

Annual Report

# **Tundra Vietnam Fund**

**2016-01-01 - 2016-12-31**

## **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 2016-01-01 - 2016-12-31 on Tundra Vietnam Fund, 515602-6824.

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

The fund rose 18.65 percent during the year. Benchmark FTSE Vietnam Net (SEK) rose by 7.01 percent during the same period.

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

Assets under management at December 31, 2016 amounted to SEK 415 million, which represents an increase of SEK 213 million, compared with SEK 202 million at December 31, 2015. Value of issued fund shares amounted to SEK 425 million and redemptions amounted to SEK 252 million. Net inflows to the fund during the period amounted to SEK 172 million.

### **Market development**

The Vietnamese stock market, as measured by the FTSE Vietnam Net (SEK) rose by a total of 7.01 percent during the year. The Swedish krona weakening against the US dollar and thus the Vietnamese Dong (following US dollar well) added nearly 7 percent to absolute returns. The stock market was positively affected by a positive local news flow regarding the development of the Vietnamese economy but continued to suffer from global market conditions for emerging and frontier markets. Foreign investors were significant net sellers during the year. Concerns about deteriorating terms of trade after Trump won the US presidential election affected the stock market negatively during the last months. After local investors concluded that foreign direct investment continue unabated post Trump, the initial unrest has turned into optimism. Continued good growth prospects and attractive valuations suggest a decent year ahead.

### **Fund management and outlook**

The fund rose 18.65 percent during the year, which was significantly better than the benchmark index FTSE Vietnam Net (SEK), which rose 7.01 percent. Good stock selection within Healthcare, Banking & Finance and Consumer Discretionary were the main reasons for the outperformance. The weak performance for some medium-sized and small companies towards the end of 2016 has opened up valuations in several sectors going into 2017. The prospects thus appear good for a continued good 2017.

### **Objectives and Investment Policy**

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

### **Risks in the fund on the balance day**

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 rules The Fund have the possibility to trade options, futures and similar financial instruments, as well as the possibility to lend securities. The Fund may also, in accordance with current regulations, use other techniques and instruments in the fund management of the Fund. The Fund has not used any of these possibilities during the period. To calculate the total exposure of the Fund applies a risk assessment method, the so-called commitment approach on derivative instruments. This means that any derivative position is converted into the equivalent position in the underlying asset. This asset has the similar value as if the derivative position was owned directly.

## Financial overview

### Main Portfolio

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance index, %
2016-12-31	414 863 068	-	2 740 521.71	-	-	-
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)

Index: FTSE Vietnam (SEK) 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, %
2016-12-31	-	151.39	2 369 652.61	-	18.65	7.01
2015-12-31	-	127.59	1 355 520.97	-	5.53 2)	-5.84 2)

Index: FTSE Vietnam (SEK)

2) Sedan 2015-04-13 Tundra Vietnam Fund main class renamed to Tundra Vietnam Fund Share Class A.

### Fund Share Class C EUR

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance index, %
2016-12-31	-	15.82	6.48	-	2.46 3)	-0.83 3)

Index: FTSE Vietnam (EUR) 3) Period 2016-06-30 - 2016-12-31

### Fund Share Class D USD

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance %	Performance index, %
2016-12-31	-	16.61	370 862.62	-	9.85	-0.82
2015-12-31	-	15.12	228 151.87	-	-2.01 4)	-5.17 4)

Index: FTSE Vietnam (USD) 4) Period 2015-04-13 - 2015-12-31

## Key performance indicators

	<i>Fund Share Class A SEK</i>	<i>Fund Share Class C EUR</i>	<i>Fund Share Class D USD</i>
<b>Launch date</b>	<b>2014-05-06</b>	<b>2016-06-30</b>	<b>2015-04-13</b>

## Risk & Return

Standard Deviation %, 24 month	16.10	**	**
Standard Deviation Index %, 24 month	17.37	**	**
Tracking Error %, 24 month	7.08	**	**
Average Annual Return last 2 years %	11.90	**	**
Average Annual Return since start %	16.89*	**	**

\* Since launce of Fund Share Class

\*\*N/A

## Costs

Management fee %	2.50	2.50	2.50
Performance fee %	-	-	-
Transaction costs SEK	769 545	-	121 648
Transaction costs %	-	-	0.19
Research costs SEK	37 865	-	6 511
Research costs %	0.01	-	0.01
Ongoing Charges %	2.56	2.50	2.56
Subscription & Redemption fees	0	0	0

## Turnover

		<b>2016</b>
Turnover ratio		0.44
Trading within the group		0

**Income Statement**

<i>In SEK</i>	<i>Note</i>	<i>2016-01-01- 2016-12-31</i>	<i>2015-01-01- 2015-12-31</i>
<b>Income and change in the value</b>			
Change in value, transferable securities		38 105 464	-5 158 120
Interest		223	1 036
Dividends		9 339 373	5 873 657
FX gains and losses, net		2 066 373	-493 729
Other income		10	1
<b>Total</b>		<b>49 511 443</b>	<b>222 845</b>
<b>Costs</b>			
Management fees			
Fee charged by the fund		-8 049 406	-4 423 301
Interest		-19 211	112 194
Other costs		-1 012 580	-574 682
<b>Total</b>		<b>-9 081 197</b>	<b>-4 885 789</b>
<b>Net result</b>		<b>40 430 246</b>	<b>-4 662 944</b>

**Balance Sheet**

<i>In SEK</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
<b>Assets</b>			
Transferable Securities		392 100 273	190 179 400
<b>Total</b>	<b>1</b>	<b>392 100 273</b>	<b>190 179 400</b>
Bank accounts		25 954 675	13 104 234
Accrued expenses and pre-paid income		492 045	206 440
<b>Total</b>		<b>418 546 993</b>	<b>203 490 074</b>
<b>Liabilities</b>			
Accrued expenses accrued income		904 201	427 756
Other liabilities		2 779 724	978 139
<b>Total</b>		<b>3 683 925</b>	<b>1 405 895</b>
<b>Total Net Asset</b>	<b>1,2</b>	<b>414 863 068</b>	<b>202 084 179</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**

<b>Branch</b>	<b>Quantity</b>	<b>Value</b>	<b>%</b>
<b>Transferable Securities</b>			
<b>Category 1</b>			
CNG VIETNAM JSC, Vietnam, VND	605 290	9 746 022	2.35
PETROVIETN DRILLING, Vietnam, VND	2 104 654	17 428 060	4.20
PETROVIETNAM TECHNIC, Vietnam, VND	1 147 000	7 524 978	1.81
PV GAS SOUTHERN ORD, Vietnam, VND	923 421	5 873 471	1.42
PV TRANS ORD, Vietnam, VND	1 336 500	6 201 903	1.49
<b>Energy</b>		<b>46 774 434</b>	<b>11.27</b>
BIM SON CEMENT JSC, Vietnam, VND	2 330 935	13 986 834	3.37
DONGHAI JOINT STOCK, Vietnam, VND	273 350	4 100 609	0.99
HATIEN 1 CEMENT JSC, Vietnam, VND	1 293 804	10 610 121	2.56
HOA PHAT GROUP JSC, Vietnam, VND	1 915 612	33 066 356	7.97
HOA SEN GROUP, Vietnam, VND	817 147	16 638 569	4.01
NAM KIM STEEL JSC, Vietnam, VND	6	84	0.00
PETROLIMEX PETROCHEM, Vietnam, VND	286 150	3 159 372	0.76
POWER CONSTRUCTION, Vietnam, VND	180 990	2 606 484	0.63
VIETNAM ELEC EQP TR, Vietnam, VND	856 200	445 263	0.11
VIETNAM ELEC EQUIP, Vietnam, VND	856 200	7 055 705	1.70
<b>Material</b>		<b>91 669 397</b>	<b>22.10</b>
CII ORD, Vietnam, VND	773 000	8 704 742	2.10
FECON FOUNDATION ORD, Vietnam, VND	240 000	1 804 958	0.44
GEMAGEPT ORD, Vietnam, VND	370 305	4 236 660	1.02
PETROSETCO ORD, Vietnam, VND	27 240	112 239	0.03
VIETNAM ELECTRIC CAB, Vietnam, VND	36 070	836 897	0.20
VIETNAM ELECTRIC CAB, Vietnam, VND	36 070	548 312	0.13
<b>Industry</b>		<b>16 243 807</b>	<b>3.92</b>
DRC ORD, Vietnam, VND	594 570	7 611 162	1.83
PHU NHUAN JEWELRY JSC, Vietnam, VND	280 000	7 963 897	1.92
SOUTHERN RUBBER INDU, Vietnam, VND	1 034 640	8 381 317	2.02
THANH CONG TEXTILE G, Vietnam, VND	99 000	613 854	0.15
TNG Investment & Trading JSC, Vietnam, VND	931 396	4 582 869	1.10
<b>Durable goods</b>		<b>29 153 099</b>	<b>7.03</b>
AGRICULTURE PRINTING, Vietnam, VND	135 700	3 528 509	0.85
HUNG VUONG CORP, Vietnam, VND	1 165 000	4 105 819	0.99
KINH DO CORP ORD, Vietnam, VND	4	58	0.00
MASAN GROUP CORP, Vietnam, VND	713 940	18 506 944	4.46
VIETNAM DAIRY PRODUC, Vietnam, VND	539 500	27 106 852	6.53
<b>Staples</b>		<b>53 248 182</b>	<b>12.84</b>
TRAPHACO ORD, Vietnam, VND	203 000	9 306 334	2.24
<b>Health care</b>		<b>9 306 334</b>	<b>2.24</b>



BANK FOR FOREIGN TRADE, Vietnam, VND	720 900	10 223 256	2.46
MILITARY COM BANK, Vietnam, VND	1 084 860	5 988 951	1.44
NOVALAND, Vietnam, VND	460 000	11 059 368	2.67
SAIGON SECURITIES IN, Vietnam, VND	2 196 000	17 218 146	4.15
VIETNAM JS COMM BANK, Vietnam, VND	1 830 250	11 019 069	2.66
VNDIRECT ORD, Vietnam, VND	1 616 700	8 472 249	2.04
<b>Financials</b>		<b>63 981 040</b>	<b>15.42</b>
FPT CORP, Vietnam, VND	1 498 180	27 838 620	6.71
<b>IT</b>		<b>27 838 620</b>	<b>6.71</b>
PETROVIET NHON TRACH, Vietnam, VND	431 159	4 708 668	1.13
PLPC ORD, Vietnam, VND	639 970	4 275 374	1.03
<b>Power utilities</b>		<b>8 984 042</b>	<b>2.17</b>
DAT XANH ORD, Vietnam, VND	3 361 168	16 807 311	4.05
VINGROUP JSC ORD, Vietnam, VND	1 672 116	28 094 007	6.77
<b>Real estate</b>		<b>44 901 317</b>	<b>10.82</b>
<b>Total Category 1</b>		<b>392 100 273</b>	<b>94.51</b>
<b>Total transferable securities</b>		<b>392 100 273</b>	<b>94.51</b>
<b>Other assets and liabilities</b>		<b>22 762 795</b>	<b>5.49</b>
<b>Total Net Asset</b>		<b>414 863 068</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>2016-01-01- 2016-12-31</i>	<i>2015-01-01- 2015-12-31</i>
Net asset, start of the year	202 084 179	125 181 518
	<b>202 084 179</b>	<b>125 181 518</b>
<b>Fund Share Class A SEK</b>		
No. of issued fund shares	398 655 027	271 494 056
No. of redeemed fund shares	-245 465 213	-220 771 151
<b>Total</b>	<b>153 189 814</b>	<b>50 722 905</b>
<b>Fund Share Class C EUR</b>		
No. of issued fund shares	943	-
No. of redeemed fund shares	-	-
<b>Total</b>	<b>943</b>	<b>-</b>
<b>Fund Share Class D USD</b>		
No. of issued fund shares	25 845 319	30 842 700
No. of redeemed fund shares	-6 687 433	-
<b>Total</b>	<b>19 157 886</b>	<b>30 842 700</b>
Net result according to income statement	40 430 246	-4 662 944
<b>Net asset, year end</b>	<b>414 863 068</b>	<b>202 084 179</b>

### Remuneration

Remuneration and benefits to employees has been calculated based on the Company's principles which has been approved by the Board of Directors. During the financial year the Company applied a calculation based on that 20 percent of the Company's profit before tax is deposited as variable remuneration to employees.

In addition, the Company may make exceptions for individuals who contributed positive from a risk adjusted perspective as long as the Company does not run the risk of violating regulatory capital requirements or otherwise threaten to put the Company at a disadvantage situation.

Each year the Board of Directors revises the Company's remuneration policy. During the year minor linguistic adjustments has been made as well as adding reference to new law. These changes have not resulted in any substantial changes of the remuneration policy.

For current remuneration policy, see website; <http://www.tundrafonder.se/welcome/>

Benefits paid to all employees in 2016	Amount in SEK	Number of employees
Fixed salary	6 121 715	15
Variable remuneration to employees who are included in the number of employees and which have not been classified as special regulated staff	51 813	2
Total: Fixed salary and number of employees	6 173 528	15
Benefits paid to particular regulated staff 2016		
a) employees in senior strategic positions	1 764 625	2,5
b) employees with responsibility for control functions. Outsourced functions	0	0
c) risk takers	1 574 332	3,5
d) employees whose total compensation is equal to, or greater than, the total remuneration to someone in senior management	0	0