

Semi Annual Report

# **Tundra Rysslandsfond**

515602-4779

**2016-01-01 - 2016-06-30**

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## **Management Report**

### **The Fund's performance**

Tundra Russia fund rose by 16.97% during the first half of 2016 while the Fund's benchmark, the MSCI Russia Net (SEK) rose 20.68%.

### **The Fund's net assets development**

Assets under management at June 30 2016 stood at SEK 17 million, an increase of nearly 5 million, compared with SEK 12 million per 31 December 2015.

The value of issued fund shares amounted to Class A SEK 8 million. The value of redeemed fund shares amounted to Class A SEK -5 million. The value of the total change of fund shares during the period hence amounted to Class A SEK 3 million.

### **Market**

External factors such as global risk appetite and oil prices have driven the price trend in Russia during the first half of 2016. Higher oil prices at the end of the period compared to the beginning of the period is the main reason for the Russian market performed well. The situation in Ukraine has been relatively stable, although there have been battles in the first six months. Both the EU and the US has extended its sanctions against Russia due to the situation in eastern Ukraine and Crimea.

The Russian market fell sharply during the global stock market turbulence of the first three weeks of 2016. The fall was as much as 19% until 21 January. During the same three weeks, oil prices fell from USD 36.5 to USD 27.1 per barrel. When the world's stock markets with the US in the lead stabilized and rose as did the Russian market rally 51% from 21 January to 20 April. During the rest of the first half the Russian stock market mostly moved sideways. The Russian ruble also fell sharply during the first three weeks and then strengthened 25% against the USD to the end of June. Oil prices were also rising from the bottom of January 20 of USD 27.1 and rose close to 100% to USD 52.5 per barrel on 10 June. Globally, falling interest rates have also benefited Russia. The Russian three-year bond nominated in USD fell from 4.43% in interest when it was most troubled in January to 2.22% as of the end of June.

### **Fund management and outlook**

Foreign investors have to some extent returned to Russia in the first half of 2016. It is not because of their own merits but rather that oil prices stabilized and risen. Henceforth, the oil price is crucial. After the end of the period have been claims escalations of the war in Ukraine. A full-scale war would obviously reduce the willingness to invest in Russia going forward.

### **Risks in the Fund on the closing date**

The fund continues to have a significant underweight in the energy sector and an underweight to the banking and finance. The Fund has an overweight in all other sectors except the power, which the fund has no exposure. The power sector is less than 1% of the index.

### **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.

Johan Elmquist, Fund manager

**Financial overview**

	<b>AUM SEK</b>	<b>NAV</b>	<b>No. of issued fund shares</b>	<b>Dividend</b>	<b>Performance, %</b>	<b>Performance index, %</b>
2016-06-30	17 244 080	88.76	194 286.78	-	16.97	20.68
2015-12-31	12 388 009	75.88	163 262.18	-	10.87	12.85
2014-12-31	8 548 781	68.44	124 915.98	-	-30.84	-34.88
2013-12-31	13 613 889	98.96	137 566.97	-	2.77	0.27
2012-12-31	24 685 194	96.29	256 364.07	-	-1.15	7.62
2011-12-31	7 474 615	97.41	76 736.47	-	-2.59 1)	0.97 1)

Index: MSCI Russia Net (SEK)

1) Period 2011-10-14 - 2011-12-31

**Balance Sheet**

<i>In SEK</i>	<i>Note</i>	<i>2016-06-30</i>	<i>2015-12-31</i>
<b>Assets</b>			
Transferable securities		15 187 373	11 208 745
<b>Total</b>	<b>1</b>	<b>15 187 373</b>	<b>11 208 745</b>
Bank account		2 275 761	1 130 897
Pre-paid expenses and accrued income		64 968	84 163
Other expenses		119	132 116
<b>Total</b>		<b>17 528 221</b>	<b>12 555 921</b>
<b>Liabilities</b>			
Accrued expenses and deferred income		44 992	40 040
Other Liabilities		239 149	127 872
<b>Total</b>		<b>284 141</b>	<b>167 912</b>
<b>Net Asset Value</b>	<b>1,2</b>	<b>17 244 080</b>	<b>12 388 009</b>

## **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.

### **Key Figures**

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

## Notes

### Note 1 Financial Instruments, portfolio

As of 30th of June 2016.

#### Securities

Branch	Quantity	Market value	%
<b>Transferable Securities</b>			
<b>Category 1</b>			
GAZPROM ADR REP 2 ORD, Russia, USD	36 000	1 323 376	7,67
LUKOIL (OAO) ADR, Russia, USD	2 000	701 367	4,07
OAO NOVATEK GDR, Russia, USD	800	689 901	4,00
OJSC OC ROSNEFT GDR, Russia, USD	17 300	747 925	4,34
SURGUTNEFTEGAZ PRF, Russia, USD	175 000	889 526	5,16
TATNEFT ADR, Russia, USD	2 200	563 399	3,27
TMK ORD, Russia, USD	11 000	65 303	0,38
TRANSNEFT PRF, Russia, USD	25	541 506	3,14
<b>Energy</b>		<b>5 522 303</b>	<b>32,02</b>
VANECK VECTORS RUSSIA ETF, USA, USD	5 500	810 591	4,70
<b>Fond</b>		<b>810 591</b>	<b>4,70</b>
MMC NORILSK NICKEL ADR, Russia, USD	8 000	892 026	5,17
NOVOLIPETSK GDR, Russia, USD	3 600	395 947	2,30
OJSC PHOSAGRO GDR, Russia, USD	4 100	513 724	2,98
RUSAL ORD, Hong Kong, HKD	100 000	251 906	1,46
SEVERSTAL GDR, Russia, USD	2 700	246 397	1,43
<b>Material</b>		<b>2 299 999</b>	<b>13,34</b>
DIXY GROUP ORD, Russia, USD	2 300	90 963	0,53
MAGNIT ORD, Russia, USD	1 330	1 586 462	9,20
X5 RETAIL GROUP GDR, Russia, USD	2 350	392 736	2,28
<b>Staples</b>		<b>2 070 161</b>	<b>12,01</b>
ETALON ADR, Guernsey, USD	6 000	123 990	0,72
JSC HALYK BANK GDR, Kazakhstan, USD	3 500	145 096	0,84
LSR GROUP ORD, Russia, USD	2 664	290 195	1,68
MOSCOW EXCHANGE MCX, Russia, USD	45 000	670 178	3,89
SBERBANK PRF, Russia, USD	135 000	1 608 153	9,33
TBC BANK JOINT STOCK, Georgia, USD	3 247	357 122	2,07
<b>Financials</b>		<b>3 194 733</b>	<b>18,53</b>
MEGAFON GDR, Russia, USD	3 300	290 361	1,68
MTS ORD, Russia, USD	17 600	566 189	3,28
SISTEMA JSFC ORD, Russia, USD	160 000	433 037	2,51
<b>Telecom</b>		<b>1 289 587</b>	<b>7,48</b>
<b>Total Category 1</b>		<b>15 187 373</b>	<b>88,07</b>
<b>Total Transferable securities</b>		<b>15 187 373</b>	<b>88,07</b>
<b>Total Securities</b>		<b>15 187 373</b>	<b>88,07</b>
<b>Other Assets and liabilities</b>		<b>2 056 707</b>	<b>11,93</b>
<b>Total Net Asset</b>		<b>17 244 080</b>	<b>100,00</b>

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 Asset**

	<i>2016-01-01- 2016-06-30</i>	<i>2015-01-01- 2015-12-31</i>
Net asset, start of the year	12 388 009	8 548 781
No. of issued fund shares	8 013 031	29 695 951
No. of redeemed fund shares	-5 443 006	-26 121 191
Net result according to income statement	2 286 046	264 468
<b>Net Asset, at end of the period</b>	<b>17 244 080</b>	<b>12 388 009</b>