

Semi Annual Report

Tundra Sustainable Frontier Fund

515602-6808

2016-01-01 - 2016-06-30

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Management Report

Market Development

Frontier markets collectively developed positively and increased by nearly 2 % during the first six months of this year. However, as usual, there were significant differences between its constituent markets. Argentina grew by 17 % and Pakistan grew by 14 % while Nigeria fell by 21 % and Sri Lanka fell by 11 %. Argentina's market continued to develop positively as a consequence of increased optimism regarding the Economic reforms in the country, which could mean higher growth and higher capital inflows. The negative development in Nigeria's market can be explained by the currency's devaluation of about 30 % in the end of June. Pakistan's market grew strongly as a consequence of MSCI's announcement in the middle of June about the upgrade of Pakistan to "Emerging Markets-status" as of May 2017. Sri Lanka continued to experience a decreased market demand from foreign investors in the aftermath of the political power shift in the end of 2014, along with a falling currency reserve and a relatively high indebtedness. During March 2016 we noted that foreign investors net invested in frontier markets for the first time in almost 1.5 years. It seems a long trend of outflows has been broken which justifies some optimism going forward.

The Fund's net assets development

Assets under management at June 30, 2016 amounted to SEK 151 million, which represents a increase of SEK 52 million compared with SEK 99 million at 31 December 2015.

The value of issued fund shares amounted to Class A SEK 50 million. The value of redeemed fund shares amounted to Class A SEK -2 million. The value of the total change of fund shares during the period hence amounted to Class A SEK 48 million.

Outlook

The fund had a hard time to gain from its stock picking during the first six months, which resulted in a weak performance compared to the market. The Fund's underweight in Nigeria had a positive impact while the Fund's overweight in Sri Lanka had a negative impact. We could establish that on a stock level our sub-portfolio in Pakistan underperformed the market significantly due to investors' focus on the largest index names, where the fund only has a small exposure. In regard to the second half of this year, the presidential election in the United States in November is an event that will affect the global market climate substantially. A turn-out where Donald Trump is elected president would be all but beneficial.

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 volume in Pakistan, Vietnam and Sri Lanka. Political instability in one 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.

Mattias Martinsson, CIO and Portfolio manager.

Financial overview

	AUM SEK	NAV	No. of issued fund shares	Dividend	Performance, %	Performance index, %
2016-06-30	151 079 693	92.58	1 631 851.68	-	2.57	1.72
2015-12-31	98 897 447	90.26	1 095 714.58	-	-9.74 1)	-9.24 1)

Index: *MSCI Frontier Markets X GCC NET (SEK)*

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

Balance sheet

<i>In SEK</i>	<i>Note</i>	<i>2016-06-30</i>	<i>2015-12-31</i>
Assets			
Transferable securities		133 338 164	95 956 744
Total	<i>1</i>	133 338 164	95 956 744
Bank accounts		17 968 614	3 090 037
Pre- paid expenses and accrued income		178 887	113 882
Other assets		416	0
Total		151 486 081	99 160 663
Liabilities			
Accrued expenses and deferred income		305 909	224 819
Other liabilities		100 479	38 397
Total		406 388	263 216
Total Net Asset	<i>1,2</i>	151 079 693	98 897 447

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.

Branch	Quantity	Market value	%
Transferable securities			
Category 1			
PAK STATE OIL ORD, Pakistan, PKR	75 629	2 293 789	1,52
Energy		2 293 789	1,52
BIM SON CEMENT JSC, Vietnam, VND	315 500	1 858 985	1,23
CENTURY PAPER & BOARD MILLS, Pakistan, PKR	350 000	1 457 319	0,96
HOA PHAT GROUP JSC, Vietnam, VND	358 000	5 389 183	3,57
TOKYO CEMENT ORD, Sri Lanka, LKR	1 200 000	2 489 360	1,65
VIETNAM ELEC EQUIP, Vietnam, VND	315 000	2 933 738	1,94
Material		14 128 584	9,35
ACCESS ENGINEERING P, Sri Lanka, LKR	1 900 000	2 424 678	1,60
CII ORD, Vietnam, VND	218 220	2 181 700	1,44
JOHN KEELLS HLDG ORD, Sri Lanka, LKR	567 857	4 467 136	2,96
PAK ELEKTRON LTD, Pakistan, PKR	507 037	2 652 740	1,76
TPL TRAKKER LTD, Pakistan, PKR	847 000	862 466	0,57
Industry		12 588 721	8,33
DRC ORD, Vietnam, VND	169 000	2 531 207	1,68
GUL AHMED TEXTILE, Pakistan, PKR	97 500	287 573	0,19
HUM NETWORK LTD, Pakistan, PKR	314 500	261 901	0,17
NISHAT CHUNIAN ORD, Pakistan, PKR	553 872	1 589 210	1,05
NISHAT MILLS ORD, Pakistan, PKR	396 703	3 467 451	2,30
Durable Goods		8 137 343	5,39
CARGILLS CEYLON ORD, Sri Lanka, LKR	105 000	945 310	0,63
MASAN GROUP CORP, Vietnam, VND	230 000	5 814 257	3,85
RICHARD PIERIS & CO, Sri Lanka, LKR	3 945 430	1 908 222	1,26
SAIGON GENERAL SERVI, Vietnam, VND	20 350	386 793	0,26
VIETNAM DAIRY PRODUC, Vietnam, VND	50 000	2 737 015	1,81
Staples		11 791 597	7,80
FEROZESONS LABORATORIES, Pakistan, PKR	60 000	5 059 707	3,35
GEORGIA HEALTHCARE GROUP-WI, GB, GBP	49 000	1 600 359	1,06
Health Care		6 660 066	4,41
ACC BANK OF NIG ORD, Nigeria, NGN	8 500 000	1 459 787	0,97
ADAMJEE INSUR ORD, Pakistan, PKR	750 000	3 014 985	2,00
BANCO MACRO ADR REP, Argentina, USD	8 000	5 023 447	3,33
BANK AL FALAH ORD, Pakistan, PKR	1 000 000	2 063 657	1,37
BBVA BANCO FRAN ADR, Argentina, USD	21 000	3 665 299	2,43
CRESUD SA.-SPONS ADR, Argentina, USD	30 000	3 586 364	2,37
DAT XANH ORD, Vietnam, VND	175 000	1 017 828	0,67
DIAMOND BANK ORD, Nigeria, NGN	8 500 000	575 223	0,38
GRUPO FINANCIERO ADR, Argentina, USD	21 000	5 425 993	3,59

HABIB BANK LTD ORD, Pakistan, PKR	200 000	3 184 878	2,11
JSC HALYK BANK GDR, Kazakhstan, USD	60 000	2 487 358	1,65
LETSHEGO, Botswana, BWP	1 237 000	2 461 024	1,63
MEEZAN BANK, Pakistan, PKR	1 521 511	5 238 265	3,47
MILITARY COM BANK, Vietnam, VND	759 440	4 301 545	2,85
UNITED BANK FOR AFRICA ORD, Nigeria, NGN	15 000 000	2 120 428	1,40
ZENITH INTL BANK ORD, Nigeria, NGN	9 000 000	4 268 829	2,83
Financials		49 894 908	33,03
AVANCEON LTD, USA, PKR	800 000	1 864 461	1,23
FPT CORP, Vietnam, VND	261 050	4 455 688	2,95
NETSOL TECHNOLOG ORD, Pakistan, PKR	209 597	846 905	0,56
SYSTEMS LTD, Pakistan, PKR	1 200 000	5 603 103	3,71
IT		12 770 157	8,45
KARACHI ELECTRIC ORD, Pakistan, PKR	8 430 931	5 521 778	3,65
Power Utilities		5 521 778	3,65
Total Category 1		123 786 942	81,93
Category 6			
INTERNATIONAL BRANDS, Pakistan, PKR	888 243	7 204 039	4,77
Staples		7 204 039	4,77
TPL PROPERTIES LTD, Pakistan, PKR	2 318 000	2 347 182	1,55
Financials		2 347 182	1,55
Total Category 6		9 551 221	6,32
Total Transferable securities		133 338 164	88,26
Total Securities		133 338 164	88,26
Other Assets and liabilities		17 741 529	11,74
Total Net Asset		151 079 693	100,00

The Fund's holdings of securities have been classified into the following categories:

1. Transferable securities admitted on a regulated market or an equivalent market outside the EEA.
2. Other financial instruments trading on a regulated market or an equivalent market outside the EEA.
3. Transferable securities that are the subject of regular trading in other markets that are regulated and open to the public.
4. Other financial instruments that are regularly traded on any other market that is regulated and open to the public.
5. Transferable securities within one year from the issue are being admitted to trading on a regulated market or an equivalent market outside the EEA.
6. Transferable securities within one year from the issue will become subject to regular trading on any other market.
7. Other financial instruments.

Note 2 Changes in Net Asset

	<i>2016-01-01- 2016-06-30</i>	<i>2015-08-03- 2015-12-31</i>
Net asset, start of the year	98 897 447	0
No. of issued fund shares	50 431 332	135 157 996
No. of redeemed fund shares	-2 258 311	-25 255 616
Net result according to income statement	4 009 225	-11 004 933
Net Asset at the end of the period	151 079 693	98 897 447