

Annual report

# **Tundra Sustainable Frontier Fund**

515602-4803

**2018-01-01 - 2018-12-31**

This is a translated copy of the Swedish original. If any conflict occurs  
in the translation the Swedish version will prevail.

## **Management report**

This is a translation of the Swedish original. If any conflict occurs in the translation the Swedish version will prevail. The Board of Directors and the CEO of Tundra Fonder AB, 556838-6303, hereby submit the Annual report for the period 2018-01-01 – 2018-12-31 for Tundra Sustainable Frontier Fund, 515602-4803.

## **General development**

### **The fund's performance**

Tundra Sustainable Frontier Fund decreased by 8.43% in the first half of 2018, performing better than the benchmark which decreased by 16,85% in the same period.

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

Assets under management at December 31<sup>st</sup> 2018 amounted to SEK 1 552.8 million, which represents an increase of SEK 465.3 million compared to SEK 1 087.4 million at December 31<sup>st</sup> 2017.

The value of issued fund shares for share class A amounted to SEK 1 161.0 million, SEK 25.5 million for share class C, SEK 28.5 million for share class D, SEK 16.4 million for share class E and SEK 7.3 million for share class F while the value of redeemed fund shares for share class A amounted to SEK 484.8 million, SEK 12.8 million for share class C, SEK 39.9 million for share class D, SEK 7.7 million for share class E and SEK 0.8 million for share class F. The net issued amount hence amounted to SEK 676.2 million for share class A, SEK 12.7 million for share class C, SEK -11.4 million for share class D, SEK 8.7 million for share class E and SEK 6.4 million for share class F.

### **Market development**

Frontier markets as a group fell by 16,85 % during the year. Among the fund's most important markets, Egypt was the best performing market during the year, while Pakistan developed very weakly due to political and economic concerns. The largest market in the benchmark index, Argentina, fell almost 50% during the year. Market development was positive until the end of March. Subsequently, rising US long-term interest rates meant that foreigners moved capital from emerging and frontier markets back to developed markets. At the same time, oil prices rose sharply. The combination of lack of capital and rising import costs created concerns about the majority of countries' currencies, which resulted in devaluations in several countries. Two of the more severe hit were Pakistan and Sri Lanka.

### **Fund management and outlook**

Tundra Sustainable Frontier Fund fell 8.43% in SEK, after fees in 2018, compared to the benchmark index which fell by 16,85%. The main reason why the fund developed better than its benchmark was the choice to sell the fund's holdings in Argentina at the end of 2017 and the beginning of 2018. The fund's worst markets during the year were Sri Lanka and Pakistan where the fund's holdings fell more than 10% in both countries. Towards the end of the year, the fund repurchased its exposure to Argentina as we concluded that the valuations again looked reasonable.

Towards the end of the year, we noted that both US long-term interest rates and oil prices fell sharply. Combined with significantly weakened currencies, this provides the conditions for a better general development in 2019. Given the generally weak stock market climate in 2018, we have no particular favorite markets for 2019. The fund has never been so evenly distributed over six of our seven core markets.

### **Objectives and investment policy**

The objective of the fund is to provide financial exposure to economic development in emerging markets and frontier markets and to provide its unit holders with a maximum long-term return on their investment.

The fund takes into account aspects such as corporate governance, environmental and social issues as part of the investment process. The principles from international guidelines are applied (UN Global Compact, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and OECD Guidelines for Multinational Enterprises). The fund does not invest in companies with an exposure exceeding five percent

(defined as percent of total turnover) to sectors such as alcohol, pornography, tobacco, weapon, commercial gambling, extraction/production where the raw material mainly consist of fossil fuels or nuclear power. Companies that are involved in controversial weapons are excluded.

The fund is managed by an investment committee but with Tundra Fonder's Chief Investment Officer, Mattias Martinsson, as the lead portfolio manager.

**Risks in the fund at year end**

The fund does not hedge its currency exposure, which may affect the return in SEK in the case frontier market currencies depreciate. Many frontier market central banks peg their currencies to the USD, which creates an indirect link also to the USD where a weak USD may affect the fund return negatively and vice versa. In addition, an adverse political development in any of the fund's main markets may negatively affect the return.

**Derivatives**

According to the fund rules, the fund has the right to invest in derivative instruments in order to make the management more efficient. The fund had no exposure to derivatives during 2017. To calculate the total exposure, the fund applies the so-called commitment approach on derivative instruments.

## Financial overview

### Main portfolio

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark-return, %
2018-12-31	1 552 755 853	-	8 993 095,34	-	-	-
2017-12-31	1 087 438 063	-	5 769 450,10	-	-	-
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	-	-	-

### Share class A SEK

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund-return, %	Benchmark-return, %
2018-12-31	-	172,75	8 205 814,31	-	-8,43	-16,85
2017-12-31	-	188,65	5 080 492,27	-	13,50	24,28
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 <sup>1)</sup>	10,95 <sup>1)</sup>

Benchmark index: MSCI INT FM EX GCC N (SEK), from 2017-11-06 MSCI FM xGCC IMI Net Total Return Index (SEK).

<sup>1)</sup> Refers to the period 2013-04-02 - 2013-12-31.

### Share class C EUR

	AUM	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark-return, %
2018-12-31	-	17,03	254 462,12	-	-11,49	-19,42
2017-12-31	-	19,24	186 633,35	-	10,57	20,96
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 <sup>2)</sup>	2,06 <sup>2)</sup>

Benchmark index: : MSCI INT FM EX GCC N (EUR), from 2017-11-06 MSCI FM xGCC IMI Net Total Return Index (SEK).

<sup>2)</sup> Refers to the period 2013-06-12 - 2013-12-31

**Share class D USD**

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark-return, %
2018-12-31	-	18,89	155 710,25	-	-15,29	-22,97
2017-12-31	-	22,30	199 940,70	-	25,85	38,00
2016-12-31	-	17,72	6 902,26	-	6,24	2,52
2015-12-31	-	16,68	6 902,26	-	-11,79 <sup>3)</sup>	-13,61 <sup>3)</sup>

Benchmark index: MSCI INT FM EX GCC N (USD), from 2017-11-06 MSCI FM xGCC IMI Net Total Return Index (SEK).

<sup>3)</sup> Refers to the period 2015-04-10 - 2015-12-31

**Share class E NOK**

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark-return, %
2018-12-31	-	168,52	298 750,37	-	-10,74	-17,99
2017-12-31	-	188,80	254 101,95	-	20,47 <sup>4)</sup>	29,65 <sup>4)</sup>

Benchmark index: MSCI INT FM EX GCC N (NOK), from 2017-11-06 MSCI FM xGCC IMI Net Total Return Index (SEK).

<sup>4)</sup> Refers to the period 2017-01-05 - 2017-12-31

**Share class F EUR**

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund-return, %	Benchmark-return, %
2018-12-31	-	16,99	78 358,29	-	-11,69	-19,42
2017-12-31	-	19,24	48 281,83	-	10,57	20,96
2016-12-31	-	17,40	6 389,78	-	9,71	5,92
2015-12-31	-	15,86	6 389,78	-	1,34 <sup>5)</sup>	2,88 <sup>5)</sup>

Benchmark index: MSCI INT FM EX GCC N (EUR), from 2017-11-06 MSCI FM xGCC IMI Net Total Return Index (SEK).

<sup>5)</sup> Refers to the period 2015-10-16 - 2015-12-31

**Key performance indicators**

	<i>Share class A SEK</i>	<i>Share class C EUR</i>	<i>Share class D USD</i>	<i>Share class E NOK</i>	<i>Share class F EUR</i>
<b>Inception date</b>	<b>2013-04-02</b>	<b>2013-06-12</b>	<b>2015-04-10</b>	<b>2017-01-05</b>	<b>2015-10-16</b>

**Risk & return**

Standard deviation, % <sup>1)</sup>	12,97	9,11	12,11	**	9,13
Standard deviation benchmark, % <sup>2)</sup>	11,98	11,88	15,23	**	11,88
Tracking error % <sup>3)</sup>	8,28	8,87	8,27	**	7,85
Active Share %	-	-	-	-	-
Average annual return last 2 years, %	1,95	-1,07	3,25	**	-1,19
Average annual return last 5 years, %	7,95	5,12	-0,03*	**	-2,59*

\* Since inception of the share class.

\*\* Not applicable, the share class was incepted within 24 months.

**Costs**

Management fee, %	2,50	2,50	2,50	2,50	2,50
Performance fee, %	-	-	-	-	-
Transaction costs, SEK	8 899 985	235 887	176 789	306 710	76 676
Transaction costs, %	0,59	0,57	0,48	0,57	0,61
Research costs, SEK	712 544	19 329	13 738	24 688	6 287
Research costs, %	0,05	0,05	0,05	0,05	0,05
Ongoing charges, %	2,56	2,56	2,56	2,56	2,56
Subscription and redemption fees, %	Ingen	Ingen	Ingen	Ingen	Ingen

**Management fee**

Single investment of SEK 10 000	262,00	261,73	261,67	260,20	261,57
Monthly investments of SEK 100 / month	15,42	15,89	15,09	15,38	15,88

**Turnover**

Turnover Trading with group companies					<b>2018</b> 0,27 Ingen
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1. Standard deviation is defined as the standard deviation of the fund's return including any dividends. The calculation is based on monthly data during the past 24 months.

2. Standard deviation is defined as the standard deviation of the benchmark's total return. The calculation is based on monthly data during the past 24 months.

3. Tracking error is defined as the standard deviation of the difference in return between the fund and the benchmark. The calculation is based on monthly data during the past 24 months.

### **Income statement**

<i>In SEK</i>	<i>Note</i>	<i>2018-01-01- 2018-12-31</i>	<i>2017-01-01- 2017-12-31</i>
<b>Income and change in value</b>			
Change in value, transferable securities		-223 168 149	101 170 537
Interest		406 616	144 104
Dividends		49 056 578	15 319 740
FX gains and losses, net		636 062	-5 103 240
Other income		3 850	7 420
<b>Total</b>		<b>-173 065 043</b>	<b>111 538 561</b>
<b>Costs</b>			
Management fees			
Fees to the management company		-42 021 272	-15 872 965
Interest		-228 013	-101 293
Other financial costs		-2 884 461	-
Other costs	<i>1</i>	-9 188 744	-1 395 229
<b>Total</b>		<b>-54 322 490</b>	<b>-17 369 487</b>
<b>Net result</b>		<b>-227 387 533</b>	<b>94 169 074</b>

## Balance sheet

<i>In SEK</i>	<i>Note</i>	<i>2018-12-31</i>	<i>2017-12-31</i>
<b>Assets</b>			
Transferable securities		1 515 188 809	1 038 532 333
<b>Total</b>	<b>2</b>	<b>1 515 188 809</b>	<b>1 038 532 333</b>
Bank accounts		33 061 479	65 269 188
Pre-paid expenses and accrued income	<b>3</b>	3 847 016	144 281 575
Other assets	<b>4</b>	17 025 416	59
<b>Total</b>		<b>1 569 122 720</b>	<b>1 248 083 155</b>
<b>Liabilities</b>			
Accrued expenses and prepaid income		6 498 755	2 357 753
Other liabilities	<b>5</b>	9 868 112	158 287 339
<b>Total</b>		<b>16 366 867</b>	<b>160 645 092</b>
<b>Total net assets</b>	<b>2,6</b>	<b>1 552 755 853</b>	<b>1 087 438 063</b>

## Memorandum items

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## **Accounting principles and valuation of financial instruments**

Amounts stated are in number of SEK if nothing else stated.

Tundra Fonder AB is a member of the Swedish Investment Fund Association and strives to comply with the Association's guidelines. During 2018, Tundra Fonder AB was compliant with all guidelines with the exception of the recommendation that at least half of an asset manager's members of the Board of Directors should be independent directors as three of seven Board members were considered to be independent at the end of 2018.

### **Accounting principles**

The fund applies the Mutual Funds Act, 2004:46 and the Financial Supervisory Authority's regulation of mutual funds (FFFS 2013:9) and applies the Swedish Investment Fund Association's guidelines.

### **Valuation of financial instruments**

The financial instruments are valued at market value according to the following order.

1. Financial instruments traded on an active market will be valued on the closing price at December 31<sup>st</sup> 2017. If this is a bank holiday, the most recent trading day prior to the bank holiday will be used.
2. If the financial instrument is not traded on 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 are misleading, the market value is determined by a well-established valuation model.

### **Note on unlisted holdings**

Since the Funds may invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Funds have procedures, approved by the Board of Directors of the Company, to determine the fair value of individual securities and other assets for which market prices are not readily available (such as certain restricted or unlisted securities and private placements) or which may not be reliably priced. Some methods for valuing these securities may include: fundamental analysis (discounted cash flow etc), sum-of-the-parts and market prices derived from similar transactions. The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Funds could obtain the fair value assigned to a security if they were able to sell the security at approximately the time at which the Funds determine its NAV. There is also a probability that the fairvalue assigned to these securities significantly underestimates the actual value of these securities.

In accordance with the UCITS regulation, the Fund may invest up to 10% in unlisted securities if these are to be listed within 12 months. Historically, a limited number of such investments have been carried out on behalf of the fund. Since 2018 however, no additional investments are made in unlisted securities. If unlisted securities are not listed within 12 months, the Fund should divest the securities in a way beneficial to the unitholders. Due to the nature of unlisted holdings, the process of selling those securities may be prolonged for a significant time. Tundra Sustainable Frontier Fund held one position, Daewoo Express, as of December 31<sup>st</sup> 2018 whose listings/divestments has been delayed beyond the 12-month stipulated time period due to reasons outside the funds' control. The portfolio weight of this holding constituted 0.22% of the fund's net assets. Negotiations for divestment are ongoing but there are risks of significant further delays until the assets are either sold or listed. The Fund Company has gradually reduced the assigned valuation of the holding as repeated delays indicated the chances of a successful listing or divestment has gradually decreased. It should in particular be highlighted that there are several layers of uncertainties. Even an agreed transaction between two parties could mean the realized value might not be possible to repatriate since Central bank approval of repatriation is needed and it is not certain that such approval is given. This risk has during 2018 increased significantly given significant strains on Pakistan's foreign currency reserves experienced during 2018. In addition, it is further not unusual to see a transaction being contested within the Pakistani court system, sometimes due to legitimate concerns by a third party whose rights might be affected, sometimes as a form of blackmail. The structure of the Pakistani court system is such that even a perfectly legitimate transaction,

through stay orders, can be delayed for several years and ultimately fail as a result of third party intervention. Such delays can meanwhile impact the financial viability of the company for example through non-availability of credits etc, which might eventually mean assumptions of financial forecasts are incorrect. These layers of uncertainty mean that absolute certainty of what value will be realized can only be achieved once funds are repatriated. Should the transaction be successful or should the company become listed it could however result in a positive one-time effect on the NAV of the fund. All factors taken into consideration, including best efforts of assuring an as correct valuation at all times, it is possible that the unit price of the fund at some point during the next 12 months may experience a one-time impacts where the downside could be maximal the assigned valuation and the upside could be potentially even higher. We thus caution investors to take this into consideration before buying or selling fund units. As soon as the transaction is concluded we will update on our website and in the monthly comments. It should also be emphasized that the weight in the NAV and hence also the impact on the NAV as a result of any future transaction or listing depends on the assets under management in the Fund and any future major redemption from the Fund may escalate the impact in a substantial manner.

Daewoo Express is the largest and one of the few organized transportation companies in Pakistan. The company offers intra city services as well as long distance transportation throughout Pakistan. More information about the company: [www.daewoo.com.pk](http://www.daewoo.com.pk).

**Key performance indicators**

The fund follows the Swedish Investment Fund Association's guidelines on key performance indicators.

## Notes

### Note 1 Other costs

	2018-01-01- 2018-12-31	2017-01-01- 2017-12-31
Transaction costs main bank	177 557	98 710
Bank fees	50 078	48 875
Other fees	2 981	59 195
Cost for drawback	46 950	2 622
Capital gains tax	-3 899 954	-2 005 903
Foreign tax, transferable securities	5 207 964	921 186
Broker costs	7 326 093	2 270 544
Analysis cost	277 075	-
<b>Total</b>	<b>9 188 744</b>	<b>1 395 229</b>

### Note 2 Financial instruments

The following financial instruments were held as of 2018-12-31.

#### Securities

Sector	No. of shares	Market value	Portion %
<b>Transferable securities</b>			
<b>Category 1</b>			
BIM SON CEMENT JSC, Vietnam, VND	1 650 025	4 093 966	0,26
DG KHAN CEMENT ORD, Pakistan, PKR	4 900 000	25 052 136	1,61
HOA SEN GROUP, Vietnam, VND	6 490 000	16 127 463	1,04
LUCKY CEMENT ORD, Pakistan, PKR	1 110 000	30 777 106	1,98
SUEZ CEMENT CO, Egypt, EGP	390 642	2 383 050	0,15
TOKYO CEMENT ORD TR, Sri Lanka, LKR	8 708 114	9 906 332	0,64
TOKYO CEMENT ORD, Sri Lanka, LKR	2 315 592	2 802 354	0,18
TRI-PACK FILMS LTD, Pakistan, PKR	533 700	3 603 913	0,23
<b>Materials</b>		<b>94 746 320</b>	<b>6,10</b>
ACCESS ENGINEERING P, Sri Lanka, LKR	19 282 027	13 161 116	0,85
ACL CABLES PLC, Sri Lanka, LKR	6 044 156	10 825 758	0,70
CII ORD, Vietnam, VND	1 777 590	17 845 459	1,15
DIEN QUANG JSC, Vietnam, VND	107 250	1 134 011	0,07
ELSEWEDY ELECTRIC CO, Egypt, EGP	5 850 000	52 344 791	3,37
HEMAS HOLDINGS PLC, Sri Lanka, LKR	2 860 321	12 323 262	0,79
HOA PHAT GROUP JSC, Vietnam, VND	2 326 200	27 481 984	1,77
VIETNAM ELEC EQUIP, Vietnam, VND	3 079 446	26 036 745	1,68
<b>Industrials</b>		<b>161 153 124</b>	<b>10,38</b>
CAIRO INVESTMENT & REAL ESTA, Egypt, EGP	5 000 000	21 504 447	1,38
DRC ORD, Vietnam, VND	1 745 000	14 321 030	0,92
GB AUTO, Egypt, EGP	24 586 405	62 959 869	4,05

GUL AHMED TEXTILE, Pakistan, PKR	2 142 000	6 308 476	0,41
IFAD AUTOS LTD, Bangladesh, BDT	3 230 384	37 150 132	2,39
MOBILE WORLD INVESTMENT GROUP, Vietnam, VND	163 093	5 789 734	0,37
SAIGON GENERAL SERVI, Vietnam, VND	913 520	14 994 324	0,97
<b>Consumer discretionary</b>		<b>163 028 012</b>	<b>10,50</b>
CARGILLS CEYLON ORD, Sri Lanka, LKR	2 609 579	25 138 793	1,62
JUHAYNA FOOD INDUSTRIES, Egypt, EGP	3 440 000	19 131 543	1,23
KIDO FROZEN FOODS, Vietnam, VND	1 820 700	12 440 327	0,80
NESTLE LANKA PLC, Sri Lanka, LKR	186 509	15 353 145	0,99
OBOUR LAND FOR FOOD INDUSTRIES, Egypt, EGP	3 700 000	14 632 911	0,94
<b>Consumer staples</b>		<b>86 696 719</b>	<b>5,58</b>
ACTIVE FINE CHEMICAL, Bangladesh, BDT	7 458 000	22 271 418	1,43
AGP LTD/PK, Pakistan, PKR	2 815 500	15 229 882	0,98
BEXIMCO PHARMACEUTICALS LTD, Bangladesh, BDT	3 500 000	29 428 284	1,90
BEXIMCO-GDR REGS, Bangladesh, GBP	525 000	2 668 586	0,17
EGYPTIAN INTERNATIONAL PHARM, Egypt, EGP	480 000	25 321 264	1,63
FEROZESONS LABORATORIES, Pakistan, PKR	701 600	6 589 623	0,42
MLP SAGLIK HIZMETLERI AS, TURKIET, TRY	2 303 363	40 912 797	2,63
SQUARE PHAR ORD, Bangladesh, BDT	2 536 258	68 299 288	4,40
<b>Healthcare</b>		<b>210 721 142</b>	<b>13,57</b>
ACC BANK OF NIG ORD, Nigeria, NGN	105 000 000	17 358 768	1,12
ADAMJEE INSUR ORD, Pakistan, PKR	3 631 000	9 732 568	0,63
BBVA BANCO FRAN ADR, Argentina, USD	250 000	25 145 076	1,62
BRAC BANK LTD, Bangladesh, BDT	7 035 756	53 643 815	3,45
CEYLINCO INSURANCE-NON VOTIN, Sri Lanka, LKR	289 700	13 322 723	0,86
COMMERCIAL BANK OF CEYLON PLC, Sri Lanka, LKR	2 633 428	14 621 966	0,94
COMMERCIAL INTL, Egypt, EGP	1 000 000	37 071 690	2,39
CREDIT AGRICOLE, Egypt, EGP	2 067 547	41 916 420	2,70
GRUPO FINANCIERO ADR, Argentina, USD	250 000	61 025 506	3,93
GRUPO SUPERVIELLE SA, Argentina, USD	200 000	15 334 955	0,99
GUARANTY TRT BNK ORD, Nigeria, NGN	80 000 000	67 003 872	4,32
HATTON NATIONAL BANK PLC, Sri Lanka, LKR	1 319 763	13 671 955	0,88
JSC HALYK BANK GDR, Kazakhstan, USD	249 395	22 774 423	1,47
LETSHEGO, Botswana, BWP	13 201 581	17 677 062	1,14
LIEN VIET POST JOINT, Vietnam, VND	8 899 948	31 254 723	2,01
LIEN VIET RTS, Vietnam, VND	8 476 141	0	0,00
NATIONAL BANK OF PAKISTAN, Pakistan, PKR	14 850 000	40 069 320	2,58
SAMPATH BANK ORD, Sri Lanka, LKR	1 468 755	16 708 526	1,08
STANBIC IBTC HOLDING, Nigeria, NGN	12 530 509	14 607 571	0,94
UNITED BANK FOR AFRICA ORD, Nigeria, NGN	315 482 518	58 675 584	3,78
UNITED BANK LTD ORD, Pakistan, PKR	4 579 500	36 369 101	2,34
ZENITH INTL BANK ORD, Nigeria, NGN	155 000 000	86 860 699	5,59
<b>Financials</b>		<b>694 846 323</b>	<b>44,75</b>
FPT CORP, Vietnam, VND	3 344 855	57 646 828	3,71
HUM NETWORK LTD, Pakistan, PKR	16 836 000	4 789 817	0,31
SYSTEMS LTD, Pakistan, PKR	4 863 500	33 736 759	2,17

<b>IT</b>		<b>96 173 404</b>	<b>6,19</b>
AN PHU REAL ESTATE, Vietnam, VND	16 946	64 686	0,00
TPL PROPERTIES LTD, Pakistan, PKR	8 325 135	4 407 725	0,28
<b>Real estate</b>		<b>4 472 411</b>	<b>0,29</b>
<b>Total Category 1</b>		<b>1 511 837 455</b>	<b>97,36</b>
<b>Category 7</b>			
DAEWOO PAK EXPRESS, Pakistan, PKR	2 171 000	3 351 354	0,22
<b>Consumer discretionary</b>		<b>3 351 354</b>	<b>0,22</b>
<b>Total Category 7</b>		<b>3 351 354</b>	<b>0,22</b>
<b>Total transferable securities</b>		<b>1 515 188 809</b>	<b>97,58</b>
<b>Total securities</b>		<b>1 515 188 809</b>	<b>97,58</b>
<b>Other assets and liabilities</b>		<b>37 567 044</b>	<b>2,42</b>
<b>Total net assets</b>		<b>1 552 755 853</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 3 Accrued expenses and prepaid income**

	<i>2018-12-31</i>	<i>2017-12-31</i>
Accrued dividends	2 553 783	579 766
Deferred taxes	1 293 233	11 500
Other	-	143 690 309
<b>Total</b>	<b>3 847 016</b>	<b>144 281 575</b>

**Note 4 Other liabilities**

	<i>2018-12-31</i>	<i>2017-12-31</i>
Unsettled acquired securities	17 025 083	-
Other	333	59
<b>Total</b>	<b>17 025 416</b>	<b>59</b>

**Note 5 Other liabilities**

	<i>2018-12-31</i>	<i>2017-12-31</i>
Unsettled acquired securities	-	157 191 040
Accrued redemptions	9 581 396	950 087
Unregistered subscriptions	286 518	146 160
Other	198	52
<b>Total</b>	<b>9 868 112</b>	<b>158 287 339</b>

**Note 6 Change in net assets**

	<i>2018-01-01- 2018-12-31</i>	<i>2017-01-01- 2017-12-31</i>
Net assets at the start of the year	1 087 438 063	439 046 053
<b>Share class A SEK</b>		
Issued fund units	1 161 020 123	270 969 458
Redeemed fund units	-484 780 535	-137 653 774
Addition through merger	-	338 819 543
<b>Total</b>	<b>676 239 588</b>	<b>472 135 227</b>
<b>Share class C EUR</b>		
Issued fund units	25 534 916	698 272
Redeemed fund units	-12 837 831	-1 002 694
<b>Total</b>	<b>12 697 085</b>	<b>-304 422</b>
<b>Share class D USD</b>		
Issued fund units	28 506 147	31 979 681
Redeemed fund units	-39 873 281	-193 092
<b>Total</b>	<b>-11 367 134</b>	<b>31 786 589</b>
<b>Share class E NOK</b>		
Issued fund units	16 367 501	49 314 838
Redeemed fund units	-7 654 118	-6 243 569
<b>Total</b>	<b>8 713 383</b>	<b>43 071 269</b>

**Share class F EUR**

Issued fund units	7 264 386	7 534 273
Redeemed fund units	-841 985	-

**Total** **6 422 401** **7 534 273**

Net result according to the income statement -227 387 533 94 169 074

**Net assets at year end** **1 552 755 853** **1 087 438 063**

### 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.

Please refer to the Company's website for the current remuneration policy:

<http://www.tundrafonder.se/en/compliance-2/>

<b>Benefits paid to all employees in 2018</b>	<b>Amount in SEK</b>	<b>Number of employees</b>
Fixed salary	8 897 940	18
Variable remuneration to employees who are included in the number of employees and which have not been classified as special regulated staff	0	
Total: Fixed salary and number of employees	8 897 940	18
<b>Benefits paid to particular regulated staff 2017</b>		
a) employees in senior strategic positions	2 362 518	2.5
b) employees with responsibility for control functions. Outsourced functions	0	0
c) risk takers	2 936 851	4.5
d) employees whose total compensation is equal to, or greater than, the total remuneration to someone in senior management	0	0

The risk function has been outsourced to ISEC Services (org.no 556542-2853), which the Company refers to regarding remuneration to risk function employees.



**Sustainability information**

<b>Sustainability information</b>	<b>Tundra Sustainable Frontier Fund</b>
Sustainability aspects are considered in the management of the fund	<input checked="" type="checkbox"/>
Sustainability aspects are not considered in the management of the fund	<input type="checkbox"/>
<b>Sustainability aspects considered in the management of the fund</b>	
Environmental aspects (e.g. the companies' impact on the environment and climate)	<input checked="" type="checkbox"/>
Social aspects (e.g. human rights, labour rights and equality)	<input checked="" type="checkbox"/>
Corporate governance (e.g. stockholders' rights, management compensation and anti-corruption activities)	<input checked="" type="checkbox"/>
Other sustainability aspects	<input type="checkbox"/>
<b>Methods used in the sustainability work</b>	
<b>The fund includes</b>	<input checked="" type="checkbox"/>
<p>Sustainability is a determining factor in choosing which companies to invest in.</p> <p><i>The fund has specific and defined criteria for investing in companies based on environmental, social and corporate governance aspects. Sustainability is a determining factor in choosing which companies to invest in.</i></p>	<input type="checkbox"/>
Sustainability is considered when choosing which companies to invest in.	<input checked="" type="checkbox"/>
<p>Other</p> <p><i>Other methods used when choosing which companies to invest in.</i></p>	<input type="checkbox"/>
<b>The fund excludes</b>	
<i>The fund does not invest in companies involved in the following products and services. At the most five% of a company's turnover may stem from these products or services.</i>	
<b>Products and services</b>	
Cluster bombs, landmines	<input checked="" type="checkbox"/>
Chemical and biological weapons	<input checked="" type="checkbox"/>
Nuclear weapons	<input checked="" type="checkbox"/>
Weapons and/or munitions	<input checked="" type="checkbox"/>
Alcohol	<input checked="" type="checkbox"/>
Tobacco	<input checked="" type="checkbox"/>
Commercial gambling	<input checked="" type="checkbox"/>
Pornography	<input checked="" type="checkbox"/>

Fossil fuel (oil, gas, coal)	<input checked="" type="checkbox"/>
Coal	<input checked="" type="checkbox"/>
GMO	<input checked="" type="checkbox"/>
Uranium	<input checked="" type="checkbox"/>
Other	
<b>International conventions</b>	
<i>The fund does not invest in companies involved in breaches of international norms and conventions regarding the environment, human rights, labour rights and corporate governance, e.g. UN Global Compact and OECD's Guiding Principles For Multinational Companies.</i>	
The fund excludes all companies breaching international norms.	<input type="checkbox"/>
Companies where the fund does not see an intention to change or where the fund does not believe that the company will comply in an acceptable period of time are excluded.	<input checked="" type="checkbox"/>
<b>Countries</b>	
For sustainability reasons, the fund does not invest in companies involved in certain countries/fixed income instruments issued by certain countries.	<input type="checkbox"/>
Other	<input type="checkbox"/>
The manager contacts companies in order to influence them to adopt a more sustainable business approach.	
In its own power	<input checked="" type="checkbox"/>
Collaboration with other investors	<input checked="" type="checkbox"/>
Voting at AGMs	<input checked="" type="checkbox"/>

#### The fund includes

Sustainability and ESG (environmental, social responsibility and governance) is considered in economic company analysis and investment decisions. More information on a holding in the Tundra Sustainable Frontier Fund can be found at

[http://www.tundrafonder.se/wp-content/uploads/2018/07/Tundra-Case\\_Access-Bank-PLC-Nigeria.pdf](http://www.tundrafonder.se/wp-content/uploads/2018/07/Tundra-Case_Access-Bank-PLC-Nigeria.pdf)

#### The fund excludes

The fund does not invest in cluster bombs, landmines, chemical/biological weapons, nuclear weapons, alcohol, tobacco, commercial gambling, pornography, fossil fuel (oil, gas, coal), GMO or uranium .

#### The Fund company has influenced

- On March 5th 2018 Tundra Fonder AB held a sustainability forum in Colombo, Sri Lanka. The forum's participants included representatives from the top 100 listed companies, heads of brokerage houses and media representatives. The forum highlighted the growing global importance of incorporating ESG factors in companies which also attracts foreign investment. The forum offered discussion panels and workshops.
- In March 2018, Tundra signed the CEO Statement of Support for the Women's Empowerment Principles (WEPS).

**Comments on the sustainability work within Tundra Fonder AB**

The ESG team consists of a head of ESG and an ESG analyst in Stockholm, ESG analysts in Karachi and in Ho Chi Minh City. In 2018 Tundra Fonder AB hired an additional ESG analyst to work in the Ho Chi Minh City office.

More information on Tundra Fonder AB's sustainability work can be found at <http://www.tundrafonder.se/en/sustainable-2/>.