



Annual report

Tundra Vietnam Fund

515602-6824

January, 1 – December 31, 2019

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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 translated copy from the Swedish original. If any conflict occurs in the translation the Swedish will prevail. The Board of Directors and the CEO of Tundra Fonder AB, 556838-6303, hereby submit the Annual Report for the period 2019-01-01 - 2019-12-31 on Tundra Vietnam Fund, 515602-6824.

General development

The fund's performance

Tundra Vietnam Fund rose 9.16% (SEK) during 2019. The benchmark FTSE Vietnam TR (SEK) rose 13.32% during the same period.

The fund's net assets development

Assets under management at December 31st 2019 amounted to SEK 385.1 million, which represents a decrease of SEK 391.6 million compared to SEK 776.7 million at December 31st 2018.

The value of issued fund shares for share class A amounted to SEK 138.7 million, SEK 0 for share class C and SEK 47.0 million for share class D while the value of redeemed fund shares for share class A amounted to SEK - 618.3 million, SEK 0 for share class C and SEK -59.2 million for share class D. The net issued amount hence amounted to SEK - 479.7 million for share class A, SEK 0 for share class C and SEK -12.2 million for share class D.

Market development

After strong market development during the first two months of the year, the stock market developed sideways during the rest of the year. Like other frontier markets, investors' focus was on the largest index stocks. The Vingroup companies (Vingroup, Vincom Retail and Vinhomes, which together constitute just under 40% of the index) all rose more than 20% and thus accounted for a relatively large proportion of the increase. Local investors continued to be relatively cautious, which meant that interest in small and medium-sized companies was relatively limited.

Fund management and outlook

The Tundra Vietnam Fund rose 9.16% during the year, and underperformed the benchmark index (FTSE Vietnam TR) which rose 13.32%. The biggest reason for the underperformance came from stock selection in the real estate sector (DXG) and our natural underweights in the Vingroup companies. The most important positive contribution came from the IT sector, where the fund's largest holding (FPT Group) developed very strongly during the year.

For 2020, we are cautiously positive. Growth in the economy has been maintained at around 7% per year and Vietnam continues to benefit from the move of production from China to other countries. We see signs of overheating in the very largest index shares, but on the other hand we see attractive valuations in the segment below the 5-6 largest companies. As the fund has a higher share in the medium-sized companies segment, the conditions look relatively good for the year.

Objectives and investment policy

The objective of the fund is to provide financial exposure to economic development in Vietnam and to provide its unitholders with a maximum long-term return on their investment given the fund's level of risk.

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). Companies that are involved in controversial weapons are also 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 has a vast majority of its assets invested in Vietnam. A worse than expected development of the Vietnamese economy or the earnings growth among listed companies in the country constitute the primary risk. The fund does not hedge its holdings to currency fluctuations which may affect returns adversely in case the Vietnamese Dong weakens.

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 2019. 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, %
2019-12-31	385 068 022	-	2 018 054,10	-	-	-
2018-12-31	776 704 393	-	4 442 868,38	-	-	-
2017-12-31	750 420 774	-	3 954 768,18	-	-	-
2016-12-31	414 863 068	-	2 740 521,71	-	-	-
2015-12-31	202 084 179	-	1 583 672,83	-	-	-
2014-12-31	125 181 518	120,90	1 035 453,54	-	20,90 ¹⁾	22,42 ¹⁾

Benchmark index: FTSE Vietnam Index Total Return (SEK)

¹⁾ Refers to the period 2014-05-06 - 2014-12-31

Share class A SEK

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2019-12-31	-	190,80	1 847 987,18	-	9,16	13,32
2018-12-31	-	174,80	4 220 437,59	-	-7,90	-3,63
2017-12-31	-	189,79	3 430 544,31	-	25,36	34,58
2016-12-31	-	151,39	2 369 652,61	-	18,65	7,01
2015-12-31	-	127,59	1 355 520,97	-	5,53 ²⁾	-5,84 ²⁾

Benchmark index: FTSE Vietnam Index Total Return (SEK)

²⁾ Since 2015-04-13. Tundra Vietnam Fund was replaced by Tundra Vietnam Fund share class A.

Share class C EUR

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2019-12-31	-	18,03	6,48	-	5,25	9,55
2018-12-31	-	17,14	6,48	-	-11,19	-6,61
2017-12-31	-	19,30	6,48	-	22,00	30,99
2016-12-31	-	15,82	6,48	-	2,46 ³⁾	-0,83 ³⁾

Benchmark index: FTSE Vietnam Index Total Return (EUR)

³⁾ Refers to the period 2016-06-30 - 2016-12-31

Share class D USD

	AUM, SEK	NAV	No. of issued fund shares	Dividend	Total fund return, %	Benchmark return, %
2019-12-31	-	20,39	170 060,44	-	3,14	7,14
2018-12-31	-	19,78	222 424,31	-	-14,37	-10,72
2017-12-31	-	23,10	524 217,40	-	39,07	49,45
2016-12-31	-	16,61	370 862,62	-	9,85	-0,82
2015-12-31	-	15,12	228 151,87	-	-2,01 ⁴⁾	-5,17 ⁴⁾

Benchmark index: FTSE Vietnam Index Total Return (USD)

⁴⁾ Refers to the period 2015-04-13 - 2015-12-31

Key performance indicators

	<i>Share class A SEK</i>	<i>Share class C EUR</i>	<i>Share class D USD</i>
Inception date	2014-05-06	2016-06-30	2015-04-13

Risk & return

Standard deviation, % ¹⁾	17,79	16,21	18,03
Standard deviation benchmark, % ²⁾	18,61	15,57	18,34
Tracking error, % ³⁾	7,07	6,71	6,81
Average annual return last 2 years, %	0,27	-3,35	-6,05
Average annual return last 5 years, %	9,55	4,54	6,09

Costs

Management fee, %	2,50	2,50	2,50
Performance fee, %	-	-	-
Transaction costs, SEK	1 335 458	3	93 823
Transaction costs, %	0,25	0,27	0,25
Research costs, SEK	190 578	-	15 010
Research costs, %	0,03	-	0,03
Ongoing charges, %	2,55	2,58	2,56
Subscription and redemption fees	-	-	-

Management fees

Single investment of SEK 10 000	280,53	283,72	283,44
Monthly investments of SEK 100 / month	16,71	16,31	16,42

Turnover	2019
Turnover	0,08
Trading with group companies	-

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>2019-01-01- 2019-12-31</i>	<i>2018-01-01- 2018-12-31</i>
Income and change in value			
Change in value, transferable securities		104 937 723	-181 739 229
Interest		187 000	475 281
Dividends		13 348 311	34 442 531
FX gains and losses, net		683 739	15 171 863
Other income		-	185
Total		119 156 773	-131 649 369
Costs			
Management fees			
Fees to the management company		-17 281 723	-29 977 450
Interest		-18 566	-201 376
Other costs		-1 671 303	-4 090 663
Total		-18 971 592	-34 269 489
Net result		100 185 181	-165 918 858

Balance sheet

<i>In SEK</i>	<i>Note</i>	<i>2019-12-31</i>	<i>2018-12-31</i>
Assets			
Transferable securities		375 421 066	747 149 509
Total	1	375 421 066	747 149 509
Bank accounts		17 801 837	40 292 862
Prepaid expenses and accrued income		539 695	437 451
Total		393 762 598	787 879 822
Liabilities			
Accrued expenses and deferred income		922 251	1 822 858
Other liabilities		7 772 325	9 352 571
Total		8 694 576	11 175 429
Total net assets	1,2	385 068 022	776 704 393

Memorandum items

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Accounting principles and valuation of financial instruments

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

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 closing day. 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.

Key performance indicators

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

Notes

Note 1 Financial instruments

The following financial instruments were held as of 2019-12-31.

Security Sector	No. of shares	Market value	Portion %
Transferable securities			
CNG VIETNAM JSC, Vietnam, VND	605 290	6 115 523	1,59
PV GAS SOUTHERN ORD, Vietnam, VND	869 521	9 979 954	2,59
Energy		16 095 477	4,18
BIM SON CEMENT JSC, Vietnam, VND	2 450 935	7 032 670	1,83
HATIEN 1 CEMENT JSC, Vietnam, VND	1 728 804	10 445 207	2,71
HOA PHAT GROUP JSC, Vietnam, VND	1 590 043	15 101 040	3,92
HOA SEN GROUP, Vietnam, VND	6 601 335	20 835 932	5,41
PETROLIMEX PETROCHEM, Vietnam, VND	286 150	1 306 779	0,34
Materials		54 721 629	14,21
AGRICULTURE PRINTING, Vietnam, VND	217 120	2 570 973	0,67
DRY CELL & STORAGE JSC B, Vietnam,	505 390	5 106 188	1,33
GEMADEPT ORD, Vietnam, VND	570 305	5 739 006	1,49
POWER CONSTRUCTION, Vietnam, VND	8	57	0,00
VIETNAM ELEC EQUIP, Vietnam, VND	4	31	0,00
Industrials		13 416 254	3,48
DRC ORD, Vietnam, VND	1 087 890	10 244 034	2,66
PHU NHUAN JEWELRY JSC, Vietnam, VND	415 000	15 430 004	4,01
SAIGON GENERAL SERVI, Vietnam, VND	350 730	6 094 969	1,58
SOUTHERN RUBBER INDU, Vietnam, VND	976 670	5 387 789	1,40
TNG Investment & Trading JSC,	912 612	5 495 441	1,43
Consumer discretionary		42 652 238	11,08
KIDO FROZEN FOODS, Vietnam, VND	632 000	8 147 753	2,12
MASAN GROUP CORP, Vietnam, VND	831 960	18 996 825	4,93
VIETNAM DAIRY PRODUC, Vietnam, VND	261 000	12 288 434	3,19
Consumer staples		39 433 012	10,24
TRAPHACO ORD, Vietnam, VND	390 850	9 556 428	2,48
Healthcare		9 556 428	2,48
BANK FOR FOREIGN TRADE, Vietnam,	365 900	13 338 256	3,46
LIEN VIET POST JOINT, Vietnam, VND	4 028 763	12 536 969	3,26
MILITARY COM BANK, Vietnam, VND	1 463 974	13 164 170	3,42
SACOMBANK ORD, Vietnam, VND	3 400 000	13 809 409	3,59
SAIGON SECURITIES IN, Vietnam, VND	1 343 000	9 796 780	2,54
VIETNAM JS COMM BANK, Vietnam, VND	1 139 710	9 626 552	2,50
VNDIRECT ORD, Vietnam, VND	2 393 490	13 929 138	3,62
Financials		86 201 275	22,39
FPT CORP, Vietnam, VND	1 292 237	36 034 739	9,36
IT		36 034 739	9,36

DAT XANH ORD, Vietnam, VND	3 442 258	20 171 655	5,24
LDG INVESTMENT JSC, Vietnam, VND	1 923 618	6 732 352	1,75
VINCOM RETAIL JSC, Vietnam, VND	1 091 750	15 001 415	3,90
VINGROUP JSC ORD, Vietnam, VND	304 601	14 156 610	3,68
VINHOMES JSC, Vietnam, VND	620 000	21 247 981	5,52
Real estate		77 310 014	20,08
Total Category 1		375 421 066	97,49
Total transferable securities		375 421 066	97,49
Total securities		375 421 066	97,49
Other assets and liabilities		9 646 956	2,51
Total net asset value		385 068 022	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 assets

	<i>2019-01-01- 2019-12-31</i>	<i>2018-01-01- 2018-12-31</i>
Net assets at the start of the year	776 704 393	750 420 774
	776 704 393	750 420 774
Share class A SEK		
Issued fund units	138 674 841	1 815 510 361
Redeemed fund units	-618 332 787	-1 562 448 343
Total	-479 657 946	253 062 018
Share class C EUR		
Issued fund units	-	-
Redeemed fund units	-	-
Total	-	-
Share class D USD		
Issued fund units	47 014 441	8 891 949
Redeemed fund units	-59 178 047	-69 751 490
Total	-12 163 606	-60 859 541
Net result according to the income statement	100 185 181	-165 918 858
Net assets at year end	385 068 022	776 704 393

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/>

Benefits paid to all employees in 2019	Amount in SEK	Number of employees
Fixed salary	6 593 034	16
Variable remuneration to employees who are included in the number of employees and which have not been classified as special regulated staff	0	0
Total: Fixed salary and number of employees	6 593 034	16
Benefits paid to particular regulated staff 2019		
a) employees in senior strategic positions	2 339 339	2,5
b) employees with responsibility for control functions. Outsourced functions	0	0
c) risk takers	2 671 920	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 Tundra Vietnam Fund

Monitoring our sustainability work

Aspects of sustainability are considered in all of Tundra's funds. Through our internal ESG Rating system we interact with portfolio companies on a yearly basis. Questionnaires are sent to all portfolio companies throughout the four funds. Company information together with internal analysis constitutes the basis for an ESG-score for each company. In cases where specific issues are encountered separate meetings are being held. All companies that have responded to Tundra's questionnaire receive a feedback letter with their score and a detailed summary of their assessment. The results of the internal ESG rating system is presented in our annual sustainability report in April each year. Read more here: <http://bit.ly/2WV4Qk6>

Tundra's sustainability work includes our own research within the framework of TURN | Tundra Research Network, which runs local projects through collaboration with international networks in Tundra's focus countries. The following are examples of projects initiated during 2019:

Vietnam:

- Collaboration with UNDP Vietnam introducing an environmental index for launch to portfolio companies.
- Planning for collaboration with the ILO on training in workers' rights directed at large organisations and listed companies.

As an organisation, Tundra Fonder has in 2019 hosted a range of events and participated in international conferences related to sustainability:

- In February, Tundra participated as an invited guest at the launch of the EAT-Lancet report on health, nutrition, climate, environment, fishing and agriculture at the UN in New York.
- In March, Tundra Fonder and the UNDP jointly hosted a workshop where Agenda 2030 and the implementation of the Sustainable Development Goals (SDGs) were discussed with a number of major companies in Pakistan.
- Organised by Business Sweden and the Swedish Embassy, a forum was held in Karachi in April with discussions on sustainable cities. Tundra moderated and contributed with content for two panels.
- As an invited speaker, Tundra participated in a delegation to Hanoi, Vietnam, in May with Sweden's Trade Minister, where sustainability was a prevalent theme.
- In September Tundra participated in UN Global Compact's Leaders Week and CFA Society's 2nd Annual Climate and ESG Asset Owner Summit, both events in New York.

The fund has selected

All our funds are actively managed. Before any potential investment, we conduct an analysis of each company that includes an assessment of future growth prospects and what we believe is a long-term stable earnings level. Together with an assessment of the company's future growth opportunities, we establish a long-term realistic valuation of the company and its share. We believe that a company's operations, and how it conducts these from a sustainability perspective, are crucial components for future success, which is why we view the sustainability analysis as an integral part of our company analysis.

Through our own internal rating system, we can see how companies position themselves in various relevant aspects of ESG. In general, our investments should be seen as long-term, and our starting point is to exert influence rather than divest.

The fund has deselected

We do not invest in companies that conduct their operations in violation of well-established international standards in the areas of the environment, human rights, labour rights and corruption. This applies to all of Tundra's funds. Standards that are particularly taken into account are the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

None of Tundra's funds invest in companies that:

- Violate UN fundamental conventions on human rights, the environment, labour rights and corruption (and that, after Tundra has made them aware of such violations, do not initiate an action plan within twelve months); and
- Companies involved in controversial weapons (anti-personnel landmines, cluster weapons, biological and chemical weapons, and nuclear weapons). Tundra takes an active role on sustainability issues through dialogue and by placing demands on the companies the fund invests in.

The fund has not had any investments in the above sectors since the criteria were set.

To read the complete Sustainability Report for Tundra Sustainable Frontier Fund: <http://bit.ly/2M7wVCF>

The fund management company has advocated

Tundra strives to maintain contact with all portfolio companies through our ESG questionnaire.

In the case of the Tundra Sustainable Frontier Fund, we conduct a systematic analysis of all companies with regard to a number of different ESG markers. By sending feedback to all companies in the fund, we have deepened our dialogue with a number of these companies and laid the groundwork for a more open and constructive dialogue. The response rate for the questionnaire for 2018 was 58% of the companies in the fund, compared with 54% in 2017. Of the companies in the fund, 75% are judged according to given criteria to have very good ESG practices.

Tundra votes at general meetings, but this is only considered to be one contributing aspect of our advocacy.

Through our internal ESG rating system we are able to assess companies on a range of aspects pertaining to sustainability. Generally our investments are to be considered as long-term with an overall ambition to have a positive impact rather than to divest.

Overall comments on the sustainability work of Tundra Fonder AB

All of Tundra's funds take sustainability into account. We generally use the term Environmental, Social and Corporate Governance (ESG) in summarising our work within sustainability. All three pillars of ESG are equally important in these efforts, and our investment process takes environmental, social and ethical aspects into consideration.

Our two research offices, one in Karachi (Pakistan) and one in Ho Chi Minh City (Vietnam), allow us to closely monitor the companies in our markets, and Tundra's sustainability work is under continuous development as new knowledge is advanced in different areas. The ESG team consists of a Sustainability Manager and an ESG Researcher in Stockholm (both researchers), plus a Senior ESG Analyst in Karachi and an ESG Analyst in Ho Chi Minh City.

Tundra's efforts within ESG are characterised by an evidence-based approach to identify the most important areas for the sectors and the countries which we invest in. We host regular meeting forums with our institutional investors, with our portfolio companies, other listed local companies, civil society and representatives of governments and regulators.

More information about Tundra Fonder AB's sustainability work is available at:

<http://www.tundrafonder.se/sustainable/>