

Annual Report

Tundra Frontier Opportunities 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 Frontier Opportunities Fund, 515602-4803.

The fund's performance

The fund rose by 14.55 percent in 2016. Benchmark MSCI Frontier Markets excluding the GCC countries net (SEK) rose by 10.61 percent during the same period.

The fund's net assets development

Assets under management at December 31, 2016 amounted to SEK 439 million, which represents an increase of SEK 94 million, compared with SEK 345 million at December 31, 2015. Value of issued fund shares amounted to SEK 143 million and redemptions amounted to SEK 100 million. Net inflows to the fund during the period amounted to SEK 43 million.

Market development

Frontier Markets excluding the Gulf countries rose 10.61 percent in SEK during the year. Continued risk aversion towards emerging and frontier markets affected the asset class during the year, which meant continuing outflows from foreign investors during 2016. The market however bottomed out already in January. It was domestic investors' net buying that drove markets higher, despite continued net selling by foreign investors. Among individual markets Pakistan and Morocco excelled with returns of about 50 percent. In Pakistan higher economic activity spurred optimism among local investors who, despite significant net selling from foreigners, were significant net buyers in the market. Especially the second half of the year was surprisingly strong given that foreign investors massively sold down their positions towards the end of 2016. Morocco benefited from the fact that global investors sought a safer market in Africa as Nigeria and Kenya had a challenging year. The dollar continued strengthening against the Swedish krona and contributed about 7 percent to the absolute market returns during the year.

Fund management and outlook

The fund did relatively well and again managed to deliver a return that exceeded the benchmark index by nearly 4 percentage points. The fund's underweight and stock selection in Nigeria was the single most important reason for the outperformance. Further, the fund's overweight in Asia as well as stock selection in the region contributed to the positive relative performance. The fund's stock picking in Vietnam worked particularly well during 2016. Towards the end of the year, Egypt devalued its currency by nearly 50 percent. After the devaluation the fund chose to enter the Egyptian equity which thus is a new market in the fund going into 2017. After two difficult years for frontier markets with large outflows from foreign investors, we believe the time is approaching for a more constructive year and we are relatively optimistic for 2017.

Objectives and Investment Policy

The fund is actively managed to create a financial exposure to the economic development of Frontier markets excluding the Gulf countries 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 has a significant underweight in Nigeria and a significant overweight in oil-importing countries such as Pakistan, Bangladesh and Sri Lanka, which, in the event that oil prices would suddenly strengthened could greatly affect the relative performance negatively. The fund does not hedge its holdings to currency movements which may affect returns.

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	Total Performance %	Performance index, %
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	-	-	-

Fund Share Class A SEK

	AUM SEK	NAV	No. of issued fund shares	Dividend	Total - Performance, %	Performance index, %
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)

Index: MSCI INT FM EX GCC N (SEK) 1) Period 2013-04-02 - 2013-12-31

Fund Share Class C EUR

	AUM SEK	NAV	No. of issued fund shares	Dividend	Total - Performance, %	Performance index, %
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)

Index: MSCI INT FM EX GCC N (EUR) 2) Period 2013-06-12 - 2013-12-31

Fund Share Class D USD

	AUM SEK	NAV	No. of issued fund shares	Dividend	Total - Performance, %	Performance index, %
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)

Index: MSCI INT FM EX GCC N (USD) 3) Period 2015-04-10 - 2015-12-31

Fund Share Class F EUR

	AUM SEK	NAV	No. of issued fund shares	Dividend	Total - Performance, %	Performance index, %
2016-12-31	-	17.40	6 389.78	-	9.71	5.92
2015-12-31	-	15.86	6 389.78	-	1.34 4)	2.88 4)

Index: MSCI INT FM EX GCC N (EUR) 4) Period 2015-10-16 - 2015-12-31

Key performance indicators

	<i>Fund Share Class A</i> SEK 2013-04-02	<i>Fund Share Class C</i> EUR 2013-06-12	<i>Fund Share Class D</i> USD 2015-04-10	<i>Fund Share Class F</i> EUR 2015-10-16
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Risk & Return

Standard Deviation %, 24 month	11.72	10.90	**	**
Standard Deviation Index %, 24 month	11.60	11.34	**	**
Tracking Error %, 24 month	8.67	8.67	**	**
Average Annual Return last 2 years %	4.58	3.96	**	**
Average Annual Return since start %	14.52*	9.53*	**	**

* Since launce of Fund Share Class

**N/A

Costs

Management fee %	2.50	2.50	2.50	2.50
Performance fee %	-	-	-	-
Transaction costs SEK	668 794	60 669	13 458	2 082
Transaction costs %	0.27	0.27	0.20	0.27
Research costs SEK	107 632	9 593	2 692	331
Research costs %	0.03	0.03	0.03	0.03
Ongoing Charges %	2.58	2.58	2.61	2.58
Subscription & Redemption fees	0	0	0	0

Turnover

Turnover ratio				2016 0.35
Trading within the group				0

Income Statement

In SEK

	<i>Note</i>	<i>2016-01-01- 2016-12-31</i>	<i>2015-01-01- 2015-12-31</i>
Income and change in the value			
Change in value, transferable securities		54 505 641	-25 225 707
Change in value, fund shares		-	765 568
Interest		613	1 326
Dividends		10 477 294	26 754 005
FX gains and losses, net		709 145	-9 174 634
Other income		7	12 753
Total		65 692 700	-6 866 689
Costs			
Management fees			
Fee charged by the fund		-8 803 496	-19 619 930
Interest		-10 110	-23 535
Other costs	<i>1</i>	-5 746 110	-8 200 065
Total		-14 559 716	-27 843 530
Net result		51 132 984	-34 710 219

Balance Sheet

<i>In SEK</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
Assets			
Transferable securities		429 545 041	343 115 722
Total	2	429 545 041	343 115 722
Bank accounts		14 645 884	3 246 127
Accrued expenses and pre-paid income		524 174	568 731
Other assets		907	-
Total		444 716 006	346 930 580
Liabilities			
Accrued expenses accrued income		3 545 186	814 866
Other liabilities		2 124 767	807 783
Total		5 669 953	1 622 649
Total Net Asset	2,3	439 046 053	345 307 931

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 Other costs

	2016-01-01- 2016-12-31	2015-01-01- 2015-12-31
Transaction costs, Bank	64 850	155 378
Costs, Bank	83 018	360 393
Other costs	691	1 386
Costs restitution	9 206	137 049
Tax	1 912 319	-4 641 051
Foreign tax, transferable securities	2 875 624	7 865 821
Broker costs	800 402	4 321 089
Total	5 746 110	8 200 065

Note 2 Financial Instruments

Securities

Branch	Quantity	Value	%
Transferable securities			
Category 1			
JSC KAZMUNAIGAS GDR, Kazakhstan, USD	102 656	7 191 027	1.64
Energy		7 191 027	1.64
ARABIAN CEMENT CO, Egypt, EGP	1 900 000	6 510 591	1.48
BIM SON CEMENT JSC, Vietnam, VND	690 000	4 140 362	0.94
HOA PHAT GROUP JSC, Vietnam, VND	278 300	4 803 878	1.09
SUEZ CEMENT CO, Egypt, EGP	1 000 000	7 787 788	1.77
TOKYO CEMENT CO LANK, Sri Lanka, LKR	1 096 327	3 966 665	0.90
TOKYO CEMENT ORD, Sri Lanka, LKR	2 100 000	6 576 502	1.50
TRI-PACK FILMS LTD, Pakistan, PKR	52 700	1 350 482	0.31
VIETNAM ELEC EQP TR, Vietnam, VND	525 000	273 024	0.06
VIETNAM ELEC EQUIP, Vietnam, VND	525 000	4 326 379	0.99
Material		39 735 671	9.05
ACCESS ENGINEERING P, Sri Lanka, LKR	6 754 837	10 186 734	2.32
CII ORD, Vietnam, VND	260 600	2 934 613	0.67
HEMAS HOLDINGS PLC, Sri Lanka, LKR	561 227	3 378 642	0.77
JOHN KEELLS HLDG ORD, Sri Lanka, LKR	1 166 249	10 283 186	2.34
PAK ELEKTRON LTD, Pakistan, PKR	1 687 337	10 463 813	2.38
TPL TRAKKER LTD, Pakistan, PKR	2 830 000	4 354 133	0.99
Industry		41 601 122	9.48
GUL AHMED TEXTILE, Pakistan, PKR	885 000	3 956 291	0.90
MOBILE WORLD INVESTMENT GROUP, Vietnam, VND	51 160	3 481 231	0.79
NISHAT MILLS ORD, Pakistan, PKR	253 297	3 372 137	0.77
Durable goods		10 809 659	2.46
CEYLON THEATRES ORD, Sri Lanka, LKR	399 174	3 039 030	0.69
GUINNESS GHANA BREWE, Ghana, GHS	640 010	2 208 018	0.50
INTERNATIONAL BRANDS, Pakistan, PKR	3 388 176	19 736 956	4.50

JUHAYNA FOOD INDUSTRIES, Egypt, EGP	1 900 000	5 947 358	1.35
MASAN GROUP CORP, Vietnam, VND	394 800	10 234 111	2.33
RICHARD PIERIS & CO, Sri Lanka, LKR	3 453 942	1 680 248	0.38
SAIGON GENERAL SERVI, Vietnam, VND	182 290	3 500 274	0.80
SOCIETE DES BRASSERI, Morocco, MAD	4 366	9 032 563	2.06
VIETNAM DAIRY PRODUC, Vietnam, VND	302 800	15 214 003	3.47
Staples		70 592 562	16.08
ACTIVE FINE CHEMICAL, Bangladesh, BDT	4 420 000	22 155 925	5.05
FEROZESONS LABORATORIES, Pakistan, PKR	269 350	17 600 166	4.01
RENATA ORD, Bangladesh, BDT	15 265	1 913 833	0.44
SHIFA HOSPITAL LTD, Pakistan, PKR	5 337	143 179	0.03
SQUARE PHAR ORD, Bangladesh, BDT	440 000	12 675 674	2.89
Healthcare		54 488 777	12.41
ACC BANK OF NIG ORD, Nigeria, NGN	27 350 000	4 718 504	1.07
ADAMJEE INSUR ORD, Pakistan, PKR	700 000	4 529 117	1.03
BANCO MACRO ADR REP, Argentina, USD	11 000	6 447 947	1.47
BANK AL FALAH ORD, Pakistan, PKR	1 059 000	3 513 751	0.80
BBVA BANCO FRAN ADR, Argentina, USD	30 000	4 763 201	1.08
BRAC BANK LTD, Bangladesh, BDT	2 800 000	20 649 825	4.70
DIAMOND BANK ORD, Nigeria, NGN	25 500 000	670 956	0.15
FBN HOLDINGS ORD, Nigeria, NGN	5 273 023	528 172	0.12
GRUPO FINANCIERO ADR, Argentina, USD	25 000	6 130 492	1.40
GRUPO SUPERVIELLE SA, Argentina, USD	47 000	5 625 660	1.28
GUARANTY TRST BK GDR, Nigeria, USD	16 075	497 863	0.11
HABIB BANK LTD ORD, Pakistan, PKR	200 000	4 759 684	1.08
JSC HALYK BANK GDR, Kazakhstan, USD	213 034	11 624 010	2.65
LETSHEGO, Botswana, BWP	2 000 000	3 903 076	0.89
MEEZAN BANK, Pakistan, PKR	3 628 489	21 375 914	4.87
MILITARY COM BANK, Vietnam, VND	903 882	4 989 865	1.14
SAMPATH BANK ORD, Sri Lanka, LKR	316 205	5 028 157	1.15
UNITED BANK FOR AFRICA ORD, Nigeria, NGN	58 036 069	7 808 753	1.78
WEST AF PROV INS ORD, Nigeria, NGN	1 771 156	26 479	0.01
ZENITH INTL BANK ORD, Nigeria, NGN	27 000 000	11 713 923	2.67
Financials		129 305 350	29.45
AVANCEON LTD, USA, PKR	1 500 000	4 562 018	1.04
FPT CORP, Vietnam, VND	1 111 620	20 655 707	4.70
NETSOL TECHNOLOG ORD, Pakistan, PKR	695 403	3 294 119	0.75
SYSTEMS LTD, Pakistan, PKR	2 153 500	15 899 307	3.62
IT		44 411 151	10.12
KARACHI ELECTRIC ORD, Pakistan, PKR	16 969 069	13 875 881	3.16
Power utilities		13 875 881	3.16
AN PHU REAL ESTATE, Vietnam, VND	16 946	67 790	0.02
DAT XANH ORD, Vietnam, VND	1 204 000	6 020 527	1.37
VINGROUP JSC ORD, Vietnam, VND	2	34	0.00
Real estate		6 088 350	1.39
Total category 1		418 099 547	95.23

Category 5		
DAEWOO PAK EXPRESS, Pakistan, PKR	1 345 000	7 431 176 1.69
Durables		7 431 176 1.69
TPL PROPERTIES LTD, Pakistan, PKR	4 637 000	4 014 317 0.91
Real estate		4 014 317 0.91
Total category 7		11 445 493 2.61
Total transferable securities		429 545 041 97.84
Other assets and liabilities		9 501 012 2.16
Total Net Asset		439 046 053 100.00

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 3 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	345 307 931	916 615 995
Fund Share Class A SEK		
No. of issued fund shares	120 800 608	300 096 276
No. of redeemed fund shares	-74 780 269	-867 731 072
Added in fund merger	-	7 895 861
Total	46 020 339	-559 738 935
Fund Share Class C EUR		
No. of issued fund shares	172 385	75 501 750
No. of redeemed fund shares	-	-68 340 757
Added in fund merger	-	14 045 394
Total	172 385	21 206 387

Fund Share Class D USD

No. of issued fund shares	21 590 595	999 463
No. of redeemed fund shares	-25 178 181	-

Total **-3 587 586** **999 463**

Fund Share Class F EUR

No. of issued fund shares	-	935 240
No. of redeemed fund shares	-	-

Total **-** **935 240**

Net result according to income statement 51 132 984 -34 710 219

Net asset, year end **439 046 053** **345 307 931**

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