

Semi-annual report

Tundra Sustainable Frontier Fund

515602-4803

January 1st 2019 – June 30th 2019



TUNDRA  FONDER

Management report

This is a translation of the Swedish original. If any conflict occurs in the translation the Swedish version will prevail. The Board of Directors and the CEO of Tundra Fonder AB, 556838-6303, hereby submit the Semi-annual report for the period 2019-01-01 – 2019-06-30 for Tundra Sustainable Frontier Fund, 515602-4803.

Fund performance

Tundra Sustainable Frontier Fund fell by 2.22% (SEK) during the first half of 2019 compared to the benchmark index which rose by 8.89%. Our underweights in Argentina, Romania and Kenya and our overweights in Pakistan and Sri Lanka were the main reasons why the fund underperformed. Given that all but one of our core markets (Vietnam) ended the half year in negative territory, the fund could not keep up with the benchmark index.

The Fund's net assets development

Assets under management at June 30th, 2019 amounted to SEK 1 299.6 million, which represents a decrease of SEK 253.1 million compared to SEK 1 552.8 million at December 31st 2018.

The value of issued fund shares amounted to SEK 74.8 million for Class A, SEK 0.1 for Class C, SEK 107.6 million for Class D, SEK 13.2 million for Class E and SEK 1.3 million for Class F. The value of redeemed fund shares amounted to SEK 371.6 million for Class A, SEK 8.8 million for Class C, SEK 50.9 million for Class D, SEK 3.3 million for Class E and SEK 1.5 million for Class F. The value of the total change of fund shares during the period hence amounted to SEK -296.8 million for Class A, SEK -8.7 million for Class C, SEK 56.7 million for Class D, SEK 9.9 million for Class E and SEK -0.2 million for Class F.

Market development

During the first half year many frontier markets recovered significantly. The benchmark index rose 8.89% (SEK). The appetite for the riskier part of frontier markets and early emerging markets was however still low, especially the mid and small cap segment of these markets. This was signified by the fact that the small cap indices of all of our seven core markets underperformed their respective large cap indices. We cannot recall having seen that before. There was a clear preference for large, well-known names, which indicates investors are wary of positioning themselves long term.

Fund management and outlook

The reform process in Pakistan is very promising and could lead to a long-term large upswing in foreign direct investment but short term the market was plagued with continued concerns, such as the weaker Pakistani rupee. Sri Lanka, which was just about to recover from last year's significant devaluation, was hit severely during Easter as a coordinated terrorist attack killed hundreds in the country. That was a big blow to the tourism industry, which traditionally has been an important contributor to the balance of payment (ca 5% of GDP). Nigeria's election was a disappointment as the incumbent Buhari will remain in power for the next years. His inability to initiate significant economic reforms means many foreign investors have given up. Out of our core markets only Vietnam saw significant foreign interest. Going forward we are more optimistic. Sri Lanka is now recovering from the terrorist attacks and the tourism sector might not be as badly hit as initially feared. Pakistan's ongoing reforms and its improving international relations open up for a very strong couple of years. The average valuation of the fund of around 7x earnings, and good growth outlooks for our portfolio companies, makes us optimistic of improved returns going forward.

Objectives and investment policy

The objective of the fund is to provide financial exposure to economic development in emerging markets and frontier markets and to provide its unit holders with a maximum long-term return on their investment.

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 being ultimately responsible.

Risks

We consider potential major drops in the global stock markets to be the largest individual risk. This could lead to a further decline in the investment interest also in frontier markets and thus affect the stock prices adversely. The fund does not hedge against currency risks, which could come to affect the return in SEK if the currencies in the frontier markets weaken. The central banks in many frontier markets compare its own currency to the US dollar, which creates an indirect connection and risk against the US dollars development, where a weaker US dollar could affect share prices negatively and vice versa. The fund has a relatively high share of its assets in Pakistan, Vietnam, Egypt, Nigeria, Bangladesh and Sri Lanka. Political instability in one or several of these countries could affect the return of the fund negatively.

Derivatives

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

Financial overview

Main portfolio

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund- return, %	Benchmark return, %
2019-06-30	1 299 639 660	-	7 711 935.59	-	-	-
2018-12-31	1 552 755 853	-	8 993 095.34	-	-	-
2017-12-31	1 087 438 063	-	5 769 450.10	-	-	-
2016-12-31	439 046 053	-	2 641 116.78	-	-	-
2015-12-31	345 307 931	-	2 379 389.86	-	-	-
2014-12-31	916 615 995	-	6 032 099.74	-	-	-
2013-12-31	253 860 513	-	2 154 423.88	-	-	-

Share class A SEK

	AUM	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark- return, %
2019-06-30	-	168.92	6 554 482.61	-	-2.22	8.89
2018-12-31	-	172.75	8 205 814.31	-	-8.43	-16.85
2017-12-31	-	188.65	5 080 492.27	-	13.50	24.98
2016-12-31	-	166.21	2 439 445.94	-	14.55	10.61
2015-12-31	-	145.10	2 178 908.18	-	-4.51	-6.83
2014-12-31	-	151.96	5 964 830.02	-	28.95	17.33
2013-12-31	-	117.84	2 113 195.82	-	17.84 ¹⁾	10.95 ¹⁾

MSCI Frontier Markets xGCC Net Total Return Index (SEK) until 2017-11-05, MSCI Frontier Markets xGCC IMI Net Total Return Index (SEK) 2017-11-06 – 2019-04-30. MSCI Frontier Markets xGCC Net Total Return Index (SEK) from 2019-05-01.

¹⁾ Refers to the period 2013-04-02 - 2013-12-31

Share class C EUR

	AUM	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2019-06-30	-	15.98	209 754.66	-	-6.17	4.73
2018-12-31	-	17.03	254 462.12	-	-11.49	-19.42
2017-12-31	-	19.24	186 633.35	-	10.57	21.64
2016-12-31	-	17.40	188 378.80	-	9.71	5.92
2015-12-31	-	15.86	187 189.64	-	-1.49	-4.20
2014-12-31	-	16.10	67 269.72	-	21.33	10.23
2013-12-31	-	13.27	41 228.06	-	5.40 ²⁾	2.06 ²⁾

MSCI Frontier Markets xGCC Net Total Return Index (EUR) until 2017-11-05, MSCI Frontier Markets xGCC IMI Net Total Return Index (EUR) 2017-11-06 – 2019-04-30. MSCI Frontier Markets xGCC Net Total Return Index (EUR) from 2019-05-01.

²⁾ Refers to the period 2013-06-12 - 2013-12-31

Share class D USD

	AUM	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2019-06-30	-	17.59	517 600.70	-	-6.88	3.82
2018-12-31	-	18.89	155 710.25	-	-15.29	-22.97
2017-12-31	-	22.30	199 940.70	-	25.85	38.79
2016-12-31	-	17.72	6 902.26	-	6.24	2.52
2015-12-31	-	16.68	6 902.26	-	-11.79 ³⁾	-13.61 ³⁾

MSCI Frontier Markets xGCC Net Total Return Index (USD) until 2017-11-05, MSCI Frontier Markets xGCC IMI Net Total Return Index (USD) 2017-11-06 – 2019-04-30. MSCI Frontier Markets xGCC Net Total Return Index (USD) from 2019-05-01.

³⁾ Refers to the period 2015-04-10 - 2015-12-31

Share class E NOK

	AUM	NAV	No. of issued fund units	Dividend	Total fund return, %	Benchmark return, %
2019-06-30	-	155.16	353 401.56	-	-7.93	2.52
2018-12-31	-	168.52	298 750.37	-	-10.74	-17.99
2017-12-31	-	188.80	254 101.95	-	20.47 ⁴⁾	31.43 ⁴⁾

MSCI Frontier Markets xGCC Net Total Return Index (NOK) until 2017-11-05, MSCI Frontier Markets xGCC IMI Net Total Return Index (NOK) 2017-11-06 – 2019-04-30. MSCI Frontier Markets xGCC Net Total Return Index (NOK) from 2019-05-01. Return Index (NOK)

⁴⁾ Refers to the period 2017-01-05 - 2017-12-31

Fund share class F EUR

	AUM	NAV	No. of issued fund units	Dividend	Total fund return, %	Benchmark-return, %
2019-06-30	-	15.92	76 696.1	-	-6.30	4.73
2018-12-31	-	16.99	78 358.29	-	-11.69	-19.42
2017-12-31	-	19.24	48 281.83	-	10.57	21.64
2016-12-31	-	17.40	6 389.78	-	9.71	5.92
2015-12-31	-	15.86	6 389.78	-	1.34 ⁵⁾	2.88 ⁵⁾

MSCI Frontier Markets xGCC Net Total Return Index (EUR) until 2017-11-05, MSCI Frontier Markets xGCC IMI Net Total Return Index (EUR) 2017-11-06 – 2019-04-30. MSCI Frontier Markets xGCC Net Total Return Index (EUR) from 2019-05-01.

⁵⁾ Refers to the period 2015-10-16 - 2015-12-31

Balance sheet

<i>In SEK</i>	<i>Note</i>	<i>2019-06-30</i>	<i>2018-12-31</i>
Assets			
Transferable securities		1 222 701 431	1 515 188 809
Total	1	1 222 701 431	1 515 188 809
Bank accounts		70 864 016	33 061 479
Pre-paid expenses and accrued income	2	3 382 623	3 847 016
Other assets	3	7 857 536	17 025 416
Total		1 304 805 606	1 569 122 720
Liabilities			
Accrued expenses and prepaid income		2 819 645	6 498 755
Other liabilities	4	2 346 301	9 868 112
Total		5 165 946	16 366 867
Total net assets	1,5	1 299 639 660	1 552 755 853
Memorandum items		None	None

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 the first half of 2019, 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 two of five Board members were considered to be independent at the closing day.

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 closing day. 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.

Note on unlisted holdings

Since the Fund may invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Fund has procedures, approved by the board of directors of the fund management company, which involves a valuation committee to determine the fair value of individual securities and other assets for which market prices are not readily available (such as certain restricted or unlisted securities and private placements) or which may not be reliably priced. Some methods for valuing these securities may include: fundamental analysis (discounted cash flow etc), sum-of-the-parts and market prices derived from similar transactions. The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Fund could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Fund determines its NAV. There is also a probability that the fair value assigned to these securities significantly underestimates the actual value of these securities. Since the Fund may invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Fund have procedures, approved by the Board of Directors of the Company, to determine the fair value of individual securities and other assets for which market prices are not readily available (such as certain restricted or unlisted securities and private placements) or which may not be reliably priced. Some methods for valuing these securities may include: fundamental analysis (discounted cash flow etc), sum-of-the-parts and market prices derived from similar transactions. The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Fund could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Fund determines its NAV. There is also a probability that the fair value assigned to these securities significantly underestimates the actual value of these securities.

In accordance with the UCITS regulation, the Fund may invest up to 10% in unlisted securities if these are to be listed within 12 months. Historically, a limited number of such investments have been carried out on behalf of

some of the fund. Since 2018 however, no additional investments are made in unlisted securities. If unlisted securities are not listed within 12 months, the Fund should divest the securities in a way beneficial to the unitholders. Due to the nature of unlisted holdings, the process of selling those securities may be prolonged for a significant time.

Tundra Pakistan Fund held one position, **Daewoo Express**, as of June 30th 2019, whose listings/divestments has been delayed beyond the 12-month stipulated time period due to reasons outside the fund's control. The portfolio weight of this holding constituted 0.18% of the fund's net assets. Negotiations for divestment are ongoing but there are risks of significant further delays until the assets are either sold or listed. The Fund Company has gradually reduced the assigned valuation of the holding as repeated delays indicated the chances of a successful listing or divestment has gradually decreased.

It should in particular be highlighted that there are several layers of uncertainties. Even an agreed transaction between two parties could mean the realized value might not be possible to repatriate since Central bank approval of repatriation is needed and it is not certain that such approval is given. This risk has during 2018 increased significantly given significant strains on Pakistan's foreign currency reserves experienced during 2018. In addition, it is further not unusual to see a transaction being contested within the Pakistani court system, sometimes due to legitimate concerns by a third party whose rights might be affected, sometimes as a form of blackmail. The structure of the Pakistani court system is such that even a perfectly legitimate transaction, through stay orders, can be delayed for several years and ultimately fail as a result of third party intervention. Such delays can meanwhile impact the financial viability of the company for example through non-availability of credits etc, which might eventually mean assumptions of financial forecasts are incorrect. These layers of uncertainty mean that absolute certainty of what value will be realized can only be achieved once funds are repatriated. Should the transaction be successful or should the company become listed it could however result in a positive one-time effect on the NAV of the fund. All factors taken into consideration, including best efforts of assuring an as correct valuation at all times, it is possible that the unit price of the fund at some point during the next 12 months may experience a one-time impacts where the downside could be maximal the assigned valuation and the upside could be potentially even higher.

We thus caution investors to take this into consideration before buying or selling fund units. As soon as the transaction is concluded we will update on our website and in the monthly comments. It should also be emphasized that the weight in the NAV and hence also the impact on the NAV as a result of any future transaction or listing depends on the assets under management in the Fund and any future major redemption from the Fund may escalate the impact in a substantial manner.

Daewoo Express is the largest and one of the few organized transportation companies in Pakistan. The company offers intra city services as well as long distance transportation throughout Pakistan. More information about the company: www.daewoo.com.pk

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 2019-06-30.

Securities

Sector	No. Of shares	Market value	Portion %
Transferable securities			
Category 1			
DG KHAN CEMENT ORD, Pakistan, PKR	4 900 000	15 991 403	1.23
HOA SEN GROUP, Vietnam, VND	7 139 000	21 106 940	1.62
LUCKY CEMENT ORD, Pakistan, PKR	1 110 000	24 311 285	1.87
TOKYO CEMENT ORD TR, Sri Lanka, LKR	8 708 114	8 386 599	0.65
TOKYO CEMENT ORD, Sri Lanka, LKR	2 315 592	2 802 855	0.22
TRI-PACK FILMS LTD, Pakistan, PKR	533 700	2 043 662	0.16
Materials		74 642 744	5.74
ACCESS ENGINEERING P, Sri Lanka, LKR	19 282 027	14 409 594	1.11
ACL CABLES PLC, Sri Lanka, LKR	6 044 156	9 797 090	0.75
ELSEWEDY ELECTRIC CO, Egypt, EGP	4 950 000	39 106 394	3.01
HEMAS HOLDINGS PLC, Sri Lanka, LKR	4 001 928	13 057 850	1.00
HOA PHAT GROUP JSC, Vietnam, VND	3 024 060	28 316 674	2.18
Industrials		104 687 601	8.06
GB AUTO, Egypt, EGP	23 586 405	53 802 176	4.14
IFAD AUTOS LTD, Bangladesh, BDT	2 930 384	26 136 890	2.01
SAIGON GENERAL SERVI, Vietnam, VND	913 520	15 288 023	1.18
Consumer discretionary		95 227 088	7.33
CARGILLS CEYLON ORD, Sri Lanka, LKR	2 609 579	26 093 645	2.01
JUHAYNA FOOD INDUSTRIES, Egypt, EGP	2 177 610	12 502 994	0.96
KIDO FROZEN FOODS, Vietnam, VND	1 820 700	18 499 609	1.42
NESTLE LANKA PLC, Sri Lanka, LKR	186 509	14 254 006	1.10
OBOUR LAND FOR FOOD INDUSTRIES, Egypt, EGP	3 700 000	14 430 254	1.11
Consumer staples		85 780 508	6.60
ACTIVE FINE CHEMICAL, Bangladesh, BDT	7 458 000	22 446 379	1.73
AGP LTD/PK, Pakistan, PKR	2 815 500	11 271 263	0.87
ASIRI HOSPITALS, Sri Lanka, LKR	30 000 000	33 155 169	2.55
BEXIMCO PHARMACEUTICALS LTD, Bangladesh, BDT	3 500 000	32 140 132	2.47
BEXIMCO-GDR REGS, Bangladesh, GBP	525 000	2 379 213	0.18
EGYPTIAN INTERNATIONAL PHARM, Egypt, EGP	600 000	26 368 025	2.03
FEROZESONS LABORATORIES, Pakistan, PKR	701 600	4 518 357	0.35
MLP SAGLIK HIZMETLERI AS, Turkey, TRY	2 303 363	42 743 791	3.29
SQUARE PHAR ORD, Bangladesh, BDT	1 796 258	52 227 110	4.02
Health care		227 249 439	17.49
ACC BANK OF NIG ORD, Nigeria, NGN	205 000 000	34 765 329	2.67
ADAMJEE INSUR ORD, Pakistan, PKR	3 631 000	7 468 106	0.57
BRAC BANK LTD, Bangladesh, BDT	5 838 497	42 904 270	3.30
CEYLINCO INSURANCE-NON VOTIN, Sri Lanka, LKR	289 700	11 160 156	0.86

COMMERCIAL BANK OF CEYLON PLC, Sri Lanka, LKR	2 675 878	12 941 736	1.00
CREDIT AGRICOLE, Egypt, EGP	1 250 000	32 686 024	2.52
GUARANTY TRT BNK ORD, Nigeria, NGN	52 631 572	41 779 539	3.21
HATTON NATIONAL BANK PLC, Sri Lanka, LKR	1 339 428	9 480 961	0.73
LETSHEGO, Botswana, BWP	13 201 581	16 563 990	1.27
LIEN VIET POST JOINT, Vietnam, VND	11 160 254	34 685 876	2.67
MASAN GROUP CORP, Vietnam, VND	1 023 650	33 854 279	2.60
MEEZAN BANK, Pakistan, PKR	5 500 000	27 813 003	2.14
NATIONAL BANK OF PAKISTAN, Pakistan, PKR	14 850 000	29 000 704	2.23
SAMPATH BANK ORD, Sri Lanka, LKR	1 994 530	14 611 356	1.12
STANBIC IBTC HOLDING, Nigeria, NGN	12 530 509	12 998 738	1.00
UNITED BANK FOR AFRICA ORD, Nigeria, NGN	230 000 000	37 523 050	2.89
UNITED BANK LTD ORD, Pakistan, PKR	4 579 500	39 158 368	3.01
ZENITH INTL BANK ORD, Nigeria, NGN	100 000 000	51 030 729	3.93
Financials		490 426 214	37.74
HUM NETWORK LTD, Pakistan, PKR	16 836 000	3 076 929	0.24
SYSTEMS LTD, Pakistan, PKR	5 349 850	29 487 176	2.27
Information technology		32 564 105	2.51
FPT CORP, Vietnam, VND	4 050 314	83 922 037	6.46
Telecom		83 922 037	6.46
AN PHU REAL ESTATE, Vietnam, VND	16 946	67 523	0.01
CAIRO INVESTMENT & REAL ESTA, Egypt, EGP	4 000 000	21 809 228	1.68
TPL PROPERTIES LTD, Pakistan, PKR	8 325 135	3 931 730	0.30
Real estate		25 808 481	1.99
Total Category 1		1 220 308 217	93.90
Category 7			
DAEWOO PAK EXPRESS, Pakistan, PKR	2 171 000	2 393 213	0.18
Consumer discretionary		2 393 213	0.18
Total Category 7		2 393 213	0.18
Total transferable securities		1 222 701 431	94.08
Other assets and liabilities		76 983 229	5.92
Total net assets		1 299 639 660	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 Accrued expenses and prepaid income

	<i>2019-06-30</i>	<i>2018-12-31</i>
Accrued dividends	1 947 926	2 553 783
Deferred taxes	1 434 697	1 293 233
Total	3 392 623	3 847 016

Note 3 Other assets

	<i>2019-06-30</i>	<i>2018-12-31</i>
Unsettled acquired securities	7 339 023	17 025 083
Tax provisions	518 513	333
Total	7 857 536	17 025 416

Note 4 Other liabilities

	<i>2019-06-30</i>	<i>2018-12-31</i>
Accrued redemptions	2 242 886	9 581 396
Unregistered subscriptions	103 403	286 518
Other	12	198
Total	2 346 301	9 868 112

Note 5 Change in net assets

	<i>2019-01-01- 2019-06-30</i>	<i>2018-01-01- 2018-12-31</i>
Net assets at the start of the year	1 552 755 853	1 087 438 063
Share class A SEK		
Issued fund units	74 812 033	1 161 020 123
Redeemed fund units	-371 569 111	-484 780 535
Total	-296 757 078	676 239 588
Share class C EUR		
Issued fund units	121 746	25 534 916
Redeemed fund units	-8 793 704	-12 837 831
Total	-8 671 958	12 697 085
Share class D USD		
Issued fund units	107 594 475	28 506 147
Redeemed fund units	-50 910 249	-39 873 281
Total	56 684 226	-11 367 134
Share class E NOK		
Issued fund units	13 209 937	16 367 501
Redeemed fund units	-3 291 276	-7 654 118
Total	9 918 661	8 713 383
Share class F EUR		
Issued fund units	1 322 700	7 264 386
Redeemed fund units	-1 522 556	-841 985
Total	-199 856	6 422 401
Net result according to the income statement	-14 090 188	-227 387 533
Net assets at end of period	1 299 639 660	1 552 755 853

Sustainability Information

Monitoring our sustainability work

All Tundra funds take sustainability into account. We generally use Environmental, Social and Corporate Governance (ESG) aspects in summarising our sustainability work. All three pillars of ESG are important in these efforts, and our investment process takes environmental, social and ethical aspects into consideration.

Our two research offices, one in Karachi (Pakistan) and one in Ho Chi Minh City (Vietnam), allow us to closely monitor the companies in our markets, and Tundra's sustainability work is under continuous development as new knowledge is advanced in different areas. The ESG team consists of a Sustainability Manager and an ESG Researcher in Stockholm (both researchers), plus a Senior ESG Analyst in Karachi and an ESG Analyst in Ho Chi Minh City.

Tundra's sustainability work includes our own research within the framework of TURN | Tundra Research Network, which runs local projects through collaboration with international networks in Tundra's focus countries. The following are examples of projects initiated during the first half of 2019:

- Pakistan:
 - o Co-organiser of a project aimed at increasing reporting around Agenda 2030 for listed companies in collaboration with the UNDP. Initiator of a project within Waste to Energy in collaboration with representatives of government, academia and large organisations in the energy sector locally.
- Vietnam:
 - o Collaboration with UNDP Vietnam on an environmental index for launch to listed companies. Collaboration with the ILO on training in workers' rights directed at large organisations and listed companies.
- Nigeria:
 - o Collaboration with one of the country's leading banks and a Swedish research institute on projects aimed at promoting women's entrepreneurship.
- Sri Lanka:
 - o Collaboration with the Colombo Stock Exchange on training and development of sustainability guidelines for listed companies.

As an organisation, Tundra Fonder has in the first half of 2019 participated in or hosted a series of events that relate to sustainability:

- In February, Tundra participated as an invited guest at the launch of the EAT-Lancet report on health, nutrition, climate, environment, fishing and agriculture at the UN in New York.
- In March, Tundra Fonder and the UNDP jointly hosted a workshop where Agenda 2030 and the implementation of the Sustainable Development Goals (SDGs) were discussed with a number of major companies in Pakistan.
- Organised by Business Sweden and the Swedish Embassy, a forum was held in Karachi in April with discussions on sustainable cities. Tundra moderated and contributed content for two panels.
- As an invited speaker, Tundra participated in May in a delegation to Hanoi, Vietnam, with Sweden's Trade Minister, where sustainability was a prevalent theme. More than 50 Swedish companies and many local representatives from different organisations participated.
- In June, Tundra held its third SDG Breakfast event with the theme Responsible Ownership, at which representatives of business, research and non-profit activities participated in discussions.

The fund has selected

All our funds are actively managed. Before any potential investment, we conduct an analysis of each company that includes an assessment of future growth prospects and what we believe is a long-term stable earnings level. Together with an assessment of the company's future growth opportunities, we establish a long-term realistic valuation of the company and its share. We believe that a company's operations, and how it conducts

these from a sustainability perspective, are crucial components for future success, which is why we view the sustainability analysis as an integral part of our company analysis.

Through our own internal rating system, we can see how companies position themselves in various relevant aspects of ESG. In general, our investments should be seen as long-term, and our starting point is to exert influence rather than divest.

The fund has deselected

We do not invest in companies that conduct their operations in violation of well-established international standards in the areas of the environment, human rights, labour rights and corruption. This applies to all of Tundra's funds. Standards that are particularly taken into account are the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

None of Tundra's funds invest in companies that:

- Violate UN fundamental conventions on human rights, the environment, labour rights and corruption (and that, after Tundra has made them aware of such violations, do not initiate an action plan within twelve months); and
- Companies involved in controversial weapons (anti-personnel landmines, cluster weapons, biological and chemical weapons, and nuclear weapons). Tundra takes an active role on sustainability issues through dialogue and by placing demands on the companies the fund invests in.

In the case of the Tundra Sustainable Frontier Fund, the fund also does not invest in companies that are involved in:

- Extraction of fossil fuels or production where the raw material consists largely of fossil fuels
- Tobacco production
- Production of pornographic material

In addition, the fund does not invest in companies that have more than 5% of their total sales involved with:

- Distribution of tobacco products
- Alcohol (production/distribution)
- Weapons and defence materiel
- Commercial gambling activities
- Distribution of pornographic material
- Genetically modified crops (GMOs)

The fund has not had any investments in the above sectors since the criteria were set.

The fund management company has advocated

Tundra strives to maintain contact with all portfolio companies through our ESG questionnaire.

In the case of the Tundra Sustainable Frontier Fund, we conduct a systematic analysis of all companies with regard to a number of different ESG markers. By sending feedback to all companies in the fund, we have deepened our dialogue with a number of these companies and laid the groundwork for a more open and constructive dialogue. The response rate for the questionnaire for 2018 was 58% of the companies in the fund, compared with 54% in 2017. Of the companies in the fund, 75% are judged according to given criteria to have very good ESG practices.

Tundra votes at general meetings, but this is only considered to be one contributing aspect of our advocacy.

Overall comments on the sustainability work of Tundra Fonder AB

Tundra's ESG work is characterised by the following:

- Evidence-based research to identify the key areas of ESG work for the sectors and countries in which we invest
- Regular meeting forums with our institutional investors
- Regular sustainability conferences with our portfolio companies, other listed local companies, voluntary organisations and representatives of government and regulators
- ESG questionnaire sent to all companies forming the basis of Tundra's ESG Rating System
- Collaborations with universities and researchers
- Contact with local NGOs, journalists and experts
- Separate sustainability report
- Case studies on our companies based on research and current events

More information about Tundra Fonder AB's sustainability work is available at:
<http://www.tundrafonder.se/sustainable/>

To read the complete Sustainability Report: <http://bit.ly/2WV4Qk6>