

Semi-annual report

Tundra Vietnam Fund

515602-6824

January 1st 2019 – June 30th 2019



TUNDRA  FONDER

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 Semi-annual Report for the period 2019-01-01 - 2019-06-30 on Tundra Vietnam Fund, 515602-6824.

General development

Fund performance

Tundra Vietnam Fund rose by 9.30% (SEK) during the first half of 2019 compared to the benchmark FTSE Vietnam Index TR (SEK) which rose by 13.97%. Our underweight in real estate (primarily Vingroup companies) was the main reason for the underperformance during the first six months whereas our stock selection in IT and materials were the main positive contributors.

The Fund's net assets development

Assets under management at June 30th, 2019 amounted to SEK 722.9 million, which represents a decrease of SEK 53.8 million compared to SEK 776.7 million at December 31st 2018.

The value of issued fund shares amounted to SEK 87.3 million for Class A, SEK 0 for Class C and SEK 27.7 million for Class D. The value of redeemed fund shares amounted to SEK 208.5 million for Class A, SEK 0 for Class C and SEK 35.9 million for Class D. The value of the total change of fund shares during the period hence amounted to SEK -121.2 million for Class A, SEK 0 for Class C and SEK -8.1 million for Class D.

Market development

The market (FTSE Vietnam TR (SEK)) had a strong start to the year and rose close to 20% during the first two months after which it consolidated and gradually came down during the remaining four months of the half year. During the first half year the equity market rose 13.97%. Strong foreign buying interest and continued good growth, combined with Vietnam being positively impacted by lower Chinese supply of exports to world markets, meant Vietnam had a good first half year. In MSCI's semi-annual review, Vietnam was not put on the watch list. As Argentina left frontier index towards the end of the period, Vietnam's weight increased further which helped to push the largest index stocks higher.

Fund management and outlook

We see a two-tiered market where new foreign money has pushed up the largest index stocks to quite demanding valuations. On the other hand, we see very strong value in the mid-caps and smaller companies. Combined with a continued good sentiment and strong economic activity we are thus reasonably optimistic for a continued good development.

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 ultimately responsible.

Risks

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 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	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2019-06-30	722 880 002	-	3 783 315.12	-	-	-
2018-12-31	776 704 393	-	4 442 868.38	-	-	-
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	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2019-06-30	-	191.06	3 590 514.27	-	9.30	13.97
2018-12-31	-	174.80	4 220 437.59	-	-7.90	-3.63
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, %
2019-06-30	-	17.98	6.48	-	4.90	9.62
2018-12-31	-	17.14	6.48	-	-11.19	-6.61
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, %
2019-06-30	-	20.61	192 794.37	-	4.20	8.66
2018-12-31	-	19.78	222 424.31	-	-14.37	-10.72
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

Balance sheet

<i>In SEK</i>	<i>Note</i>	<i>2019-06-30</i>	<i>2018-12-31</i>
Assets			
Transferable securities		702 567 307	747 149 509
Total	1	702 567 307	747 149 509
Bank accounts		23 732 485	40 292 862
Prepaid expenses and accrued income		2 136 147	437 451
Other assets		5	-
Total		728 435 944	787 879 822
Liabilities			
Accrued expenses and deferred income		1 479 243	1 822 858
Other liabilities		4 076 699	9 352 571
Total		5 555 942	11 175 429
Total net assets	1,2	722 880 002	776 704 393
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 the end of the period. 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 2019-06-30.

Security

Sector	Number held	Market value	Portion %
Transferable securities			
Category 1			
CNG VIETNAM JSC, Vietnam, VND	605 290	5 505 012	0.76
PV GAS SOUTHERN ORD, Vietnam, VND	923 421	12 326 181	1.71
Energy		17 831 193	2.47
BIM SON CEMENT JSC, Vietnam, VND	2 450 935	8 008 103	1.11
HATIEN 1 CEMENT JSC, Vietnam, VND	2 513 804	16 026 378	2.22
HOA SEN GROUP, Vietnam, VND	8 601 335	25 430 433	3.52
PETROLIMEX PETROCHEM, Vietnam, VND	286 150	1 619 072	0.22
Materials		51 083 985	7.07
AGRICULTURE PRINTING, Vietnam, VND	217 120	3 027 972	0.42
DRY SELL & STORAGE B, Vietnam, VND	1 450 670	20 404 564	2.82
GEMADEPT ORD, Vietnam, VND	870 305	9 640 515	1.33
HOA PHAT GROUP JSC, Vietnam, VND	3 175 043	29 730 448	4.11
PETROSETCO ORD, Vietnam, VND	27 240	83 250	0.01
POWER CONSTRUCTION, Vietnam, VND	613 908	4 476 498	0.62
PV TRANS ORD, Vietnam, VND	1 899 690	12 338 271	1.71
VIETNAM ELEC EQUIP, Vietnam, VND	1 302 934	11 421 656	1.58
Industrials		91 123 175	12.61
DRC ORD, Vietnam, VND	2 400 410	17 598 969	2.43
PHU NHUAN JEWELRY JSC, Vietnam, VND	560 000	17 427 016	2.41
SAIGON GENERAL SERVI, Vietnam, VND	350 730	5 869 569	0.81
SOUTHERN RUBBER INDU, Vietnam, VND	1 034 640	5 915 959	0.82
TNG Investment & Trading JSC, Vietnam, VND	2 457 612	21 151 981	2.93
Consumer discretionary		67 963 494	9.40
KIDO FROZEN FOODS, Vietnam, VND	993 300	10 092 636	1.40
VIETNAM DAIRY PRODUC, Vietnam, VND	650 000	31 856 822	4.41
Consumer staples		41 949 458	5.80
TRAPHACO ORD, Vietnam, VND	390 850	10 356 565	1.43
Health care		10 356 565	1.43
BANK FOR FOREIGN TRADE, Vietnam, VND	1 400 900	39 353 216	5.44
HDBANK, Vietnam, VND	1 534 000	16 809 006	2.33
LIEN VIET POST JOINT, Vietnam, VND	7 328 763	22 777 668	3.15
MASAN GROUP CORP, Vietnam, VND	1 561 960	51 657 333	7.15
MILITARY COM BANK, Vietnam, VND	1 355 532	14 043 233	1.94
SACOMBANK ORD, Vietnam, VND	1 900 000	8 592 775	1.19
SAIGON SECURITIES IN, Vietnam, VND	2 108 000	20 830 815	2.88
VIETNAM JS COMM BANK, Vietnam, VND	2 179 710	16 936 252	2.34
VNDIRECT ORD, Vietnam, VND	4 693 490	28 800 538	3.98

Financials		219 800 837	30,41
FPT CORP, Vietnam, VND	2 289 477	47 437 698	6.56
IT		47 437 698	6.56
DAT XANH ORD, Vietnam, VND	5 470 924	40 655 892	5.62
LDG INVESTMENT JSC, Vietnam, VND	4 123 618	13 966 299	1.93
VINCOM RETAIL JSC, Vietnam, VND	3 926 750	52 885 173	7.32
VINGROUP JSC ORD, Vietnam, VND	773 601	35 664 354	4.93
VINHOMES JSC, Vietnam, VND	375 000	11 849 184	1.64
Real estate		155 020 902	21.44
Total Category 1		702 567 307	97.19
Total transferable securities		702 567 307	97.19
Total securities		702 567 307	97.19
Other assets and liabilities		20 312 695	2.81
Total net asset value		722 880 002	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>2019-01-01- 2019-06-30</i>	<i>2018-01-01- 2018-12-31</i>
Net assets at the start of the year	776 704 393	750 420 774
	776 704 393	750 420 774
Share class A SEK		
Issued fund units	87 295 135	1 815 510 361
Redeemed fund units	-208 485 360	-1 562 448 343
Total	-121 190 225	253 062 018
Share class C EUR		
Issued fund units	-	-
Redeemed fund units	-	-
Total	-	-
Share class D USD		
Issued fund units	27 746 268	8 891 949
Redeemed fund units	-35 880 141	-69 751 490
Total	-8 133 873	-60 859 541
Net result according to the income statement	75 499 707	-165 918 858
Net assets at end of period	722 880 002	776 704 393

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.

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.

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>