

Annual report

Tundra Vietnam Fund

515602-6824

2017-01-01 - 2017-12-31

This is a translated copy of the Swedish original. If any conflict occurs
in the translation the Swedish version will prevail.

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 2017-01-01 - 2017-12-31 on Tundra Vietnam Fund, 515602-6824.

General development

The fund's performance

Tundra Vietnam Fund rose 25.36% (SEK) during 2017. The benchmark FTSE Vietnam Net (SEK) rose by 34.58% during the same period.

The fund's net assets development

Assets under management at December 31st 2017 amounted to SEK 750.4 million, which represents an increase of SEK 335.6 million compared to SEK 414.9 million at December 31st 2016.

The value of issued fund shares for share class A amounted to SEK 371.7 million, SEK 0 for share class C and SEK 27.4 million for share class D while the value of redeemed fund shares for share class A amounted to SEK 171.6 million, SEK 0 for share class C and SEK 3.1 million for share class C. The net issued amount hence amounted to SEK 200.1 million for share class A, SEK 0 for share class C and SEK 24.3 million for share class D.

Market development

The Vietnamese stock market, as measured by the FTSE Vietnam Net (SEK) rose by a total of 34.58% during the year. The Swedish krona strengthened against the US dollar and thus also against the Vietnamese Dong which reduced the absolute return in SEK terms by approximately 10%.

The stock market was supported by both further development of the Vietnamese economy and better global market conditions for emerging and frontier markets during the period. The Vietnamese economy improved in all aspects with a stronger GDP growth (6.8%), low inflation (2.6%), record high FDI (USD 35.9bn) and foreign currency reserve (USD 51.5bn), and a stable currency that only depreciated 0.24% during the year. This provided a healthy background for the stock market to perform as both company earnings and liquidity were considerably improved. Besides, the Vietnamese government pushed up the pace of divestments and IPOs of the key state own enterprises which attracted many global investors to the market. Foreign investors, as a result, were significant net buyers during the year with a total value of USD 1.1bn. The country successfully organized the APEC 2017 summit which further confirmed its integration into the world economy, thus spurred interests from foreign funds.

Fund management and outlook

The fund rose 25.36% (SEK) net of fees during the year and hence underperformed the benchmark index FTSE Vietnam. Most of the relative underperformance came from the natural underweight in the top market capital stocks as those names had exceptional strong runs during the year thanks to substantial foreign inflows. The fund's successful stock selections in Financials, Information Technology, Consumer Discretionary, and Materials were the key performers on the other side. The fund has a significant tilt to the mid-cap segment which we believe is likely to narrow the valuation gap vs the blue chips during 2018. With a forecast earnings growth of 18-20%, prospects for the stock market in 2018 still remains upbeat.

Objectives and investment policy

The objective of the fund is to provide financial exposure to economic development in Vietnam and to provide its unitholders with a maximum long-term return on their investment given the fund's level of risk.

The fund takes into account aspects such as corporate governance, environmental and social issues as part of the investment process. The principles from international guidelines are applied (UN Global Compact,

Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and OECD Guidelines for Multinational Enterprises). Companies that are involved in controversial weapons are also excluded.

The fund is managed by an investment committee but with Tundra Fonder's Chief Investment Officer, Mattias Martinsson, as the lead portfolio manager.

Risks in the fund at year end

The fund has a vast majority of its assets invested in Vietnam. A worse than expected development of the Vietnamese economy or the earnings growth among listed companies in the country constitute the primary risk. 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 has the right to invest in derivative instruments in order to make the management more efficient. The fund had no exposure to derivatives during 2017. To calculate the total exposure, the fund applies the so-called commitment approach on derivative instruments.

Financial overview

Main portfolio

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2017-12-31	750 420 774	-	3 954 768.18	-	-	-
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)

Benchmark index: FTSE Vietnam (SEK)

1) Refers to the period 2014-05-06 - 2014-12-31.

Share class A SEK

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2017-12-31	-	189.79	3 430 544.31	-	25.36	34.58
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)

Benchmark index: FTSE Vietnam (SEK)

2) Since 2015-04-13. Tundra Vietnam Fund was replaced by Tundra Vietnam Fund share class A

Share class C EUR

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2017-12-31	-	19.30	6.48	-	22.00	30.99
2016-12-31	-	15.82	6.48	-	2.46 3)	-0.83 3)

Benchmark index: FTSE Vietnam (EUR)

3) Refers to the period 2016-06-30 - 2016-12-31.

Share class D USD

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2017-12-31	-	23.10	524 217.40	-	39.07	49.45
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)

Benchmark index: FTSE Vietnam (USD)

4) Refers to the period 2015-04-13 - 2015-12-31.

Key performance indicators

	<i>Share class A SEK</i>	<i>Share class C EUR</i>	<i>Share class D USD</i>
Inception date	2014-05-06	2016-06-30	2015-04-13
Risk & return			
Standard deviation, % 1)	13.78	**	13.00
Standard deviation benchmark, % 2)	14.49	**	13.15
Tracking error, % 3)	8.67	**	12.84
Average annual return last 2 years, %	21.96	**	23.60
Average annual return last 5 years, %	19.15*	**	15.99*

* Since inception of the share class

** Not applicable, the share class was incepted within 24 months.

Costs

Management fee, %	2.50	2.50	2.50
Performance fee, %	-	-	-
Transaction costs, SEK	774 479	2	158 743
Transaction costs, %	0.17	0.14	0.17
Research costs, SEK	93 711	-	18 886
Research costs, %	0.02	-	0.02
Ongoing charges, %	2.54	2.52	2.54
Subscription and redemption fees, SEK	0	0	0

Management fees

Single investment of SEK 10 000	269.60	2569.75	2 455.89
Monthly investments of SEK 100 / month	17.03	161.82	148.50

Turnover

Turnover			2017
Trading with group companies			0.32
			-

1. Standard deviation is defined as the standard deviation of the fund's return including any dividends. The calculation is based on monthly data during the past 24 months.
2. Standard deviation is defined as the standard deviation of the benchmark's total return. The calculation is based on monthly data during the past 24 months.
3. Tracking error is defined as the standard deviation of the difference in return between the fund and the benchmark. The calculation is based on monthly data during the past 24 months.

Income statement

<i>In SEK</i>	<i>Note</i>	<i>2017-01-01- 2017-12-31</i>	<i>2016-01-01- 2016-12-31</i>
Income and change in value			
Change in value, transferable securities		113 267 783	38 105 464
Interest		53 978	223
Dividends		15 368 024	9 339 373
FX gains and losses, net		-4 861 895	2 066 373
Other income		576 139	10
Total		124 404 029	49 511 443
Costs			
Management fees			
Fees to the management company		-12 179 219	-8 049 406
Interest		-5 031	-19 211
Other costs		-1 073 518	-1 012 580
Total		-13 257 768	-9 081 197
Net result		111 146 261	40 430 246

Balance sheet

<i>In SEK</i>	<i>Note</i>	<i>2017-12-31</i>	<i>2016-12-31</i>
Assets			
Transferable securities		734 212 094	392 100 273
Total	1	734 212 094	392 100 273
Bank accounts		20 172 948	25 954 675
Prepaid expenses and accrued income		877 096	492 045
Total		755 262 138	418 546 993
Liabilities			
Accrued expenses and deferred income		1 479 503	904 201
Other liabilities		3 361 861	2 779 724
Total		4 841 364	3 683 925
Total net assets	1,2	750 420 774	414 863 068

Memorandum items

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Accounting principles and valuation of financial instruments

Amounts stated are in number of SEK if nothing else stated.

Tundra Fonder AB is a member of the Swedish Investment Fund Association and strives to comply with the Association's guidelines. During 2017, Tundra Fonder AB was compliant with all guidelines with the exception of the recommendation that at least half of an asset manager's members of the Board of Directors should be independent directors as three of seven Board members were considered to be independent at the end of 2017.

Accounting principles

The fund applies the Mutual Funds Act, 2004:46 and the Financial Supervisory Authority's regulation of mutual funds (FFFS 2013:9) and applies the Swedish Investment Fund Association's guidelines.

Valuation of financial instruments

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

1. Financial instruments traded on an active market will be valued on the closing price at December 31st 2017. If this is a bank holiday, the most recent trading day prior to the bank holiday will be used.
2. If the financial instrument is not traded on 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 are misleading, the market value is determined by a well-established valuation model.

Key performance indicators

The fund follows the Swedish Investment Fund Association's guidelines on key performance indicators.

Notes

Note 1 Financial instruments

The following financial instruments were held as of 2017-12-31.

Security

Sector	Number of shares	Market value	Portion %
Transferable securities			
Category 1			
CNG VIETNAM JSC, Vietnam, VND	605 290	6 974 533	0.93
PETROVIETN DRILLING, Vietnam, VND	1 970 004	16 615 559	2.21
PV GAS SOUTHERN ORD, Vietnam, VND	923 421	8 338 746	1.11
PV TRANS ORD, Vietnam, VND	2 176 500	14 819 413	1.97
Energy		46 748 251	6.22
BIM SON CEMENT JSC, Vietnam, VND	2 450 935	6 728 316	0.90
DONGHAI JOINT STOCK, Vietnam, VND	558 974	9 307 938	1.24
HATIEN 1 CEMENT JSC, Vietnam, VND	1 763 804	9 906 989	1.32
HOA PHAT GROUP JSC, Vietnam, VND	3 233 101	54 712 913	7.28
HOA SEN GROUP, Vietnam, VND	3 900 006	34 513 764	4.59
NAM KIM STEEL JSC, Vietnam, VND	9	126	0.00
PETROLIMEX PETROCHEM, Vietnam, VND	286 150	2 584 013	0.34
PVFCCO ORD, Vietnam, VND	930 000	7 222 414	0.96
VIETNAM ELEC EQUIP, Vietnam, VND	1 856 945	16 835 799	2.24
Materials		141 812 272	18.86
CII ORD, Vietnam, VND	1 403 000	17 787 944	2.37
GEMAGEPT ORD, Vietnam, VND	370 305	5 530 903	0.74
PETROSETCO ORD, Vietnam, VND	27 240	116 105	0.02
POWER CONSTRUCTION, Vietnam, VND	687 505	9 585 707	1.28
VIETNAM ELECTRIC CAB, Vietnam, VND	72 140	1 355 004	0.18
Industrials		34 375 662	4.57
DRC ORD, Vietnam, VND	1 440 260	12 589 754	1.67
DRY SELL & STORAGE B, Vietnam, VND	626 500	10 986 801	1.46
PHU NHUAN JEWELRY JSC, Vietnam, VND	280 000	14 816 875	1.97
SAIGON GENERAL SERVI, Vietnam, VND	350 730	6 309 039	0.84
SOUTHERN RUBBER INDU, Vietnam, VND	1 034 640	5 867 457	0.78
THANH CONG TEXTILE G, Vietnam, VND	103 950	1 145 210	0.15
TNG Investment & Trading JSC, Vietnam, VND	1 117 675	5 490 544	0.73
Consumer discretionary		57 205 681	7.61
AGRICULTURE PRINTING, Vietnam, VND	135 700	3 293 898	0.44
KIDO FROZEN FOODS, Vietnam, VND	685 600	14 115 837	1.88
KINH DO CORP ORD, Vietnam, VND	4	57	0.00
MASAN GROUP CORP, Vietnam, VND	1 505 910	41 612 271	5.54
VIETNAM DAIRY PRODUC, Vietnam, VND	455 000	34 283 620	4.56
Consumer staples		93 305 682	12.41
TRAPHACO ORD, Vietnam, VND	390 850	16 517 980	2.20
Healthcare		16 517 980	2.20

BANK FOR FOREIGN TRADE, Vietnam, VND	2 020 900	39 637 442	5.27
LIEN VIET POST JOINT, Vietnam, VND	4 497 949	20 958 742	2.79
MILITARY COM BANK, Vietnam, VND	1 139 103	11 171 045	1.49
SAIGON SECURITIES IN, Vietnam, VND	4 691 000	48 799 895	6.49
VIETNAM JS COMM BANK, Vietnam, VND	2 179 710	19 053 513	2.53
VNDIRECT ORD, Vietnam, VND	2 416 700	23 045 580	3.07
Financials		162 666 216	21.64
FPT CORP, Vietnam, VND	1 722 907	37 962 311	5.05
IT		37 962 311	5.05
PETROVIET NHON TRACH, Vietnam, VND	431 159	5 217 269	0.69
PLPC ORD, Vietnam, VND	639 970	5 258 986	0.70
Utilities		10 476 255	1.39
DAT XANH ORD, Vietnam, VND	3 965 009	30 864 015	4.11
KINHBAC CITY ORD, Vietnam, VND	4 260 000	20 619 369	2.74
VINCOM RETAIL JSC, Vietnam, VND	1 980 000	33 721 575	4.49
VINGROUP JSC ORD, Vietnam, VND	1 716 836	47 936 826	6.38
Real estate		133 141 785	17.71
Total category 1		734 212 094	97.67
Total transferable securities		734 212 094	97.67
Total securities		734 212 094	97.67
Other assets and liabilities		16 208 680	2.33
Total net asset value		750 420 774	100.00

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 assets

	<i>2017-01-01- 2017-12-31</i>	<i>2016-01-01- 2016-12-31</i>
Net assets at the start of the year	414 863 068	202 084 179
Share class A SEK		
Issued fund units	371 659 817	398 655 027
Redeemed fund units	-171 579 495	-245 465 213
Net	200 080 322	153 189 814
Share class C EUR		
Issued fund units	-	943
Redeemed fund units	-	-
Net	-	943
Share class D USD		
Issued fund units	27 418 673	25 845 319
Redeemed fund units	-3 087 550	-6 687 433
Net	24 331 123	19 157 886
Net result according to the income statement	111 146 261	40 430 246
Net assets at year end	750 420 774	414 863 068

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.

Please refer to the Company's website for the current remuneration policy:

<http://www.tundrafonder.se/wp-content/uploads/2014/03/Executive-Summary-Remuneration-Policy-2016.pdf>

Benefits paid to all employees in 2017	Amount in SEK	Number of employees
Fixed salary	7 584 271	15
Variable remuneration to employees who are included in the number of employees and which have not been classified as special regulated staff	0	0
Total: Fixed salary and number of employees	7 584 271	15
Benefits paid to particular regulated staff 2017		
a) employees in senior strategic positions	2 308 699	2.5
b) employees with responsibility for control functions. Outsourced functions	0	0
c) risk takers	2 827 396	4.75
d) employees whose total compensation is equal to, or greater than, the total remuneration to someone in senior management	0	0

Auditor's report

(Translation)

To the investors in Tundra Vietnam Fund, Corporate Identity Number 515602-6824

Report on the annual report

Opinions

As auditors of Tundra Fonder AB, Corporate Identity Number 556838-6303, we have audited the annual report of Tundra Vietnam Fund for 2017.

In our opinion, the annual report has been prepared in accordance with the Swedish Mutual Fund's Act and Sweden's financial supervisory authority's ordinances on funds, and presents fairly, in all material respects, the financial position of Tundra Vietnam Fund as of 31 December 2017 and its financial results for the year in accordance with the Swedish Mutual Fund's Act and Sweden's financial supervisory authority ordinances on funds.

Basis for opinions

We conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. We are independent of the fund company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Fund Company

It is the fund company who is responsible for the preparation of the annual report and that it provides a fair presentation in accordance with the Swedish Mutual Fund's Act and Sweden's financial supervisory authority ordinances on funds. The fund company is also responsible for such internal control as they determine is necessary to enable the preparation of an annual report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our objective is to obtain reasonable assurance about whether the annual report as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of the association's internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the fund company.
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the fund company of, amongst other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in that internal control which we may have identified.

Stockholm, 16 April 2018

Öhrlings PricewaterhouseCoopers AB

Susanne Sundvall
Authorised Public Accountant