

SUSTAINABILITY REPORT



SEMIANNUAL 2017

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For Swiss investors: Capital invested in a fund may either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. The state of the origin of the Fund is Sweden. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3,3bis and 3ter CISA. The representative in Switzerland is ACOLIN Fund Service AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is Bank Vontobel Ltd, Gotthardstrasse 43, CH-8022 Zurich. The Basic documents of the fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative. www.tundrafonder.se

INTRODUCTION

This report presents highlights from the first part of 2017. Sustainable investing, responsible investments and social responsibility are all concepts reflecting the same underlying principles; at Tundra we use the term ESG when referring to the inclusion of environmental factors, social aspects and corporate governance into investment processes and strategies. Tundra understands that corporate behaviour concerning sustainability will have a substantial impact on long term competitiveness and should be taken into consideration across the organisation. As a result of our extended efforts, all our funds are now screened through an ESG lens for norm-breaches. Additionally, companies involved in the production and distribution of weapons, tobacco, alcohol, pornography, commercial gambling or companies that are involved in extraction of fossil fuels, or companies involved in production where the raw material mainly consists of fossil fuels are excluded. We have recently added the exclusion of Nuclear Power to our sector-specific screening.

At the start of the year Tundra received two prestigious awards for our efforts within sustainability. The first award was for the *Tundra Opportunities Frontier Fund* that received the **Best Emerging Markets Fund 2016** by *Fondmarknaden.se* (a Swedish online fund distribution platform). The dedication reads: *"The fund is managed by a frontier markets specialist and has in 2016, as well as over a longer period of time, delivered very good returns to its holders. Significant for this category has been an adjustment of individual country funds with the purpose to analyse broader emerging and frontier markets. In view of this, together with the funds key performance metrics we have awarded Tundra Frontier Opportunities Fund Best Emerging Markets Fund 2016 within the Emerging/Frontier Markets category."*

The second reward for the *Tundra Sustainable Frontier Fund* was the prestigious "Best Fund" award in the category **Rising Star of the Year 2016** by the Swedish business magazine *Privata Affärer*. The dedication for the award was: *"A modern fund, working for a better world."* Tundra was also featured in *Privata Affärer*, no 2, 2017 (see below).

On 23rd March 2017, the Ho Chi Minh Stock Exchange (HOSE) – the largest stock exchange in Vietnam – announced the initiation of a sustainable index which promotes ESG standards for its companies. The Vietnam Sustainable Index, will be based on GRI standards and on the principles of corporate governance as listed by the OECD. Tundra, representing the asset management industry, were invited to speak at the conference. At the conference Tundra’s CEO, Jon Scheiber, explained the basic principles of ESG and stressed the importance of sustainability to the foreign investor. Read more in the report **Tundra Focus: Views on Vietnam** <http://bit.ly/2r5fXLz>



Tundra Sustainable Frontier Fund has received Privata Affärer’s award **Rising Star of the Year 2016**



TUNDRA’S PORTFOLIOS

Changes in Tundra’s funds

To make the management of the funds more efficient new fund rules were implemented on May 29th when *Tundra Nigeria & Sub-Sahara Fund* changed its name to *Tundra Frontier Africa Fund*. The new rules will broaden the investment mandate. The fund will continue to focus on the least developed parts of Frontier Africa, such as Nigeria and Kenya, but may also invest in companies based anywhere on the continent, which means that companies from, for instance, Egypt may have a large weighting in the fund. The current condition that at least 51% of the fund’s assets must be invested in Nigeria will be removed, and the fund can invest across Africa. Egypt, which after the devaluation last November has become one of the most exciting markets on the continent, will also become a large part of the portfolio. Read more: <http://bit.ly/2f3R37I>

As part of our efforts to offer our clients an exposure to the most exciting and fast-growing economies in the world, another change in the funds took place during spring. The *Tundra Rysslandsfond* with a focus on Russia was merged with the fund *Tundra Frontier Opportunities Fund*. The merger will improve management efficiency and enable us to offer our customers more attractive long-term risk-adjusted returns. Read more: <http://bit.ly/2wIXleu>

In yet another exciting step, the *Tundra Frontier Opportunities Fund* will be renamed *Tundra Sustainable Frontier Fund* on November 6th 2017. The change in name will be accompanied by minor changes to the fund rules of *Tundra Frontier Opportunities Fund*. The investment strategy of the fund will remain unchanged, and the fund will continue to focus on frontier markets i.e. the new emerging markets. In addition, Tundra Fonder has decided to merge *Tundra Sustainable Frontier Fund* into *Tundra Frontier Opportunities Fund* through a so called absorption where as a result of the merger a single fund will emerge. The merger is carried out since the investment strategies of the two funds are very similar post the introduction of sustainability screening in the investment process. Furthermore, the merged fund can be managed more efficiently. Read more: <http://bit.ly/2wGU3Qe>

In spring 2017, two new Directors were elected to the Board of Tundra Fonder. *Gunilla Carlsson*, former Swedish Minister for International Development Cooperation; and *Cecilia Seddigh*, who has more than two decades of experience in the international mutual fund and insurance industry, have joined our of Board of Directors. In addition to the international expertise in sustainability and product development added by the two new Board members, the female representation on the Board now reaches 25%.



Left: Tundra's Board of Directors. From left Erik Saers, Anders Böös, Johan Elmquist, Mattias Martinsson, Per Axman. Front row: Gunilla Carlsson, Göran Lindholm & Cecilia Seddigh. **Right:** New Board members and Tundra's CEO Jon Scheiber. **Photo:** Tundra Fonder

COUNTRY FOCUS

In addition to being mindful of the country context where we invest, we are also diligent about the sector each company belongs to. This is because each sector brings with it its own specific sustainability risks – actual or potential. While all three elements of sustainability – environmental, social and governance – are important when determining a company's performance, the presence of one or two elements may be considered vital in certain sectors. For example, companies that fall under the sector of consumer products need to show environmental management, demonstrated quality standards and excellent labour conditions. The financial sector, for instance, needs to show excellent corporate governance to avert any criticisms of tax evasion or corruption. Healthcare needs to show excellent environmental policies i.e. proper management of disposal of medical equipment and supplies along with strong labour policies. In information technology, labour conditions and corporate governance policies are looked into. The industrial and materials sectors are weighted heavily on environmental and social aspects because emissions, water efficiency and occupational health and safety along with child or forced labour are said to be leading issues. The real estate sector also has the same potential risks as the previous two sectors with an added risk of corruption, especially in economies in the frontier markets. Below are country reports that focus on the sector-specific risks each company tries to mitigate through its operations and/or policies. Most of the information provided is a result of Tundra's engagement with the companies through its questionnaires and/or meetings with the management.

TUNDRA SUSTAINABLE FRONTIER FUND

Current portfolio

In the beginning of 2017, there were 56 companies in the Tundra Sustainable Frontier Fund. 20 new companies were added during the first six months of the year. Below is a short description of some of the companies.

Aisha Steel Mills Limited

Incorporated in 2005, Aisha Steel Mills Limited (ASML) is a cold rolling complex with a nameplate capacity of 220,000 metric tons per year. The company is the only manufacturer of cold rolled coil in Pakistan and uses Japanese and Austrian machinery for all of its main processes.

GB Auto

An Egyptian company, GB Auto focuses on automotive assembly, manufacturing, sales and distribution, financing and after-sales services in the MENA region.



GB Auto's training academy provides a full three-year academic scholarship to 30 students for vocational school. Photo: GB Auto

Elsewedy Electric Co

An Egyptian manufacturing company founded in 1938. The company manufactures and sells integrated energy products in sectors such as electrical products, energy management, telecom, transformers, turnkey projects, wind energy generation, wires and cables.

Egypt Kuwait Holding CO SAE

One of the leading investment companies in the MENA region, the company has approximately 19 investments in different sectors with nearly 15,000 retail investors.

Obour Land for Food Industries

Obour Land produces, processes, packages and sells white cheese in Egypt. Based in El Obour, the company was founded in 1995. As can be seen below, the company sells its tetra packed products in a range of sizes from 80 grams to 500 grams.



Obour Land products. Photo: Obour Land

Egyptian International Pharmaceuticals Industries

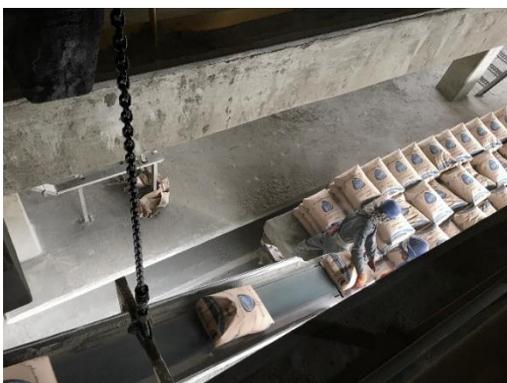
A public shareholding company that manufactures and exports pharmaceuticals. It also holds license agreements with a group of international pharmaceutical companies to produce their products locally and replace imported products. Products include anesthetics, analgesics, antibiotics, blood substitutes and restoratives, dermatological drugs and vitamins, among others.

Dien Quang

Considered one of the top brand names in Vietnam, Dien Quang (DQ) specializes in lighting and electrical equipment. In operation since 1973, the company has 5 internationally located factories. In addition to providing over a thousand different types of lighting products and electrical equipment, DQ also offers consulting, design and construction services for civil and industrial power systems.

Beximco Pharmaceuticals Ltd

Beximco Pharma is an actor in the field of emerging generic drugs and a leading manufacturer and exporter of medicines in Bangladesh.



Left: Tundra visiting Arabian Cement. Far Right: Mathias Althoff and Mubashir Zuberi visiting companies in Cairo in February 2017.

Photos: Tundra

ARGENTINA

Argentina is the second largest country in South America with an abundant coastline, grassy plains, icy glaciers and arid mountainous deserts. Its main exports include food and live animals along with mineral fuels, cereal crops and machinery. One of South America’s largest economies, the country has faced several economic fluctuations in the last few decades. In 2001, a profound recession forced more than half the population to live in poverty which led to significant turmoil [1]. Backed by a loan from the International Monetary Fund (IMF), however, in two years a recovery was underway. Since then, Argentina has restructured its substantial debt and has repaid the IMF as well. However, poverty and high unemployment rates are still a pressing concern. Argentina has also been plagued with corruption. In 2016, Cristina Kirchner – former president of the country (2007-2015) – was indicted in a corruption case involving public works. Her successor, Mauricio Macri, has vowed to bring about positive change in the country. Since the new president took office, there have been announcements of \$58.6bn in investments [2].

According to a 2016 IMF report on the stability of Argentina’s financial system, the country’s banking system appears to be strong enough to handle a ‘wide range of shocks’ based on its sizable financial margins and strong service income in the past few years [3]. Tundra invests in Argentina through four companies in the financial sector. Each company went through a rigorous ESG analysis focusing on issues relevant for the financial sector: excellent governance to avert any criticisms of financial irregularities, tax evasion or corruption.

REPORTS FROM COMPANIES

BBVA Banco Frances SA

According to their responses to Tundra’s questions, Banco Frances follows strict guidelines which enforce a clear ethics and governance code. The bank also has whistle blower procedures in place and has appointed six independent directors. Reportedly, the bank is ISO 14001 certified and updates its environmental impact matrix every year in order to record and then reduce its effect on the environment.

Banco Macro

The bank has a corporate governance, anti-money laundering, as well as a corporate sustainability policy and strategy in place. There are three independent directors. The company reportedly adheres to the 10 principles of the United Nations Global Compact (UNGC), supports initiatives by local civil society organisations such as CONAETI that work against child labour. In 2015, Banco Macro reportedly carried out 2,861 internal controls in its branches.

Grupo Financiero Galicia

The bank follows GRI G4 guidelines in its reporting and also adheres to the UNGC. It also works towards achieving the 17 global Sustainable Development Goals (SDGs). There are two independent directors on its board.

ARGENTINA FACTS



- Capital:** Buenos Aires
- Population:** 43 847 430
- Life expectancy at birth:** 76 years (Female 80 / Male 73)
- Area:** 2 780 400 km² (Land 2 736 690 km²/ 43 710 km²)
- GDP (current):** \$545 866m (2016)
- GDP per Capita:** \$12 449 (2016)
- Currency:** Argentine Peso (ARS)
- Official Language:** Spanish
- Access to Improved drinking water:** 99%
- Access to Improved Sanitation:** 96%
- Adult Literacy Rate (2015):** 98% (F: 98% / M: 98%)
- CO2 Emissions (metric tons/capita):** 4.5 (2013)
- Labour Force Participation Rate:** 61% (F: 48% /M: 74%)
- Maternal mortality:** 52 deaths/100,000 live births (2015)
- Total fertility rate:** 2.3 births per woman
- Under-5 mortality:** 13 deaths/1,000 live births (2015 est.)
- Road Safety:** 13.6 deaths/100 000
- Helmet Wearing Law:** Yes (61% drivers / 40% passengers)

Grupo Supervielle SA-SP

Based only on the company’s interaction with Tundra, it is evident that the company has a strong interest in sustainability. In early 2017, Grupo Supervielle contacted Tundra’s ESG team to participate in Tundra’s sustainability reporting process. The questions centered around factors that were deemed most important when reviewing sustainability measures implemented by a financial institution. The company has three independent directors on the board. In addition to deploying whistle blower procedures, Grupo Supervielle also keeps a log of all anonymous complaints made through their “Ethics Line.” The company also works diligently towards management of their own environmental foot print.



From the company’s 118-pages sustainability report 2015. Source: Grupo Supervielle

BOTSWANA

When it gained independence from the British in 1966, land-locked Botswana was one of the poorest countries in Africa. Since then, the country has gone on to become one of Africa’s most stable countries; this is largely due to its diamond trade and safari-based tourism. In the last decade, Botswana’s real GDP grew at an average of 5% every year. In 2015, Botswana was included in the medium human development category when it placed 108 out of 188 countries on the Human Development Index (HDI) [4].

COMPANY REPORT

Letshego Holdings

Letshego Holdings is the only company in the fund from Botswana. With a focus on inclusive finance, this microfinance holdings company has a market capitalization of USD 500m. It has a presence in 11 countries with over 3,000 employees and 20 nationalities. According to the responses to our questionnaire, Letshego has policies on anti-bribery,

anti-money laundering as well as whistle blowing procedures in place. In 2015, Letshego engaged an independent sustainability consultant to create a detailed environmental and social action plan. According to the company, no incidents of non-compliance emerged during the sustainability risk assessment carried as part of the environmental and social action plan.



Left: Letshego customers use loans to drill a well in a drought-stricken village. Customers build formal housing for labourers. Photo: Letshego Right: Kazakh employees at an oil and gas company. Photo: KazMunai Gas

BOTSWANA FACTS

Capital: Gaborone
Population: 2 250 260
Life expectancy at birth: 64 years (Female 67 / Male 62)
Area: 581 730 km² (Land 566 730 km²/ Water 15 000 km²)
GDP (current): \$15 274m (2016)
GDP per Capita: \$6 788 (2016)
Currency: Botswana Pula (BWP)
Official Language: English
Access to Improved drinking water: 96%
Access to Improved Sanitation: 63%
Adult Literacy Rate (2015): 88% (F: 89% / M: 87%)
CO2 Emissions (metric tons/capita): 2.5 (2013)
Labour Force Participation Rate: 77% (F: 74% /M: 81%)
Maternal mortality: 129 deaths/100,000 live births (2015)
Total fertility rate: 2.8 births per woman
Under-5 mortality: 44 deaths/1,000 live births (2015 est.)
Road Safety: 23.6 deaths/100 000
Helmet Wearing Law: Yes

KAZAKHSTAN FACTS



Capital: Astana
Population: 17 797 032
Life expectancy at birth: 72 years (Female 77 / Male 68)
Area: 2 724 902 km² (Land 2 699 700 km²/ Water 25 200 km²)
GDP (current): \$133 657m (2016)
GDP per Capita: \$7 510 (2016)
Currency: Kazakhstani Tenge (KZT)
Official Language: Kazakh
Access to Improved drinking water: 93%
Access to Improved Sanitation: 98%
Adult Literacy Rate (2015): 100% (F: 100% / M: 100%)
CO2 Emissions (metric tons/capita): 15.4 (2013)
Labour Force Participation Rate: 71% (F: 66% /M: 77%)
Maternal mortality: 12 deaths/100,000 live births (2015)
Total fertility rate: 2.7 births per woman
Under-5 mortality: 12.5 deaths/1,000 live births (2015 est.)
Road Safety: 24.2 deaths/100 000
Helmet Wearing Law: Yes

KAZAKHSTAN

Kazakhstan is the world’s largest landlocked country situated in Central Asia. Its land mass is equal to that of Western Europe but with half the population density. The country is one of the top oil producers in Europe and Eurasia as well as a natural gas producer. Kazakhstan ranks 56 out of 188 countries on the HDI, which places it in the high human development category [5].

COMPANY REPORT

Halyk Bank

The bank’s board comprises of four independent non-executive directors. Its employees undergo annual trainings. There is a special focus on e-learning courses. Halyk Bank supports several charities including a government sponsored education savings system and a private fund through which 7,000 accounts were opened for young orphans.

EGYPT

The largest and, arguably, pivotal Arab country in the Middle East, Egypt is located in the northeastern Africa. While most of the country is dominated by an arid desert landscape, almost all agricultural activity takes place along the Nile. The Suez Canal connects the Mediterranean Sea with the Indian Ocean and is a major shipping route. The economy largely depends on agriculture, tourism and cash remittances from locals working abroad. In February 2011, President Hosni Mubarak was forced to resign after 18 days of anti-government protests [6]. While this was a great victory for the people and the country at the time, in the aftermath international watchdog groups have reported several human rights violations against dissenters. Under the current leadership of President Abdul Fattah al-Sisi, a sweeping crackdown – which included the ‘systematic torture’ – of liberals, journalists, aid workers and Islamists has been on-going since 2013 [7]. In 2014, the government adopted bold reforms programs to jumpstart the economic slump. These seemed to have worked as, according to the World Bank, Egypt’s economy has been gradually improving with 4.3% GDP growth in 2015/16. Egyptian companies have been a recent addition to Tundra’s funds. In the Sustainable Frontier Fund, there are 8 Egyptian companies in the Consumer Discretionary, Finance, Healthcare, Industrials and Materials sectors. Since these companies are relatively new entrants to the fund, their replies to our questionnaire are expected soon.

REPORTS FROM SELECTED COMPANIES

GB Auto

An automotive company, GB Auto reports that it is attempting to reduce its carbon footprint by working with companies that specialise in the transportation and disposal of hazardous materials. It also works with local municipalities to dispose solid waste properly and sustainably. The company has plans to develop an industrial unit to treat wastewater. In 2016, GB Auto reportedly reduced its energy consumption by 4% through several energy-curtailling programs. The company’s social engagement is through contributions to education and health initiatives. Recently, the company launched a 3-week safe driving initiative to create awareness among its drivers. 1,000 participants were selected for this first round of trainings.



Pyramids, Cairo. Photo: Tundra

EGYPT FACTS



- Capital:** Cairo
- Population:** 95 688 681
- Life expectancy at birth:** 71 years (Female 74 / Male 69)
- Area:** 1 001 450 km² (Land 995 450 km²/ Water 6 000 km²)
- GDP (current):** \$336 296m (2016)
- GDP per Capita:** \$3 514 (2016)
- Currency:** Egyptian Pound (EGP)
- Official Language:** Arabic
- Access to Improved drinking water:** 99%
- Access to Improved Sanitation:** 95%
- Adult Literacy Rate (2015):** 76% (F: 68% / M: 84%)
- CO2 Emissions (metric tons/capita):** 2.4 (2013)
- Labour Force Participation Rate:** 50% (F: 23% /M: 76%)
- Maternal mortality:** 33 deaths/100,000 live births (2015)
- Total fertility rate:** 3.3 births per woman
- Under-5 mortality:** 24 deaths/1,000 live births (2015 est.)
- Road Safety:** 12.8 deaths/100 000
- Helmet Wearing Law:** Yes

Egypt Kuwait Holding Co

A private equity firm investing in oil, gas and power, fertilizers, I.T., utilities, infrastructure etc. Reportedly, the company has a strong environmental policy. As far as employees are concerned, periodic health and safety training sessions take place to ensure and sustain the company’s zero-accident work zone in some of its more hazardous jobs.

Obour Land for Food Industries

Obour Land is one of Egypt’s leading white cheese manufacturers. It has achieved several certifications including ISOs 9001, 22000, 14001 and the OHSAS 18001 quality assurance certification.

Suez Cement Company

The cement manufacturer reportedly has a comprehensive environmental policy and all its plants are ISO 14001 and 9001 certified. Further, each plant is regularly inspected by the local environmental protection agency and to ensure full regulatory compliance including restrictions on dust emissions. The company boasts of several programs which reduce its carbon footprint; one of these includes curtailing dust emissions drastically from 250 to 20 milligrams per cubic meter by converting three electrostatic precipitators. Reportedly, the company meets all restrictions on dust emissions. Agricultural wastes are also used as partial replacements to conventional fossil fuels in two Suez Cement plants.

NIGERIA

A former British colony, Nigeria is one of the top oil producing countries in the world. Unfortunately, the profits of the oil trade have not benefited a wide swathe of the population. There are significant infrastructure issues, especially with regards to power generation. High rates of poverty and unemployment along with threats from terrorist groups such as Boko Haram and other militants have added to Nigeria’s woes. Further, there are 2.5m internally displaced people that lack food, shelter, education, healthcare etc., while displaced women face rape and sexual exploitation [8]. Nigeria ranked 152 out of 188 countries on the HDI which places it in the low category of development [9]. Corruption is endemic. There are serious allegations that between 2006-2013, public officials stole \$9bn of public funds [10]. In 2013, the country was declared the largest economy of the continent with a national GDP of \$509bn, which surprisingly exceeded South Africa’s GDP of \$372bn [11].

NIGERIA FACTS

Capital: Abuja
Population: 185 989 640
Life expectancy at birth: 53 years (Female 53 / Male 53)
Area: 923 770 km² (Land 910 770 km²/ Water 13 000 km²)
GDP (current): \$405 083 m (2016)
GDP per Capita: \$2 178 (2016)
Currency: Nigerian Naira (NGN)
Official Language: English
Access to Improved drinking water: 69%
Access to Improved Sanitation: 29%
Adult Literacy Rate (2015): 60% (F: 50% / M: 69%)
CO2 Emissions (metric tons/capita): 0.6 (2013)
Labour Force Participation Rate: 56% (F: 48% /M: 64%)
Maternal mortality: 814 deaths/100,000 live births (2015)
Total fertility rate: 5.6 births per woman
Under-5 mortality: 109 deaths/1,000 live births (2015 est.)
Road Safety: 20.5 deaths/100 000
Helmet Wearing Law: Yes



United Bank for Africa’s gathering for World Book Day. Photo: UBA

REPORTS FROM COMPANIES

Access Bank

The bank reports it has an automated environmental portal to monitor use of diesel and other fuel across all branches in order to curtail its institutional carbon footprint. The portal enables the bank to measure its reduction target and in 2016, Access Bank achieved over 15% reduction in its use of consumables as compared to the previous year. Further, the bank uses LED and motion-sensitive lighting in the head office to conserve energy. This is being trialed in a few local branches as well. Reportedly, employees are also trained in water conservation at regular intervals. Going forward, the bank aims to power more ATMs and branches using solar energy. Access Bank has two independent directors and plans to increase this number to four. In response to our queries, the bank also mentioned that it has a zero-tolerance approach to bribery and corruption and has whistle-blowing procedures in place.

Diamond Bank

In 2015, the bank reportedly organised a series of trainings for staff on health, safety and awareness. The bank’s corporate social responsibility focuses on capacity development for entrepreneurs, development of young adults and women’s financial up-skilling. Since women make up 43% of the agricultural labour force, Diamond Bank provides free technical training and financial grants to 200 women in selected communities.

United Bank for Africa (UBA)

UBA reportedly has policies on anti-bribery, anti-money laundering and whistle blowing, as well as two independent directors on its board. The bank use energy efficient lighting along with cooling systems that use recycled water. Through its strong CSR programme, UBA has adopted and maintained certain public spaces in a bid to clean the environment. According to the bank, it has a robust practice on retainer-ship in hospitals across Nigeria to handle staff medical needs, in addition to the medical clinic at the head office and first aid kits in all offices. UBA has also appointed safety and health champions in all business offices. Reportedly, the bank frowns on child abuse and ensures that its contractors follow this code of conduct. UBA carries out a wide range of programmes under its CSR strategy.

Zenith Bank

The bank is working towards increasing its environmental initiatives. Its Zenith Philanthropy Unit reportedly carries out several CSR initiatives in the health, education, sport and infrastructure sectors.

PAKISTAN

Sometimes referred to as ‘the land of the pure,’ Pakistan is located in South Asia with a coastline on the Arabian Sea in the South. The country shares borders with Afghanistan, China, India and Iran. According to the United Nations High Commissioner for Refugees, Pakistan is home to nearly 1.3m registered Afghan citizens. In 2015, Pakistan was classified in the medium category on the HDI when it ranked 147 out of 188 [12]. Politically, the country has seen instability with the Prime Minister, Nawaz Sharif, under investigation after the Panama Papers leak; the P.M. was disqualified from office by the Supreme Court of Pakistan at the end of July, 2017. Economically, however, the country has been making strides. China introduced its Belt and Road Initiative in 2013 where it envisioned building trade links with the rest of the world [13]. Chinese investments in Pakistan are focusing on a major infrastructure deal in what is known as the China-Pakistan Economic Corridor (CPEC); loans and investments of over \$55bn in Pakistan’s energy and transportation sector are reportedly expected [14].

REPORTS FROM SELECTED COMPANIES

Century Paper & Board Mills Ltd

The company minimises its environmental impact by achieving certification with Quality Management System, Environmental Management System and Occupational Health and Safety Assessment Series (OSHAS). It also has solid waste, air and water treatment systems; employing child or forced labour is prohibited by the company.

Gul Ahmed

Pakistan’s leading textile manufacturer and retailer, invests in systems that minimise its impact on the environment such as saving heat energy and a water recycling plant. Reportedly an equal opportunity employer, Gul Ahmed encourages women’s participation by promoting different internships and organising job training programs.



Left: Tundra ESG’s site visit in one of Gul Ahmed’s retail stores, Ideas. **Photo:** Tundra

PAKISTAN FACTS



Capital: Islamabad
Population: 193,203,476
Life expectancy at birth: 66 years (Female 67 / Male 65)
Area: 796 100 km2 (Land 770 880 km2/ Water 25 220 km2)
GDP (current): \$283 659m (2016)
GDP per Capita: \$1 468 (2016)
Currency: Pakistani Rupee (PKR)
Official Language: Urdu; English
Access to Improved drinking water: 91%
Access to Improved Sanitation: 64%
Adult Literacy Rate (2015): 56% (F: 43% / M: 70%)
CO2 Emissions (metric tons/capita): 0.8 (2013)
Labour Force Participation Rate: 54% (F: 25% /M: 82%)
Maternal mortality: 178 deaths/100,000 live births (2015)
Total fertility rate: 3.5 births per woman
Under-5 mortality: 81 deaths/1,000 live births (2015 est.)
Road Safety: 14.2 deaths/100 000
Helmet Wearing Law: Yes (10% drivers / 10% passengers)

Meezan Bank

A leading Islamic bank, Meezan has procedures for anti-bribery, anti-money laundering and whistle blowing in place. For energy conservation, the bank has redesigned its branch signage using LED lights which has reduced consumption by 66%.

Pak Elektron Ltd

Pak Elektron (PEL) is one of the leading manufacturers of home appliances and power equipment. Responding to our questionnaire, PEL confirmed that it is ISO 14001: 2004 certified and has an energy policy in place to assure strict compliance. PEL also has a labour union and is OSHAS 18001: 2007 certified. Child labour is banned on all tiers including sub-contractors. TPL Properties, a real-estate company, has a flagship building which has sensors and LED lights to reduce energy consumption. It also has a filtration plant onsite that purifies water/air through reverse osmosis, while a portion of its power needs are met through electricity generated via steam from chillers and cooling tunnels. PEL also has several CSR and awareness campaigns in place.



Right: PEL’s public awareness campaign on clean and safe drinking water in Lahore, Pakistan. **Photo:** PEL.

SRI LANKA

A tropical island country, Sri Lanka is located off the southern tip of India. Formerly known as Ceylon, the island has been through almost three decades of civil war which ended as late as 2009. An estimated 90,000 women lost male relatives during the conflict; these women have been increasingly becoming victims to slave traffickers as there are so few opportunities to earn livelihoods [15]. However, despite serious human rights violations following the war, Sri Lanka’s most recent HDI ranking is 73 out of 188 countries, placing it in the high human development category [16]. The government has recently announced that all public institutions are to generate and use solar energy by constructing solar panels on their rooftops. Reportedly nearly one million households will also receive these solar panels [17]. Chinese investments have also increased in Sri Lanka’s infrastructure projects. A free-trade agreement between China and Sri Lanka has also been in the works since early 2016 and is said to be finalized sometime this year (18). Tundra invests in Sri Lanka through five companies in the consumer staples, industrials and materials sectors.

REPORTS FROM COMPANIES

Access Engineering

A construction company, their environmental impact is regulated by Sri Lanka’s environmental legislation which requires attaining government approvals and licenses while complying to limits set on certain elements that cause pollution. Access Engineering has also been a signatory of the UNGC since 2011 and is a member of TRACE International, which supports anti-corruption practices.

Cargills Ceylon

A food company, Cargills is certified with ISO 9001:2000 for quality management, ISO 14001:2004 for Environment Management and ISO 22000:2005 for Food Safety Quality Management. Reportedly, the company also assumes the responsibility of informing its customers about better nutritional choices. Accordingly, Cargill’s has reduced the added-sugar content in its juice products by 43% and carried out over 10% reductions in dairy products such as pasteurised milk and yogurt. The company reports supporting a fund dedicated to empowering the local farming community.

John Keells Holdings

John Keells Holdings is one of Sri Lanka’s largest conglomerates. The companies in the group are certified under ISOs 9001, 22000, 14000 and OHSAS 18001. The Holdings company carries out extensive CSR programs focusing on health, education, environment, livelihood development, disaster relief and the arts. The company also reports aligning their CSR initiatives with the SDGs as well as national priorities.

SRI LANKA FACTS



Capital: Colombo
Population: 21 203 000
Life expectancy at birth: 75 years (Female 78 / Male 72)
Area: 65 610 km² (Land 62 710 km²/ Water 980 km²)
GDP (current): \$81 321m (2016)
GDP per Capita: \$3 835 (2016)
Currency: Sri Lankan Rupee (LKR)
Official Language: Sinhala
Access to Improved drinking water: 96%
Access to Improved Sanitation: 95%
Adult Literacy Rate (2015): 93% (F: 92% / M: 94%)
CO2 Emissions (metric tons/capita): 0.8 (2013)
Labour Force Participation Rate: 52% (F: 30% /M: 75%)
Maternal mortality: 30 deaths/100,000 live births (2015)
Total fertility rate: 2.1 births per woman
Under-5 mortality: 10 deaths/1,000 live births (2015 est.)
Road Safety: 17.4 deaths/100 000
Helmet Wearing Law: Yes

Richard Pieris & Co

In response to Tundra’s questions about the company’s impact on the environment, Richard Pieris & Co reported that its rubber factories have effluent treatment plants to minimise pollution while power factor capacitors exist to minimise energy and water usage. Plantation supervisors are especially vigilant with respect to child labour. Last year, all three of the company’s independent directors left the board in a dramatic fashion leaving stakeholders shocked. Tundra has been in dialogue with the company since then to understand the situation.

Tokyo Cement

Tokyo Cement has reported several pioneering environmental initiatives: its biomass power plant generates clean energy, while a 10MW combined heat and power plant runs on agricultural waste which fuels all the manufacturing plants and has enough left over to be sold to the national grid. Other key initiatives include mangrove reforestation, national tree planting days and conservation of corals. The company has several CSR programs in place which work towards training fresh graduates with technical skills, educating children through extracurricular activities and sports, school nutrition programs and flood relief activities.



John Keells celebrating diversity at work. Photo: John Keells

VIETNAM

The land of Phở and coffee amongst other things, Vietnam has enjoyed strong economic growth in the last three decades. In the early 90s, 50% of the country's population lived in extreme poverty; however, the country's economic growth along with efforts from the government have improved conditions dramatically. According to the World Bank, today Vietnam's population is more healthy and better educated than two decades ago [19]. In 2015, Vietnam ranked 115 out of 180 on the HDI, placing it in the medium human development category [20]. While development challenges remain, the Vietnamese government is committed to instituting development reforms including environmental sustainability. In March 2017, the Ho Chi Minh Stock Exchange announced the launch of a Sustainability Index which will rate sustainable companies based on a set criteria. Nine local companies from the consumer discretionary and staples, financial, industrial and the information technology sectors are listed on the Index. Some of these are presented below.

REPORTS FROM SELECTED COMPANIES

Danang Rubber Company

The company has been manufacturing tires as well as processing rubber since 2006. All products reportedly meet quality standards such as Vietnam's QCVN, USA's DOT and EU's EMARK. In 2014, the company's Initiative Department introduced several programs which led to overall productivity improvement and cost saving of VND 21bn (\$924,000). Danang also conducts wellness programs for its staff that mainly cover health and safety.

FPT

This tech company focuses on staff development through training programs. In 2014 alone, approximately 1,718 technology and management training sessions were provided. On average, each employee participated in 3.6 courses equal to 10 training hours. The company's campus is described as environmentally friendly and has been given an award in excellence of design and efficiency. FPT has donated \$1.4m in social programs that have sponsored 122 people and carried out 100 cleft lip and palate operations.

Masan Group

The largest private sector company in the country, Masan is an umbrella for financial and consumer services along with mining services. In a detailed conversation with the company's representative, we were told that all 27 production facilities in Vietnam surpassed local benchmarks and have the requisite ISO and HSE certifications. More than 85% of the water used is recycled by an automatic waste water treatment plant.

VIETNAM FACTS



- Capital:** Hanoi
- Population:** 92 701 100
- Life expectancy at birth:** 76 years (Female 81 / Male 71)
- Area:** 330 967 km² (Land 310 070 km²/ Water 21 140 km²)
- GDP (current):** \$202 615.86m (2016)
- GDP per Capita:** \$2 185 (2015)
- Currency:** Vietnamese Dong (VND)
- Official Language:** Vietnamese
- Access to Improved drinking water:** 98%
- Access to Improved Sanitation:** 78%
- Adult Literacy Rate (2015):** 95% (F: 93% / M: 96%)
- CO2 Emissions (metric tons/capita):** 1.7 (2013)
- Labour Force Participation Rate:** 78% (F: 74% /M: 83%)
- Maternal mortality:** 54 deaths/100,000 live births (2015)
- Total fertility rate:** 2 births per woman
- Under-5 mortality:** 22 deaths/1,000 live births (2015 est.)
- Road Safety:** 24.5 deaths/100 000
- Helmet Wearing Law:** Yes (96% drivers / 83% passengers)

Military Commercial Bank

The bank's employees participate in several trainings ranging from standard courses and internal learning sessions to short-term and long-term trainings at other institutions. The bank contributes to several social programs such as charitable drives for the needy, constructing homes for the poor, along with support to initiatives in education and health.

Vinamilk

A leading dairy company, Vinamilk complies with leading international standardisations and deploys waste water treatment systems to reduce its environmental impact. The company complies with local and international regulations on food safety and hygiene. Considered one of Vietnam's top employers reportedly, it has several unions in place for the safety of its employees: labour union, communist party and youth union. Staff training courses are also organised for capacity building and safety trainings.



*Quality control testing of dairy products at Vinamilk's plant.
Photo: Vinamilk*

ENGAGEMENT

In March, two site visits were conducted in Ho Chi Minh City, Vietnam. The first one was to one of Saigon General’s showrooms where we spoke with the manager, Luc Thi Le Thao, in detail. The second visit was to Dat Xanh Group’s construction site. We also engaged with representatives from a local programme sponsored by the UN and the World Bank Group to understand improvements in working conditions. Details of these visits can be found in our *Tundra Focus report on Vietnam*. Tundra Fonder was in Vietnam to be part of a momentous occasion. In March, the Ho Chi Minh Stock Exchange (HOSE) announced the launch of its first sustainable index which will evaluate Vietnamese listed companies according to international ESG standards. Tundra’s ESG team were present at the event, along with CEO Jon Scheiber, who was a speaker at the launch. Read more: <http://bit.ly/2r5fXLz>



*Tundra team with Saigon Ford’s Manager, Luc Thi Le Thao.
Photo: Tundra*



The Dat Xanh Group construction site. Photo: Tundra

In June, another site visit was carried out to a steel company in Karachi, Pakistan. Aisha Steel Mills Limited was incorporated in 2015. It is a cold rolled coil manufacturer and carries out several processes including pickling, cold rolling, cleaning and batch annealing. The Karachi team met with the CEO and acting CFO to discuss the company’s plans to expand as well as to gather information on future projects. The company is in the process of achieving ISO 9001 and ISO 14000 certifications. During the day visit, the Tundra team noticed that the company did not waste energy or money by using overhead lights; instead, big shutters in the roof provided ample lighting for the factory workers. Socially, the company supports several causes in healthcare and education, while positioning itself as an equal opportunity employer.



Team visit, Aisha Steel. Photo: Tundra

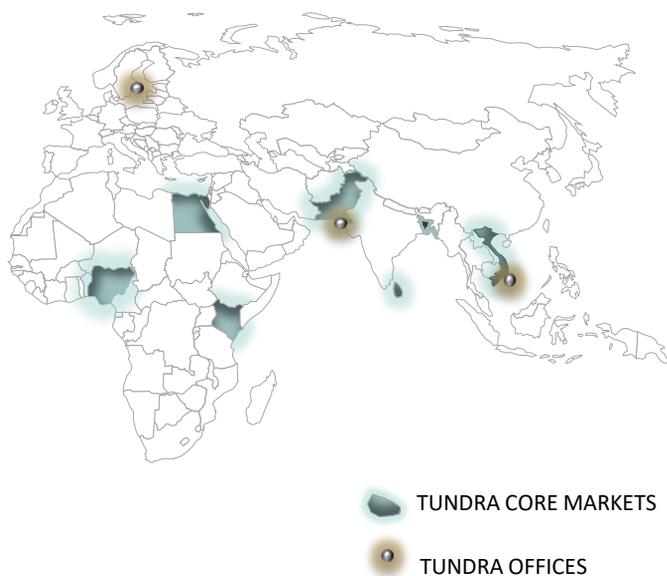
RECYCLING INITIATIVE, TUNDRA KARACHI OFFICE

In Pakistan, solid waste – nearly 59,000 tons per day – is dumped and burned. Scavengers, usually young refugees or disadvantaged children, sift through mounds of trash to collect recyclable items which are then sold in local flea markets or directly to a recycling company. However, conscientious citizens are now finding options to recycle their garbage. Tundra’s office in Karachi engaged with one such sustainable waste management company called GarbageCAN! earlier this year to recycle office waste, which includes paper and plastic. Tundra urged other offices on its floor to take part in the sustainable initiative and two other companies included their recyclables in the first collection drive. As part of our ESG values, we aim to support companies such as GarbageCAN! that work towards formalising the waste management industry simultaneously discouraging child labour in this sector.

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Sources for fact boxes: [World Bank](#), [WHO](#), [CIA World Factbook](#), [UNDP Human Development Index](#), [IMF](#), [WaterAid](#), [International Data Base](#), [OECD](#), [International Transport Forum](#)



COMPANY VISITS

Several meetings and site visits were organised in the first half of 2017. Some of the key engagements are as below:

Casumina

A management meeting was held with the Vietnamese tyre manufacturer. The company provides additional packages to salaries for the employees who directly work with natural rubber in the factory. They also work in shifts for health and safety reasons. Workers are provided with safety equipment and protective gear (clothes, gloves etc.) while performing their duties.

Daewoo

Meetings are held with the CEO and GM Finance every month which include financial and ESG related queries and/or investigations.

Engro Foods Limited

The Pakistani FMCG held a discussion on the company's strategy to curtail volumetric decline in the tea whitener category. Engro Foods has international environmental management certifications and an informal system to process waste in place. The company runs several programs for gender equality and diversity, as well several CSR programs related to health and education.

Khang Dien Housing

A meeting was held with this Vietnamese property developer's management team including a site visit. The company focuses on building environmentally friendly areas for its residential projects (green projects). Employees are provided with the skills and knowledge on how to deliver clean and green work.

Kinh Do Group

A visit was organised with the management team of the confectionary company. Representatives described the company's plan for the cool/frozen food category; a line of new products including ice cream were discussed. Cleanliness is reportedly one of the top priorities in production and the company has invested in a new production line. All workers are equipped with dust-free clothes during their work. Frequent trainings are also provided.

Masan Group

The team met with the Vietnamese conglomerate's management team. The representatives spoke about their agriculture business' strategy. They deem to have a good relationship with the farmers and support their livelihoods along with providing trainings and financial support. The company also has a mine that is under official scrutiny for any wrongdoings. Masan Group claims to be cooperating with the authority in question to resolve any issues.

Pak Elektron

A discussion was held with the electrical manufacturer's management team on the competitive landscape in the appliance segment along with the demand for power transformers from distribution companies. The company's CSR projects include supporting healthcare in remote areas to reduce infant mortality; recruiting employees from rehabilitations centers (for the mentally challenged, drug addicts etc.) or from marginalised communities (i.e. transgender), and partnering with educational non-profits where employees volunteer and mentor young children.

Thal Limited

A discussion was held with the management team on the demand of the auto sector and the company's diversification plans. The conglomerate cultivates jute, which is biodegradable and uses less fertilizers and improves soil conditions etc. The company replaced 109 inefficient motors with energy-efficient ones by using jute. They also increased their energy efficiency by replacing 232 tube lights with efficient LED lights.

TPL Trakker

The Pakistani tech company spoke about several of its products and services including TPL Trakker, a car tracking system; TPL Properties; TPL Rupiya, an online payment service operator; and TPL Maps, an app (TPL Maps). TPL Maps is the first and only locally-built map app and is licensed by the Survey of Pakistan. TPL Properties conducts energy audits to maximise operational efficiencies.

SUSTAINABILITY GUIDELINES

Sustainable investing, responsible investments and social responsibility are all concepts reflecting the same underlying principles; at Tundra we use the term ESG when referring to the inclusion of environmental factors, social aspects and corporate governance into investment processes and strategies. Tundra’s ESG process is governed by international standards of responsible investing. We understand that corporate behaviour concerning sustainability will have a substantial impact on long term competitiveness and should be taken into consideration across the organisation. Tundra’s ESG process is governed by international standards of responsible investing. These include screening for ‘norm-based’ violations, ‘controversial weapons’ and ‘sector-based’ breaches (see *Appendix II*). Tundra’s ESG is characterised by a range of external collaborations and the following pillars:

- Evidence based approach to identify the most important areas for the countries and the sectors we operate in.
- Regular meetings with our institutional investors.
- Sustainability conferences with our portfolio companies.
- Contact with stakeholders, such as local NGOs, journalists, experts and researchers.

We are supporting the **UN Global Compact** and are committed to aligning our work with universal principles on human rights, labour, environment and anti-corruption. See Table below for the ten principles. Read more here: <https://www.unglobalcompact.org>



Tundra Fonder has signed the UN-led initiative PRI (Principles for Responsible Investments) and works actively to incorporate the principles in our strategy and investments. See Principles above, for more information about the initiative follow this link: <https://www.unpri.org>



UN GLOBAL COMPACT THE TEN PRINCIPLES

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

THE SIX PRINCIPLES FOR RESPONSIBLE INVESTING

Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4

We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5

We will work together to enhance our effectiveness in implementing the Principles.

Principle 6

We will each report on our activities and progress towards implementing the Principles.

Furthermore, Tundra supports the Carbon Disclosure Project, CDP – an international collaboration aimed at motivating companies to disclose their environmental impact by reporting on emissions and to map out progress globally. More information on CDP can be found here: <https://www.cdp.net/en>.



SCREENING OF PORTFOLIO COMPANIES

Norm-based breaches including screening for breaches that are in contravention of the United Nations Global Compact guiding principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. During this screening, companies' adherence to international norms for human rights, the environment, labor standards and anti-corruption are assessed.

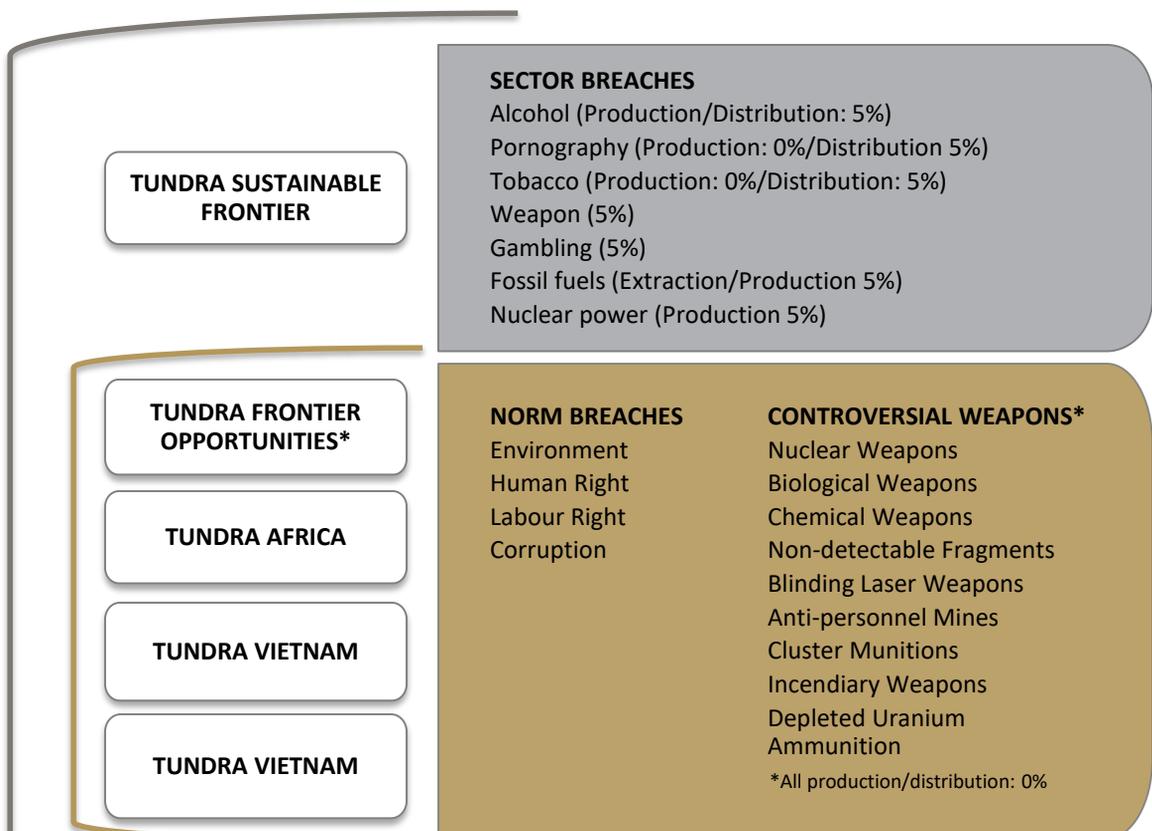
Controversial weapons. This screening assess a company's involvement with prohibited or banned weapons. There is a zero tolerance as far as these weapons are concerned. Companies with any involvement in controversial weapons are excluded from the fund.

Sector-specific breaches. There are certain sectors that are considered to be no-go areas in our 'sustainability' universe. These are sectors involved in alcohol, pornography, tobacco, weapons, gambling, extraction or refining of fossil fuels and nuclear power production. However, if the total revenue from a product from one of these sectors does not exceed 5%, the company may still be eligible for the sustainable fund.

RESOURCES

As a result of our local presence through research offices (in Karachi, Pakistan and in Ho Chi Minh City, Vietnam) we are able to regularly communicate with and analyse companies in our markets. Consequently, our work within ESG is developed continuously. Our investment team, consisting of the ESG- Research Team (senior ESG Analyst in Karachi and Head of ESG in Stockholm) cooperate with the Chief Investment Officer (CIO), the Research Team and Portfolio Managers (PMs) to integrate factors pertaining to sustainability into the financial analysis. The ESG Research-team also has a close collaboration with the Communications Officer and the CEO. Regular contact and web-based meetings are held at least once a week. One person from the ESG Research team participates in weekly PM-meetings where new investments ideas are discussed. A database with information on current screening of all portfolio companies is available to the entire team at an internal server. In case of a breach both PMs and CIO are informed in person or by means of an e-mail or other messaging tools.

GUIDELINES IN DETAIL

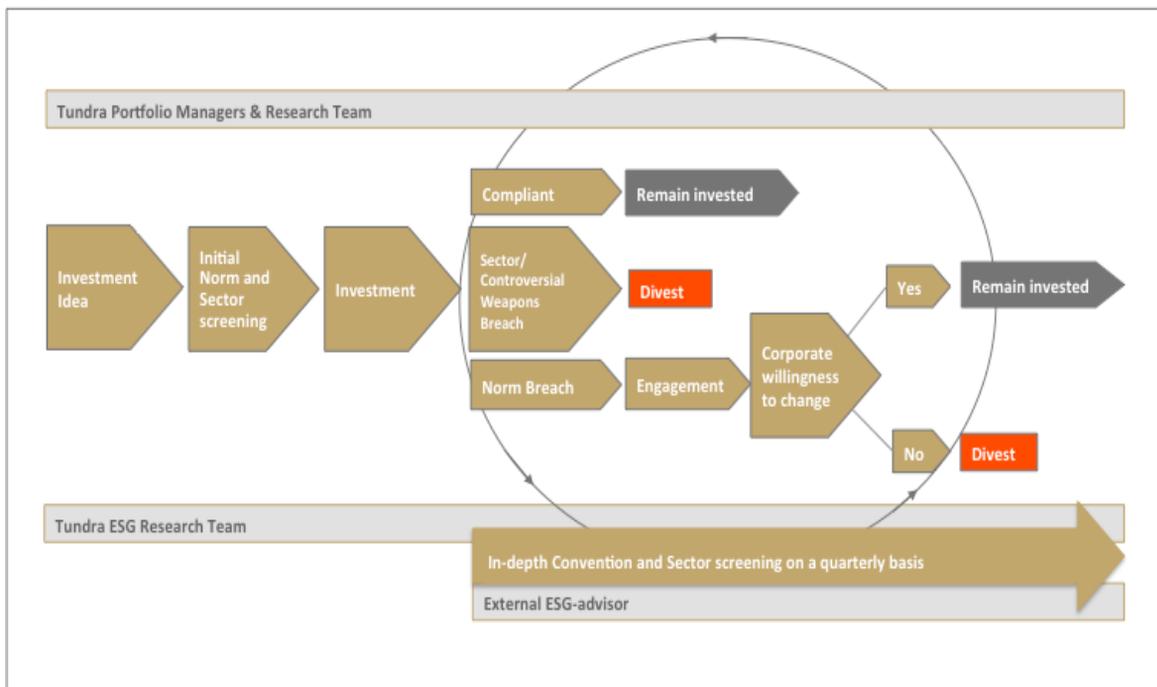


* Tundra Frontier Opportunities will merge with Tundra Sustainable Frontier in November 2017. The fund will adhere to the stricter guidelines applied for Tundra Sustainable Frontier Fund.

TUNDRA’S ESG PROCESS

The screening process to assess different factors related to sustainability in a company goes through different phases (see *Figure 1*). A preliminary screening is carried out by the investment team in connection with an investment idea. Once the investment has taken place a more in-depth research into the invested company is performed to verify and assure compliance with international standards for all funds. In the event of a breach in controversial weapons or a sector breach (applicable for the Tundra Sustainable Frontier Fund), the ESG research team will inform the PM or the CIO who will initiate a divestment of the holding. However, if the breach is “norm-based,” the ESG research team will create and implement an engagement strategy with the company’s higher management. If the breach is norm-based and considered 'minor', or if the company is adaptable in the initial dialogue the ESG research team will handle the situation. If, on the other hand there is an unwillingness to cooperate from the company or if the breach is considered of larger scale (e.g multiple, repeated and/or severe incidents) the fund manager is alerted. We allow the company a maximum of twelve months for action on the non-conformity from the initial contact on a given incident.

Figure1. Tundra’s ESG process



ENGAGEMENT

Tundra engages with portfolio companies on a regular basis. The engagement comprises:

- 1) Questionnaires with a focus on aspects of E, S and G
- 2) Systematic approach - country and sector specific
- 3) Scientific approach
- 4) Incident-based approach – record of companies with incidents and measures

The overarching aim of our engagement with companies is to establish contact with management in order to improve business practices and secure that the company’s ESG or sustainable behaviour is aligned with international standards. The company engagement is led by our internal ESG research team with the primary goal to achieve a change and influence the company. Meetings usually take the form of interviews, discussions, and answering quantitative data sets. In the assessment of companies several sources are used. We assess companies ESG-practices with a rating system. The company must get a ‘pass’ in the external screening and need to have a clearly stated policy for E, S & G. The full list of criteria and score will be communicated to each company by the end of the year.

TUNDRA FEATURING DR. A. MASLOW & JOHN LENNON (WORK IN PROGRESS)

As previously described in our reports Tundra considers the work on the SDGs as a fundamental pillar in the efforts within ESG, and a work in progress. It is our ambition to try to incorporate these ambitious global goals into the core of our business. Last autumn Tundra formalised the commitment to the UN Global Compact as a signatory. The Global Compact has, however, been one of the leading international guidelines since the launch of the *Tundra Frontier Sustainable fund*. This year we have the great pleasure of participating in the UN Global Compact Leaders Summit in New York in September. An update will follow this unique opportunity to create platforms and take part in international collaborations aiming at a sustainable future.

Abraham Maslow, born in Manhattan New York on April 1st 1908, is often described as one of the greatest psychologists of our times. He is best known for his theory on Self-Actualisation and the *Hierarchy of Needs**. Dr Maslow's holistic approach to human needs i.e. how 'basic' and 'psychological' needs have to be fulfilled in order to achieve self-actualisation, has been used in a variety of settings since it was introduced in the mid-forties. The model has been debated and scrutinised over the years. More recent interpretations have added the use of modern phenomena such as social media to the figure.

Here we present our take on the Sustainable Development Goals (SDGs) using a pyramid approach inspired by Dr Maslow. Our underlying thesis is that the SDGs are interconnected albeit in an interchangeable hierarchic manner. As exemplified in this version of the behavioural pyramid; we believe that certain structures and goals must be met before other goals can be reached. Along these lines we would consider **gender equality** (#sdg5) a prerequisite to reach **quality education** (i.e. education for all) (#sdg4), which in turn is fundamental to achieving **zero hunger** (#sdg2) and **no poverty** (#sdg1). Similarly basic goals pertaining to environment (#sdg13, #sdg14 and #sdg15) and health (#sdg3) are essential in achieving more specific goal e.g. **decent work and economic growth** (#sdg8). Ultimately, we hope, it is possible to achieve not only a world of 'no hunger,' and one with 'no poverty,' but an equal world that build on equitable institutions. To read more about the 17 SDGs and sub-goals please visit: <http://bit.ly/2wMF0mj>

*"You may say I'm a dreamer. But I'm not the only one. I hope some day you'll join us. And the world will be as one."***



*Maslow, A.H. (1943). A Theory of Human Motivation. *Psychological Review*, 50, 370-396.

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RISKS

Investments in financial instruments are associated with risk and an investment may both increase and decrease in value or even become worthless. Historical returns are no guarantee of future returns. International investments, particularly those on new markets in developing and growth countries (such as Eastern Europe (including Russia), Asia, Latin America and Africa), are normally associated with a higher level of risk than investments in Swedish or other developed markets' securities. These risks include both political and economic uncertainty in other countries as well as currency fluctuations. These risks are particularly high on new markets since these countries may have relatively unstable governments and immature markets and economies.