

Annual Report

# **Tundra Vietnam Fund**

515602-6824

**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 Vietnam Fund, 515602-6824.

### **The fund's performance**

The fund rose 5.53 percent during the year. Benchmark FTSE Vietnam Net (SEK) fell by 5.84 percent during the same period.

### **The fund's net assets development**

Assets under management at December 31, 2015 amounted to SEK 202 million. Value of units issued amounted to SEK 302 million and redemptions amounted to SEK 221 million. Net inflows to the fund during the period amounted to SEK 82 million.

### **Market**

The Vietnamese stock market, as measured by the FTSE Vietnam Net (SEK) fell 5.84 percent during the year. The decline was mitigated substantially by the fact that the Swedish krona weakened against the Vietnamese Dong by nearly 8 %. The stock market showed significant fluctuations during the year where a positive local news flow regarding the development of the Vietnamese economy was overshadowed by the negative global market sentiment for emerging and frontier markets. Particularly negative was the development of the energy sector, where the price of oil, after the first few months showed a slight recovery, more than halved from May until the end of the year.

### **Fund Management and outlook**

The fund rose 5.53 percent during the year which was significantly better than the benchmark index FTSE Vietnam Net (SEK) that fell 5.84 percent during the same period. It was a year that allowed for good opportunities to generate excess returns. Our cautious attitude towards the energy sector and our choice to instead invest in companies that benefit from increased trade flows with the rest of the world (including industrial parks and ports) and infrastructure development (eg cement) paid off well. Our underweight in the financial sector contributed negatively to the fund's performance however. Going into 2016 important events include the upcoming elections in Vietnam where the market is hoping for a leadership which allows continuity of the ongoing reforms. Another important event is the removal of foreign ownership restrictions in the stock market, which can have a considerable positive impact on the stock market. On the macroeconomic agenda Vietnam is expected to continue to benefit from international companies reallocating their production to the country but there is a concern about China's exchange-rate policy (a weaker yuan would be negative from a competition point of view).

#### **Objectives and Investment Policy**

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

### **Risks in the fund**

The fund does not hedge its holdings to currency fluctuations which may affect returns adversely in case the Vietnamese Dong 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	202 084 179	-	1 583 672,83	-	-	-
2014-12-31	125 181 518	120,90	1 035 453,54	-	20,90 1)	22,42 1)

1) Period 2014-05-06 - 2014-12-31

**Fund share class A SEK**

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance - index %
2015-12-31	-	127,59	1 355 520,97	-	5,53 1)	-5,84 1)

Index: FTSE Vietnam (SEK)

1) From 2015-04-13 the Tundra Vietnam Fund main share class was by replaced to Tundra Vietnam Fund share class A SEK.

**Fund share class D USD**

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance - index %
2015-12-31	-	15,12	228 151,87	-	-2,01 1)	-5,17 1)

Index: FTSE Vietnam (USD)

1) Period 2015-04-13 - 2015-12-31

**Key performance indicators**

	<b>Fund share class A SEK</b>	<b>Fund share class D USD</b>
<b>Launch date</b>	<b>2014-05-06</b>	<b>2015-04-13</b>

**Risk & Return**

Standard Deviation %, 24 month	**	**
Standard Deviation Index %, 24 month	**	**
Tracking Error %, 24 month	**	**
Average Annual Return last 2 years %	**	**
Average Annual Return last 5 years %	**	**

\*\*N/A

**Costs**

Management fee %	2,50	2,50
Performance fee %	0	0
Transaction costs SEK	486 477	10 314
Transaction costs %	0,23	0,20
Research costs SEK	69 804	1 169
Research costs %	0,03	0,02
Ongoing Charges %	2,55	2,54
Subscription & Redemption fees	0	0

**2015**

**Turnover**

Turnover ratio		0,43
Trading within the group		0

**Income Statement**

<i>In SEK</i>	<i>Note</i>	<i>2015-01-01- 2015-12-31</i>	<i>2014-05-06- 2014-12-31</i>
<b>Income and change in the value</b>			
Change in value, transferable securities		-5 158 120	5 378 452
Interest		1 036	0
Dividends		5 873 657	1 500 893
FX		-493 729	2 667 538
Other income		1	0
<b>Total</b>		<b>222 845</b>	<b>9 546 883</b>
<b>Costs</b>			
Management fees			
Fee charged by the fund		-4 423 301	-1 914 919
Interest		112 194	-123 370
Other costs		-574 682	-1 128 902
<b>Total</b>		<b>-4 885 789</b>	<b>-3 167 191</b>
<b>Net Result</b>		<b>-4 662 944</b>	<b>6 379 692</b>

**Balance Sheet**

<i>In SEK</i>	<i>Note</i>	<i>2015-12-31</i>	<i>2014-12-31</i>
<b>Assets</b>			
Transferable securities		190 179 400	126 567 195
<b>Total</b>	<i>1</i>	<b>190 179 400</b>	<b>126 567 195</b>
Bank accounts		13 104 234	1 154 848
Pre-paid expenses and accrued income		206 440	44 362
Other assets		0	1 285 818
<b>Total</b>		<b>203 490 074</b>	<b>129 052 223</b>
<b>Liabilities</b>			
Accrued expenses and deferred income		427 756	294 320
Other liabilities		978 139	3 576 385
<b>Total</b>		<b>1 405 895</b>	<b>3 870 705</b>
<b>Total Net Asset</b>	<i>1,2</i>	<b>202 084 179</b>	<b>125 181 518</b>

## **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 Financial Instruments

#### Securities

Branch	Quantity	Value	%
Transferable securities			
<b>Category 1</b>			
CNG VIETNAM JSC, Vietnam, VND	366 500	4 321 061	2,14
INTERNATIONAL GA ORD, Vietnam, VND	113 000	644 924	0,32
PETROVIETN DRILLING, Vietnam, VND	429 042	4 269 062	2,11
PV GAS SOUTHERN ORD, Vietnam, VND	168 421	1 106 678	0,55
PV TRANS ORD, Vietnam, VND	693 000	2 654 118	1,31
<b>Energy</b>		<b>12 995 844</b>	<b>6,43</b>
BIM SON CEMENT JSC, Vietnam, VND	1 232 900	6 203 253	3,07
DONGHAI JOINT STOCK, Vietnam, VND	181 500	1 915 004	0,95
HATIEN 1 CEMENT JSC, Vietnam, VND	646 000	6 500 610	3,22
HOA PHAT GROUP JSC, Vietnam, VND	1 322 750	14 502 652	7,18
HOA SEN GROUP, Vietnam, VND	618 098	7 310 628	3,62
NAM KIM STEEL JSC, Vietnam, VND	102 567	485 249	0,24
PETROLIMEX PETROCHEM, Vietnam, VND	219 550	2 975 962	1,47
<b>Material</b>		<b>39 893 359</b>	<b>19,74</b>
CII ORD, Vietnam, VND	773 000	6 269 314	3,10
FECON FOUNDATION ORD, Vietnam, VND	240 000	1 910 442	0,95
GEMAGEPT ORD, Vietnam, VND	246 870	3 930 257	1,94
HOANG HUY INVESTMENT, Vietnam, VND	697 900	3 380 413	1,67
PETROSETCO ORD, Vietnam, VND	457 240	2 283 404	1,13
VINASUN ORD, Vietnam, VND	240 000	2 928 744	1,45
<b>Industry</b>		<b>20 702 574</b>	<b>10,24</b>
DRC ORD, Vietnam, VND	210 800	3 450 992	1,71
SOUTHERN RUBBER INDU, Vietnam, VND	367 600	3 409 253	1,69
THANH CONG TEXTILE G, Vietnam, VND	99 000	1 222 976	0,61
TNG Investment & Trading JSC, Vietnam, VND	554 624	3 956 754	1,96
<b>Durable Goods</b>		<b>12 039 975</b>	<b>5,96</b>
HUNG VUONG CORP, Vietnam, VND	550 000	2 725 985	1,35
KINH DO CORP ORD, Vietnam, VND	4	36	0,00
MASAN GROUP ORD, Vietnam, VND	485 940	14 140 708	7,00
SAO TA FOODS JSC, Vietnam, VND	225 000	2 179 661	1,08
VINAMILK ORD, Vietnam, VND	145 140	7 411 615	3,67
<b>Staples</b>		<b>26 458 006</b>	<b>13,09</b>



DHG PHARMA ORD, Vietnam, VND	70 000	1 866 136	0,92
TRAPHACO ORD, Vietnam, VND	145 000	4 818 347	2,38
<b>Health Care</b>		<b>6 684 483</b>	<b>3,31</b>
DAT XANH ORD, Vietnam, VND	1 002 404	7 113 632	3,52
FLC GROUP JSC, Vietnam, VND	632 400	1 875 883	0,93
HAGL ORD, Vietnam, VND	611 000	2 385 950	1,18
KINHBAC CITY ORD, Vietnam, VND	1 531 000	7 530 664	3,73
MILITARY COM BANK, Vietnam, VND	400 000	2 342 995	1,16
SAIGON SECURITIES IN, Vietnam, VND	535 000	4 459 576	2,21
VIETCOMBANK ORD, Vietnam, VND	223 000	3 675 837	1,82
VIETINBANK ORD, Vietnam, VND	722 000	5 042 396	2,50
VINGROUP JSC ORD, Vietnam, VND	917 031	15 735 735	7,79
VNDIRECT ORD, Vietnam, VND	1 016 700	4 619 181	2,29
<b>Financials</b>		<b>54 781 849</b>	<b>27,11</b>
FPT CORP, Vietnam, VND	575 000	11 118 902	5,50
<b>IT</b>		<b>11 118 902</b>	<b>5,50</b>
PETROVIET NHON TRACH, Vietnam, VND	551 115	5 504 409	2,72
<b>Utilities</b>		<b>5 504 409</b>	<b>2,72</b>
<b>Total Category 1</b>		<b>190 179 400</b>	<b>94,11</b>
<b>Total transferable Securities</b>		<b>190 179 400</b>	<b>94,11</b>
<b>Other assets and liabilities</b>		<b>11 904 779</b>	<b>5,89</b>
<b>Total Net Asset</b>		<b>202 084 179</b>	<b>100,00</b>

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 2 Changes in Net Asset**

	<i>2015-01-01- 2015-12-31</i>	<i>2014-05-06- 2014-12-31</i>
Net asset, start of the year	125 181 518	0
No. of issued fund shares	0	368 811 607
No. of redeemed fund shares	0	-250 009 781
<b>Total</b>	<b>125 181 518</b>	<b>118 801 826</b>
<b>Fund share class A SEK</b>		
No. of issued fund shares	271 494 056	0
No. of redeemed fund shares	-220 771 151	0
<b>Total</b>	<b>50 722 905</b>	<b>0</b>
<b>Fund share class D USD</b>		
No. of issued fund shares	30 842 700	0
No. of redeemed fund shares	0	0
<b>Total</b>	<b>30 842 700</b>	<b>0</b>
Net result according to income statement	-4 662 944	6 379 692
<b>Net asset, year end</b>	<b>202 084 179</b>	<b>125 181 518</b>