

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
JANUARY 2022



STABLE START OF THE YEAR

In USD the fund fell 1.3% in January (EUR: -0.1%), compared to MSCI FMxGCC Net TR (USD) which fell 3.4% and MSCI EM Net TR (USD) which fell 1.1% while MSCI World Net TR (USD) fell 5.4 %. Concerns about rising global inflation and, above all, the US Federal Reserve's future actions based on this were the main reason for the weak performance in global equities. It also continued to affect our markets. However, the effect was smaller as emerging markets are currently slightly ahead of developed markets regarding the central banks' actions and concerns about rising inflation are not a new phenomenon in our markets.

An important reason for the fund's outperformance during the month was our two largest Sri Lankan holdings, the healthcare provider Asiri Hospitals and Windforce Energy with operations in renewable energy. Asiri Hospitals rose 53% during the month. It sounds dramatic but is in our eyes a well-deserved upgrade after the increase in capacity in recent years, which is now also reflected in the results. The company's profit for the fourth quarter of 2021 (calendar year) increased 63% on an annual basis. On rolling twelve months, the company is now trading at just under 20x the annual profit, which is a valuation more in line with the company's historical valuation and which reasonably reflects the strong long-term growth opportunities. Windforce rose 10% during the month. We have seen a fairly strong price appreciation for companies in renewable energy in Asia in the past year. The case for renewable energy is significantly stronger in emerging markets as the case there is not primarily about replacing existing power capacity, but above all necessary expansion, where renewable energy (primarily solar energy) is currently often the most rational energy source. It should be remembered that in the wake of rising prices for fossil fuels, the case for renewable energy is further improved. Windforce has a couple of decades of strong growth ahead of it, provided it has the necessary expansion capital. Tundra rarely participates in IPOs, and Windforce was an exception given the strong structural growth case, the strong sponsors and the merited management, as well as the clear societal benefits. The fund currently owns about 5% of the company and we look forward to supporting the company in its continued expansion in the coming decades.

FIGURE 1: JANUARY PORTFOLIO MOVERS



Source: Companies

Relative to our benchmark, we also benefited from our underweight in Kazakhstan, where we only own the fintech company Kaspi. The political turbulence in Kazakhstan during the month lowered the market by more than 20%. It also affected our position in Kaspi, which fell as much as 29% in January. We should be able to read some real impact from the unrest in the company's report for the first quarter. One must also have great respect for this type of event that falls under what we usually call "disruption risks", i.e. potential sudden changes in the economy's ability to function in a way that allows a normal environment for our companies. That is one of the reasons for our relatively limited holdings in Kazakhstan in general. However, we believe that the increased risks are more than well priced in Kaspi in particular and did not change our position during the month.

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We were also negatively affected by the correction in Egypt, which comes after a few months of strong price performance. Like Kazakhstan, Egypt is a market where there is a relatively high "disruption risk" given its history. In Egypt, it is primarily state governance issues (state interference in private business) that we are a bit concerned about. This means that one should be humble towards the potential underlying reasons during periods of weakness. As we said earlier, however, we believe that the primary reason for the lack of interest from investors in recent years stems from the high real interest rates (the 5-year bond yield is close to 14% while inflation is around 6%). In our view, the stock market remains abandoned and provided there are no unpleasant surprises, Egypt should be able to be one of the smaller emerging markets with the best conditions over the next two years as tourism globally gradually normalize.

In the short term, global unrest remains the biggest concern and also affects our markets. As we wrote in previous monthly letters, however, our markets are more accustomed to periods of rising inflation, interest rates are already significantly higher today and valuations are in most cases below the average levels from the last ten-year period. At the end of January, the fund's valuation was just under 10x annual earnings. Based on the current return on equity and the current payout ratio, the portfolio as a whole should be able to generate a recurring profit growth in the range of 12-13% per year in the coming years. Few stock markets around the world today show this characteristic, which means that we are optimistic about being a good complement to a global equity portfolio also in 2022.

TABLE 1: THE FUND'S VALUATION

	Weight	P/E FY1	P/E FY2	P/BV	ROE FY1	Div yld
Communication Services	4,5%	5,1	4,5	0,7	13,4%	0,0%
Consumer Discretionary	9,2%	6,8	5,5	1,9	27,7%	0,9%
Consumer Staples	12,5%	16,9	13,9	2,5	14,6%	0,7%
Financials	21,8%	5,2	4,6	0,8	15,5%	4,1%
Health Care	19,1%	13,6	12,2	2,7	20,0%	2,1%
Industrials	8,4%	13,9	10,4	1,8	13,2%	0,4%
Information Technology	17,3%	22,5	18,5	6,7	29,7%	1,2%
Utilities	2,7%	11,8	8,7	1,5	12,8%	7,0%
Cash	3,3%	-	-			
Fund		9,5	8,1	1,7	16,7%	2,9%

Source: Bloomberg, Tundra Fonder

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ABOUT THE FUND

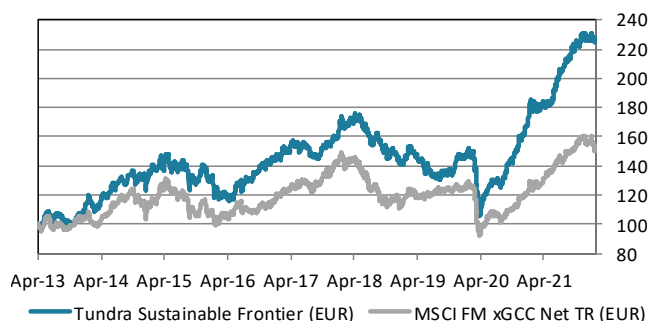
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments, a vast majority of international investors are yet to discover these markets.

The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental impacts. The fund is registered in Sweden and is fully UCITS compliant. Read more about latest developments [here](#).

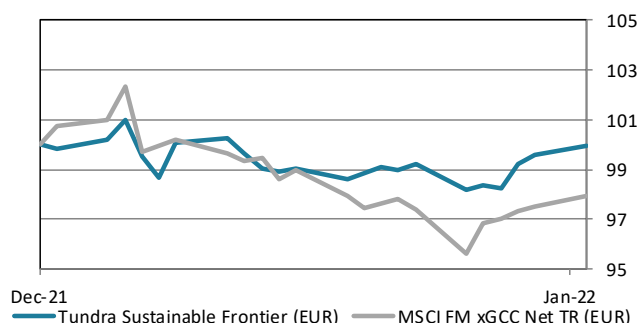
Return*	NAV(EUR)	1 month	YTD	1 year	3 year	Inception
Tundra Sustainable Frontier (EUR)	27.47	-0.1%	-0.1%	28.0%	57.2%	128.4%
Benchmark	742.73	-2.1%	-2.1%	23.1%	29.1%	53.2%

* Fund returns calculated on SEK class converted to EUR in order to provide the longest possible data set.

The fund vs benchmark (since inception)



The fund vs benchmark (YTD)



Fund monthly performance

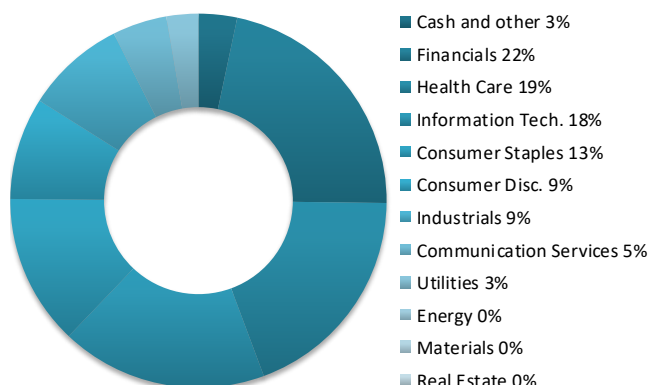
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.3%	7.9%	-6.5%	4.6%	-4.6%	-0.7%	1.7%	4.0%	4.1%	8.7%
2014	4.6%	-4.5%	4.0%	4.0%	5.6%	0.6%	3.4%	-0.9%	4.5%	-2.6%	-0.2%	0.6%	22.3%
2015	4.3%	0.5%	1.3%	0.6%	-0.3%	-2.5%	-0.5%	-4.1%	-3.0%	5.6%	1.6%	-4.7%	-1.7%
2016	-5.1%	-2.8%	-2.8%	0.9%	7.1%	0.3%	2.4%	4.3%	1.4%	1.1%	2.6%	0.9%	10.1%
2017	0.2%	3.9%	2.2%	0.4%	-0.7%	0.2%	-3.6%	-0.2%	3.6%	1.9%	2.2%	0.4%	10.7%
2018	6.0%	0.6%	1.2%	1.3%	-4.9%	-2.3%	-2.6%	-0.4%	-1.8%	-1.9%	-2.4%	-4.6%	-11.6%
2019	3.2%	2.4%	-0.7%	-2.5%	-3.1%	-4.7%	1.1%	0.8%	0.9%	-0.6%	9.3%	-2.2%	3.2%
2020	1.6%	-6.1%	-22.9%	13.8%	4.0%	2.3%	-2.2%	7.4%	5.7%	4.6%	7.6%	5.0%	16.8%
2021	5.2%	0.7%	2.6%	-1.8%	5.5%	6.9%	2.2%	2.5%	3.9%	1.4%	1.4%	0.1%	34.7%
2022	-0.1%												-0.1%

Source: Bloomberg, MSCI, Tundra Fonder

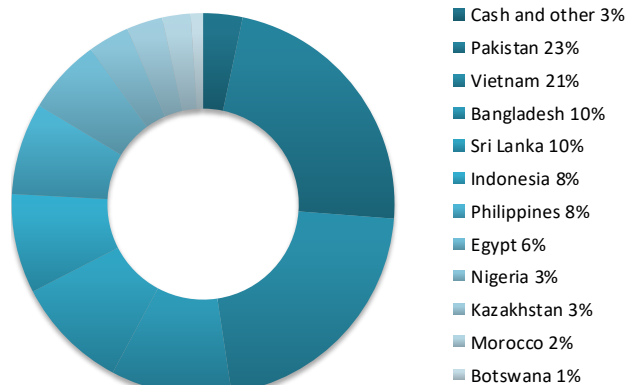
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Sector allocation



Country allocation



Largest holdings	Portfolio weight	Country	P/E 21E	P/E 22E	Yield	Return 1M (EUR)
Systems Ltd	8.2%	Pakistan	28.7	21.5	0.7%	-2.7%
Square Phar Ltd-Ord	7.6%	Bangladesh	12.6	10.9	2.9%	3.4%
FPT Corp	7.2%	Vietnam	19.2	15.7	2.4%	-2.4%
Meezan Bank Ltd	6.1%	Pakistan	8.4	6.3	4.6%	1.6%
Media Nusantara	4.7%	Indonesia	5.2	4.5	2.5%	-5.3%
Ree	4.6%	Vietnam	12.6	10.0	2.3%	0.7%
Medikaloka Hermina TBK	3.7%	Indonesia	18.3	25.1	0.5%	2.6%
GB Auto	3.7%	Egypt	4.1	3.2	5.4%	-4.9%
Airports Corp Of Vietnam	3.4%	Vietnam	191.8	79.7	1.0%	7.2%
Century Pacific Food	3.3%	Philippines	20.6	18.3	1.3%	2.4%

Best performers in January	Return (EUR)	Worst performers in January	Return (EUR)
Asiri Hospitals	54.8%	Jsc Kaspi.Kz	-28.0%
Ceylinco Insurance-Non Voting	13.9%	Masan Group Corp	-14.9%
Windforce Ltd	10.6%	Beximco Pharmaceutical GDR	-11.3%
Access Bank Plc	9.4%	AGP Limited	-7.7%
Airports Corp Of Vietnam	7.2%	Shezan International Ltd	-6.5%

Facts		Risks and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	8.1%
Pricing	Daily	Active share	89.9%
Manager	Tundra Fonder AB	Standard deviation	22.4%
Benchmark index	MSCI FM xGCC Net TR (EUR)	Standard deviation, benchmark	19.9%
ISIN	SE0006789897	Beta	1.05
Bloomberg	TUNDFRF SS	Information ratio	1.91
IBAN	SE4450000000058648209218	Holdings	39
BIC	ESSESESS	Risk level	5 of 7 (refer to KIID for more info)
Custodian	SEB	Management fee/year (all inclusive **)	2.5%
Auditor	PWC	AuM	224.3 MEUR

* Risk indicators are based on monthly rolling 24 months of return data. ** The management fee includes variable custody fees, audit, legal and marketing expenses.

Source: Bloomberg, MSCI, Tundra Fonder

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