

Semi Annual Report

Tundra Sustainable Frontier Fund

515602-6808

2017-01-01 - 2017-06-30

Management Report

Fund performance

The fund rose by 4.26% (Share class A SEK) during the first six months of the year as compared to the fund's benchmark MSCI Frontier Markets excluding GCC-countries Net (SEK) which rose 10.21%.

Market Development

Frontier markets rose by 10.15% during the first six months of this year. The Swedish Krona strengthened by nearly 7% against the USD during the first six months of the year. As many of the more important frontier markets' currencies closely follow the USD it meant that the performance measured in USD was significantly stronger. There were however significant discrepancies within the underlying markets. Argentina rose by 32%, Kazakhstan rose by 22% while Pakistan fell by 11% and Bangladesh fell by 2%. As of June 1st Pakistan is no longer a frontier market as by the world's largest index provider MSCI's definitions. Significant progress in its financial markets and a deemed higher grade of stability led to the country being upgraded to the "emerging markets" category.

The Fund's net assets development

Assets under management at June 30, 2017 amounted to SEK 294.4 million, which represents an increase of SEK 117.4 million compared with SEK 177.0 million at 31 December 2016.

The value of issued fund shares amounted to Class A SEK 115.9 million. The value of redeemed fund shares amounted to Class A SEK 5.4 million. The net value of new fund units issued during the period hence amounted to Class A SEK 110.5 million.

Outlook

The fund's most important markets had a relative weak performance during the first six months of the year. Good stock selection however mitigated losses versus the benchmark significantly. One of the fund's most important markets, Pakistan, experienced significant turbulence during the first six months. Given the proposed change of Prime Minister we believe the second half of 2017 will mean less political turbulence, despite approaching elections (due in 2018). This in turn makes it likely the strain on performance during the first half of the year will be less pronounced during the second half. It is worth noting that post Pakistan's upgrade to Emerging Markets close to 40% of the fund's net asset value is constituted by countries that are classified as Emerging Markets (Egypt being the second such market). This fact makes it likely that deviations to the fund's benchmark will continue to be large in the second half of the year.

Risks

The fund does not hedge against currency risks, which could come to affect the return in SEK if the currencies in the frontier markets weakens. 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 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 units	Dividend	Performance, %	Performance index, %
2017-06-30	294 405 226	110,30	2 669 027,83	-	4,26	10,15
2016-12-31	177 047 928	105,79	1 673 562,74	-	17,21	10,61
2015-12-31	98 897 447	90,26	1 095 714,58	-	-9,74 1)	-9,24 1)

Index: *MSCI Frontier Markets FM xGCC Net TR (SEK)*

1) Period 2015-08-03 - 2015-12-31

Balance Sheet

In SEK	Note	2017-06-30	2016-12-31
Assets			
Transferable securities		265 514 743	172 805 011
Total	1	265 514 743	172 805 011
Bank accounts		29 716 316	7 048 526
Pre-paid expenses and accrued income		237 189	124 722
Other assets		-	333
Total assets		295 468 248	179 978 592
Liabilities			
Accrued expenses and deferred income		1 024 654	2 031 067
Other liabilities		38 368	899 597
Total liabilities		1 063 022	2 930 664
Total Net Assets	1,2	294 405 226	177 047 928

Accounting principles and valuation of financial instruments

Amounts in SEK unless otherwise stated.

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 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 model.

Key Figures

The Fund follows the Swedish Fund Associations guidelines of key performance indicators

Notes

Note 1 Financial instruments

As of June 30th 2017.

Holdings

Sector	Number held	Value SEK	Share %
Transferable securities			
Category 1			
AISHA STEEL MILLS LTD, Pakistan, PKR	355 000	3492.04.01	0,2
ARABIAN CEMENT CO, Egypten, EGP	800 000	3 431 102	1,16
BIM SON CEMENT JSC, Vietnam, VND	550 025	3 080 539	1,04
CENTURY PAPER & BOARD MILLS, Pakistan, PKR	318 500	2 508 976	0,85
EZZ STEEL, Egypten, EGP	239 907	2 321 234	0,79
HOA PHAT GROUP JSC, Vietnam, VND	950 000	11 275 634	3,82
HOA PHAT GROUP RIGHT, Vietnam, VND	600 000	476 247	0,16
SUEZ CEMENT CO, Egypten, EGP	400 000	4 709 392	1,6
TOKYO CEMENT ORD, Sri Lanka, LKR	1 440 000	5 508 644	1,87
TRI-PACK FILMS LTD, Pakistan, PKR	200 000	3 601 132	1,22
Material		37 494 459	12,72
ACCESS ENGINEERING P, Sri Lanka, LKR	1 900 000	2 683 859	0,91
CII ORD, Vietnam, VND	218 220	3 010 959	1,02
DIEN QUANG JSC, Vietnam, VND	53 630	1 004 538	0,34
EGYPT KUWAIT HOLDING CO SAE, Egypten, USD	1 000 000	5 394 496	1,83
ELSEWEDY ELECTRIC CO, Egypten, EGP	170 000	7 434 225	2,52
JOHN KEELLS HLDG ORD, Sri Lanka, LKR	567 857	5 580 582	1,89
PAK ELEKTRON LTD, Pakistan, PKR	507 037	4 529 921	1,54
VIETNAM ELEC EQUIP, Vietnam, VND	913 700	7 930 250	2,69
Industrial		37 568 829	12,74
DRC ORD, Vietnam, VND	344 000	4 089 346	1,39
GB AUTO, Egypten, EGP	9 400 000	9 357 381	3,17
GUL AHMED TEXTILE, Pakistan, PKR	1 080 000	3 559 333	1,21
HUM NETWORK LTD, Pakistan, PKR	3 736 000	3 468 566	1,18
SAIGON GENERAL SERVI, Vietnam, VND	200 000	3 894 544	1,32
Consumer discretionary		24 369 171	8,26
CARGILLS CEYLON ORD, Sri Lanka, LKR	105 000	1 160 001	0,39
JUHAYNA FOOD INDUSTRIES, Egypten, EGP	750 000	2 721 251	0,92
KIDO FROZEN FOODS JS, Vietnam, VND	120 000	2 648 290	0,9
MASAN GROUP CORP, Vietnam, VND	749 995	11 683 556	3,96
OBOUR LAND FOR FOOD INDUSTRIES, Egypten, EGP	336 000	2 852 429	0,97
RICHARD PIERIS & CO, Sri Lanka, LKR	3 945 430	2 255 281	0,76
VIETNAM DAIRY PRODUC, Vietnam, VND	127 600	7 458 891	2,53
Consumer staples		30 779 699	10,44
BEXIMCO-GDR REGS, Bangladesh, GBP	525 000	3 659 757	1,24
EGYPTIAN INTERNATIONAL PHARM, Egypten, EGP	73 867	3 796 868	1,29
FEROZESONS LABORATORIES, Pakistan, PKR	228 800	7 134 062	2,42

Health care		14 590 686	4,95
ACC BANK OF NIG ORD, Nigeria, NGN	8 500 000	1 818 467	0,62
ADAMJEE INSUR ORD, Pakistan, PKR	750 000	4 153 761	1,41
ALLIED BANK ORD, Pakistan, PKR	600 000	4 334 863	1,47
BANCO MACRO ADR REP, Argentina, USD	11 000	8 547 663	2,9
BANK AL FALAH ORD, Pakistan, PKR	1 000 000	3 219 316	1,09
BBVA BANCO FRAN ADR, Argentina, USD	21 000	3 356 936	1,14
CREDIT AGRICOLE, Egypten, EGP	300 000	6 155 609	2,09
DIAMOND BANK ORD, Nigeria, NGN	8 500 000	242 462	0,08
GRUPO FINANCIERO ADR, Argentina, USD	29 000	10 422 841	3,53
GRUPO SUPERVIELLE SA, Argentina, USD	20 000	3 047 890	1,03
HABIB BANK LTD ORD, Pakistan, PKR	200 000	4 324 735	1,47
JSC HALYK BANK GDR, Kazakstan, USD	60 000	4 683 097	1,59
LETSHEGO, Botswana, BWP	1 237 000	2 156 525	0,73
MEEZAN BANK, Pakistan, PKR	1 521 511	9 545 116	3,24
MILITARY COM BANK, Vietnam, VND	797 412	6 891 378	2,34
STANBIC IBTC HOLDING, Nigeria, NGN	3 144 008	2 386 718	0,81
UNITED BANK FOR AFRICA ORD, Nigeria, NGN	29 000 000	5 830 597	1,98
ZENITH INTL BANK ORD, Nigeria, NGN	16 000 000	7 688 861	2,61
Financial		88 806 835	30,12
AVANCEON LTD, USA, PKR	219 662	798 978	0,27
FPT CORP, Vietnam, VND	530 207	9 744 431	3,3
SYSTEMS LTD, Pakistan, PKR	1 200 000	7 315 443	2,48
Information technology		17 858 851	6,06
TPL PROPERTIES LTD, Pakistan, PKR	2 318 000	2 282 499	0,77
Real estate		2 282 499	0,77
Sum Category 1		253 751 030	86,06
Category 5			
DAEWOO PAK EXPRESS, Pakistan, PKR	826 000	4 734 026	1,61
Consumer discretionary		4 734 026	1,61
Sum Category 5		4 734 026	1,61
Category 7			
INTERNATIONAL BRANDS, Pakistan, PKR	1 310 158	7 029 687	2,38
Consumer staples		7 029 687	2,38
Sum Category 7		7 029 687	2,38
Total transferable securities		265 514 743	90,05
Total securities		265 514 743	90,05
Other assets and liabilities		28 890 483	9,95
Total net assets		294 405 226	100

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- 2017-06-30</i>	<i>2016-01-01- 2016-12-31</i>
Net assets start of year	177 047 928	98 897 447
Issued fund units	115 910 167	61 026 556
Redeemed fund units	-5 440 560	-8 605 533
Net result according to income statement	6 887 691	25 729 458
Net Assets at end of the period	294 405 226	177 047 928