futures and other financial instruments, and the right to lend securities. The fund had no exposure to derivatives, or similar instruments during the year.

Financial overview

Main Portfolio

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance - Index %
2015-12-31	1 159 725 430	-	4 174 366,54	-	-	-
2014-12-31	605 825 404	-	2 226 701,79	-	-	-
2013-12-31	253 853 989	-	1 507 948,17	-	-	-
2012-12-31	329 418 838	115,80	2 844 852,13	0,02	32,34	25,43
2011-12-31	6 510 211	87,52	74 388,49	-	-12,48 1)	-8,58 1)

1) Period 2011-10-14 - 2011-12-31

Fund share class A SEK

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance - Index %
2015-12-31	-	277,38	3 837 127,63	-	1,95	-6,53
2014-12-31	-	272,07	2 221 251,24	-	61,62	36,99
2013-12-31	-	168,34	1 507 252,51	-	45,37 1)	32,26 1)

Index: MSCI Pakistan Net (SEK)

1) Since 2013-06-20 Tundra Pakistan Fund main class replaced to Tundra Pakistan fund share class A SEK

Fund share class C EUR

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance - Index %
2015-12-31	-	30,21	392,49	-	4,39	-3,88
2014-12-31	-	28,94	5 446,09	-	51,76	28,7
2013-12-31	-	19,07	691,20	-	10,62 1)	-2,67 1)

Index: MSCI Pakistan Net (EUR)

1) Period 2013-06-12 - 2013-12-31

Fund share class D USD

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance - Index %
2015-12-31	-	33,53	321 886,31	-	-3,59	-13,68
2014-12-31	-	34,78	4,47	-	33,10	13,04
2013-12-31	-	26,13	4,47	-	16,70 1)	11,15 1)

Index: MSCI Pakistan Net (USD)

1) Period 2013-10-23 - 2013-12-31

Fund share class F EUR

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance - Index %
2015-12-31	-	30,21	14 960,11	-	0,43	-1,80

Index: MSCI Pakistan Net (EUR)

1) Period 2015-10-15 - 2015-12-31

Key performance indicators

	Fund share class A SEK	Fund share class C EUR	Fund share class D USD	Fund share class F EUR
Launch date	2013-06-20	2013-06-12	2013-10-23	2015-10-15

Risk & Return

Standard Deviation %, 24 month	21,33	19,74	19,74	**
Standard Deviation Index %, 24 month	22,06	20,72	20,86	**
Tracking Error %, 24 month	8,09	8,09	8,21	**
Average Annual Return last 2 years %	28,36	25,87	13,28	**
Average Annual Return since start 2011-10-14%	37,33	24,54*	20,26*	**

*since start of the fund shares class

**N/A, fund share class F not 24 month old

Costs

Management fee %	2,50	2,50	2,50	2,50
Performance fee %	0	0	0	0
Transaction costs SEK	2 545 451	2 284	112 229	642
Transaction costs %	0,19	0,26	0,14	0,23
Research costs SEK	393 975	95	34 434	154
Research costs %	0,03	0,01	0,04	0,05
Ongoing Charges %	2,52	2,51	2,51	2,52
Subscription & Redemption fees	0	0	0	0

Turnover

Turnover ratio				2015
Trading within the group				0,51
				0

Income Statement

<i>In SEK</i>	<i>Note</i>	<i>2015-01-01- 2015-12-31</i>	<i>2014-01-01- 2014-12-31</i>
Income and change in the value			
Change in value, transferable securities		-35 035 519	199 567 355
Interest		7 928	34 765
Dividends		28 344 749	14 865 796
FX		-1 423 916	-351 204
Other income		51	32
Total		-8 106 707	214 116 744
Costs			
Management fees			
Fee charged by the fund		-19 747 210	-11 594 703
Interest		-29 766	-23 943
Other costs	1	-850 483	-8 752 106
Total		-20 627 459	-20 370 752
Net result		-28 734 166	193 745 992

Balance Sheet

<i>In SEK</i>	<i>Note</i>	<i>2015-12-31</i>	<i>2014-12-31</i>
Assets			
Transferable securities		1 116 287 237	538 710 304
Total	2	1 116 287 237	538 710 304
Bank accounts		46 797 446	82 286 913
Pre-paid expenses and accrued income		3 563 889	2 193 659
Other assets		0	143 541
Total		1 166 648 572	623 334 417
Liabilities			
Accrued expenses and deferred income		4 266 372	10 524 304
Other liabilities		2 656 770	6 984 709
Total		6 923 142	17 509 013
Total Net Asset	2,3	1 159 725 430	605 825 404

Accounting principles and valuation of financial instruments

Accounting principles

The fund applies the Mutual Funds Act, 2004: 46 and the Financial Supervisory Authority of accounting for mutual funds 2013: 9 and follows the Swedish Investment Fund Associations guidelines.

Valuation of financial instruments

The financial instruments are valued at market value according to the following order.

1. The financial instruments traded in an active market will be valued on the closing price at the balance sheet date if it is not a trading day, the most recent trading day prior to the closing date.
2. If the financial instrument is not traded in an active market, the market value is derived from information from similar transactions that have taken place under market conditions.
3. Unless method 1 or 2 can be used, or misleading the market value determined by an established market valuation.

Key Figures

The fund follows the Swedish Investment Fund Associations guidelines of key performance indicators.

Note

Note 1 Other costs

	2015-12-31	2014-12-31
Transaction costs, Bank	125 400	109 325
Costs, Bank	89	541
Other costs	10	221
Restitution	0	37
Tax	-8 029 085	3 681 933
Foreign tax, transferable securities	5 790 200	3 533 449
Broker costs	2 963 869	1 426 600
Total	850 483	8 752 106

Note 2 Financial Instruments

Securities

Branch	Quantity	Value	%
Transferable securities			
Category 1			
ATTOCK REFINERY ORD, Pakistan, PKR	600 000	10 234 941	0,88
OIL & GAS DEV ORD, Pakistan, PKR	2 815 000	26 627 639	2,30
PAK OIL FIELDS ORD, Pakistan, PKR	1 064 400	22 997 480	1,98
PAK PETROLEUM, Pakistan, PKR	2 926 600	28 737 865	2,48
PAK STATE OIL ORD, Pakistan, PKR	2 277 228	59 803 387	5,16
Energy		148 401 313	12,80
AISHA STEEL MILLS PR, Pakistan, PKR	244 300	160 505	0,01
CENTURY PAPER & BOARD MILLS, Pakistan, PKR	3 500 000	14 335 915	1,24
DG KHAN CEMENT ORD, Pakistan, PKR	980 000	11 648 347	1,00
ENGRO CORPORATION ORD, Pakistan, PKR	850 000	4 270 262	0,37
ENGRO CORPORATION ORD, Pakistan, PKR	1 729 148	38 944 955	3,36
ENGRO POLYMER ORD, Pakistan, PKR	8 000 000	6 732 846	0,58
FATIMA FETILZER COMPANY ORD, Pakistan, PKR	5 112 500	17 897 045	1,54
FAUJI BIN QASIM ORD, Pakistan, PKR	5 218 000	22 205 672	1,91
GHANI GLASS ORD, Pakistan, PKR	124 000	877 206	0,08
GHANI GLASS RTS 15, Pakistan, PKR	86 800	544 072	0,05
LUCKY CEMENT ORD, Pakistan, PKR	531 100	21 096 748	1,82
MAPLE LEAF CMNT ORD, Pakistan, PKR	3 000 000	18 047 364	1,56
MUGHAL IRON & STEEL, Pakistan, PKR	1 142 500	6 403 783	0,55
PACKAGES ORD, Pakistan, PKR	968 500	45 087 878	3,89
Material		208 252 599	17,96

PAK ELEKTRON LTD, Pakistan, PKR	7 100 000	35 703 591	3,08
TPL TRAKKER LTD, Pakistan, PKR	9 789 500	11 782 257	1,02
Industry		47 485 848	4,09
BATA PAKISTAN ORD, Pakistan, PKR	29 242	7 896 962	0,68
CRESCENT STEEL & ALL, Pakistan, PKR	1 768 125	17 652 945	1,52
HASCOL PETROLEUM LTD, Pakistan, PKR	2 499 000	29 059 642	2,51
HUM NETWORK LTD, Pakistan, PKR	12 814 000	13 573 388	1,17
KOHINOOR TEXTILE MIL, Pakistan, PKR	1 685 500	9 715 004	0,84
NISHAT CHUNIAN ORD, Pakistan, PKR	8 495 200	23 284 167	2,01
NISHAT MILLS ORD, Pakistan, PKR	4 994 400	38 107 646	3,29
TARIQ GLASS ORD, Pakistan, PKR	400 000	2 252 343	0,19
THAL LTD, Pakistan, PKR	845 869	17 274 199	1,49
Durable goods		158 816 296	13,69
ENGRO FOODS ORD, Pakistan, PKR	2 055 000	24 294 170	2,09
HABIB SUGAR ORD, Pakistan, PKR	3 235 000	9 945 033	0,86
MURREE BREWERY ORD, Pakistan, PKR	225 000	17 312 864	1,49
NATIONAL FOODS P ORD, Pakistan, PKR	706 450	17 856 218	1,54
NOON PAKISTAN NVS, Pakistan, PKR	190 125	2 726 919	0,24
SHEZAN INTL ORD, Pakistan, PKR	347 390	17 130 541	1,48
Staples		89 265 745	7,70
FEROZESONS LABORATORIES, Pakistan, PKR	307 900	27 265 780	2,35
SHIFA HOSPITAL LTD, Pakistan, PKR	240 000	5 939 608	0,51
Health Care		33 205 389	2,86
ALLIED BANK ORD, Pakistan, PKR	1 904 433	14 471 092	1,25
ASKARI BANK ORD, Pakistan, PKR	2 444 218	4 290 484	0,37
BANK AL FALAH ORD, Pakistan, PKR	12 053 500	28 003 694	2,41
EFU LIFE, Pakistan, PKR	500 000	8 021 051	0,69
FAYSAL BANK LTD, Pakistan, PKR	15 709 500	19 540 536	1,68
HABIB BANK LTD ORD, Pakistan, PKR	2 354 700	37 986 936	3,28
IGI INSURANCE, Pakistan, PKR	500 000	9 535 377	0,82
M C B ORD, Pakistan, PKR	3 278 830	57 482 602	4,96
MEEZAN BANK, Pakistan, PKR	11 150 555	40 719 540	3,51
NATIONAL BANK OF PAKISTAN ORD, Pakistan, PKR	6 000 000	26 138 146	2,25
UNITED BANK LTD ORD, Pakistan, PKR	4 368 500	54 567 254	4,71
Financials		300 756 712	25,93
AVANCEON LTD, USA, PKR	3 564 000	11 628 742	1,00
NETSOL TECHNOLOG ORD, Pakistan, PKR	4 337 650	22 788 220	1,96
SYSTEMS LTD, Pakistan, PKR	2 413 000	12 260 631	1,06
IT		46 677 593	4,02
P T C L A ORD, Pakistan, PKR	5 046 500	6 718 573	0,58
Telecom		6 718 573	0,58

KARACHI ELECTRIC ORD, Pakistan, PKR	56 197 000	33 886 203	2,92
Power Utilities		33 886 203	2,92
Total Category 1		1 073 466 270	92,56
Category 3			
INTERNATIONAL BRANDS, Pakistan, PKR	5 685 733	32 542 656	2,81
Staples		32 542 656	2,81
TPL PROPERTIES LTD, Pakistan, PKR	11 591 000	10 278 311	0,89
Financials		10 278 311	0,89
Total Category 3		42 820 967	3,69
Total transferable securities		1 116 287 238	96,25
Other assets and liabilities		43 438 192	3,75
Total Net Asset		1 159 725 430	100

The fund's holdings of securities have been classified into the following categories:

1. Transferable securities admitted on a regulated market or an equivalent market outside the EEA.
2. Other financial instruments trading on a regulated market or an equivalent market outside the EEA.
3. Transferable securities that are the subject of regular trading in other markets that are regulated and open to the public.
4. Other financial instruments that are regularly traded on any other market that is regulated and open to the public.
5. Transferable securities within one year from the issue are being admitted to trading on a regulated market or an equivalent market outside the EEA.
6. Transferable securities within one year from the issue will become subject to regular trading on any other market.
7. Other financial instruments.

Note 3 Changes in Net Asset

	<i>2015-01-01- 2015-12-31</i>	<i>2014-01-01- 2014-12-31</i>
Net asset, start of the year	605 825 404	253 853 989
Fund share class A SEK		
No. of issued fund shares	1 111 674 472	641 805 278
No. of redeemed fund shares	-625 927 703	-484 298 731
Total	485 746 769	157 506 547
Fund share class C EUR		
No. of issued fund shares	26 240	962 176
No. of redeemed fund shares	-1 489 837	-105 193
Total	-1 463 597	856 983
Fund share class D USD		
No. of issued fund shares	94 140 415	2 416 225
No. of redeemed fund shares	0	-2 554 332
Total	94 140 415	-138 107
Fund share class F EUR		
No. of issued fund shares	4 210 605	0
No. of redeemed fund shares	0	0
Total	4 210 605	0
Net result according to income statement	-28 734 166	193 745 992
Net asset, year end	1 159 725 430	605 825 404