

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
MARCH 2026



TUNDRA
FONDER

MARCH MARKED BY WAR CONCERNS

The fund declined by 9.8% in USD terms (EUR: -7.7%) during the month, compared with MSCI FMxGCC Net TR (USD), which fell by 8.1% (EUR: -5.9%), and MSCI EM Net TR (USD), which declined by 13.1% (EUR: -11%). In absolute terms (USD), Kazakhstan contributed the most positively (+0.1%). The largest negative contributions came from Egypt (-2.7%), Bangladesh (-2.1%), and Vietnam (-1.6%). Relative to the benchmark, our underweight position and stock selection in Vietnam (+2.3%), our stock selection in Morocco (+0.8%), and our lack of exposure to Kenya (+0.5%) contributed most positively. Our overweight position in Egypt (-2.6%), stock selection in Bangladesh (-1.9%), and overweight position in Sri Lanka (-0.9%) detracted most from relative performance.



Skyline of Tehran, Iran. Source: Unsplash

It was, of course, an unusual month in which geopolitical tensions, intermittently interrupted by bouts of optimism, were the primary drivers of portfolio movements. Among individual positions, the largest positive contribution came from the Pakistani IT company Systems Ltd (8% of the portfolio), which rose by 5% in what we view as a measured rebound following the excessive decline in February (see previous monthly report). The second-largest contribution came from the Vietnamese conglomerate Ree Corp (6% of the portfolio), which gained 10%. The increase followed the company's annual general meeting, where, among other things, an ambitious expansion into renewable energy was presented. For 2026, the company expects revenue growth of 22% and an 11% increase in net profit. The third-largest contribution came from Pakistani Meezan Bank (8% of the portfolio), which, like Systems Ltd, recovered somewhat after a very weak February.

The largest negative contribution came from Bangladeshi bank BRAC Bank (6% of the portfolio), which declined by 24%. We observed significant foreign selling during a weak month for the Bangladeshi equity market, and the decline follows a strong February. The second-largest negative contribution came from Vietnamese IT consultancy FPT Corp (6% of the portfolio), which fell by 21% during a weak month for Vietnamese equities. A further notable negative contribution came from GB Corp (4% of the portfolio), which declined by 26% (of which almost half was due to the weaker Egyptian pound) during a weak month in Egypt.

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THE SITUATION IN THE MIDDLE EAST AND ITS IMPACT ON OUR MARKETS

The war between the United States and Israel on one side and Iran on the other, which began with coordinated air strikes in late February 2026, has now entered its second month. The initial attacks targeted Iranian leadership and key military installations, aiming to weaken the leadership and destabilise the regime. However, this strategy has failed politically. Iran's governing structure has proven resilient despite the loss of senior figures, and the political system has consolidated rather than fragmented, maintaining control and military coordination. Furthermore, Iran's military response has been stronger than expected. Communication from the US administration has been inconsistent, contributing further to market uncertainty. Mixed signals, suggesting both escalation and de-escalation, have made it difficult for markets to price a clear trajectory. Internationally, key allies have shown restraint and favoured diplomatic solutions over direct involvement. This reduces the likelihood of a unified coalition response and increases the burden on the United States and Israel. Oil prices rose during March (average across pricing sources) from approximately USD 70 per barrel to USD 110 per barrel.

During the night of 8 April, both Iran and the United States announced that they had agreed on a temporary ceasefire and that the Strait of Hormuz would reopen while negotiations are ongoing. In a best-case scenario, this would mark the beginning of a resolution to the crisis. Oil prices fell by close to 15% following the announcement, indicating a degree of market confidence in this outcome. Nevertheless, let us consider how our markets would be affected should the conflict persist.



Oil vessel traffic through Hormuz Strait in the month of March. Source: Bloomberg

HOW THIS CRISIS DIFFERS FROM PAST CRISES

During 2020–2023, our markets went through two severe crises. First Covid, followed immediately by the Russia–Ukraine conflict. Both share clear similarities with the current situation, namely supply disruptions and rising commodity prices. Low- and lower-middle-income countries are particularly vulnerable, as they import most of their commodities and are more sensitive to price increases. Commodities are priced the same globally, but our countries are poorer.

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Previous crises occurred at a time when several currencies were trading in the higher range of a fair value. The sudden surge in import bill, followed by a jump in inflation therefore had a more severe impact. Political willingness to address rising inflation and deteriorating current account balances was weak, and responses came too late. This resulted in sudden and sharp devaluations, economic restructuring, and political shifts. We saw the most significant adjustments since the Asian financial crisis of 1997–98. However, we see meaningful differences in preparedness today. Consumption of non-essential goods remains significantly lower than pre-Covid levels, and mechanisms exist to reduce such imports when necessary. Currencies are largely market-driven, and central banks are no longer spending reserves to maintain artificial stability. A greater share of locally consumed goods is domestically produced, and renewable energy capacity has expanded significantly during recent crises.

Lessons from past crises are now supporting our markets. Most countries have entered a clear crisis-management mode and have acted promptly and rationally. At the time of writing, Pakistan, Sri Lanka, Vietnam, and the Philippines have increased fuel prices by 35–50%, thereby avoiding subsidies. Indonesia and Egypt have also raised prices, albeit more moderately (20–35%). Sri Lanka has quickly reintroduced a fuel quota system, like that used during the peak of the 2022–2023 crisis, to prevent hoarding. Several countries have also implemented measures such as remote schooling, working from home, and reduced market hours to lower fuel consumption. Egypt, which has a relatively large share of foreign investors in its bond market, allowed its currency to depreciate by 13% during the month, reportedly due primarily to foreign outflows. The Philippine peso weakened by 5%, while other markets remained broadly stable or weakened in line with a stronger US dollar. Bangladesh is the only country that has not yet acted. Under a newly elected BNP government following nearly fifteen years in power, it has initially pursued a less effective strategy by freezing fuel prices. However, in early April, the government signalled that price adjustments may become necessary to ease pressure on public finances. We assess the risk of political instability resulting from the Middle East conflict as low. Governments have experience of what is required, and public expectations are realistic.



A local market in Bangladesh. Source: Unsplash

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SENSITIVITY ANALYSIS

We conducted a sensitivity analysis during the month focusing primarily on the impact of higher oil prices and reduced remittances on our most important markets. Below we summarize the most relevant findings:

- We estimate that every USD 10 per barrel increase in oil prices worsens current account balances by approximately 0.3–0.7% annually. With oil at the end of March at USD 110/barrel, which was USD 40 above the 2025 average, implies a deterioration of roughly 1.2–2.8% (Sri Lanka at the lower end, Pakistan at the higher end) on an annual basis. This is before potential knock-on effects on other commodities. It is a clear negative, but significantly lower than imports of non-essential goods (3,5-4% of GDP annually).
- We also expect an increase in inflation due to higher fuel prices. Roughly speaking, every USD 10 per barrel increase in oil prices raises inflation by around 0.5%. The USD 40 increase observed so far could therefore add approximately 2% to inflation if sustained. Spillover effects to other goods could potentially add a similar magnitude, should the conflict prove prolonged.



City of Karachi, Pakistan. Source: Unsplash

- Most of our markets (excluding Bangladesh and Vietnam) currently have policy rates that are 3–5 percentage points above inflation, suggesting some buffer. However, given the proactive crisis response already underway, further rate hikes to signal preparedness cannot be ruled out.
- Long-term bond yields have shown mixed reactions. Pakistan’s 10-year yield has risen by 2 percentage points (to just over 13%) since the outbreak of the conflict, the Philippines by 1 percentage point (to just under 7%), and Egypt by 1 percentage point (to approximately 20%). Other markets have seen only marginal changes so far.

OUTLOOK

The extent of the impact on our markets will obviously depend on how long supply disruptions in the Middle East persist. While the US President initially expected the conflict to last only a few weeks, consensus expectations have been closer to two months, and we are now entering the second month. Amid the uncertainty, it is worth noting that developments so far remain within a

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reasonable timeframe, and the duration risk is two-sided. The announcement of a ceasefire and the reopening of the Strait of Hormuz serves as a useful reminder of this. Our analysis suggests that while a prolonged conflict would negatively affect our markets, they are significantly better prepared than in previous crises. There is both political willingness and societal understanding of necessary measures. The longer the conflict persists, the more economic activity will be affected. However, a crisis of the magnitude experienced during 2020–2023 remains highly unlikely, even if the situation in the Middle East lasts considerably longer than expected.

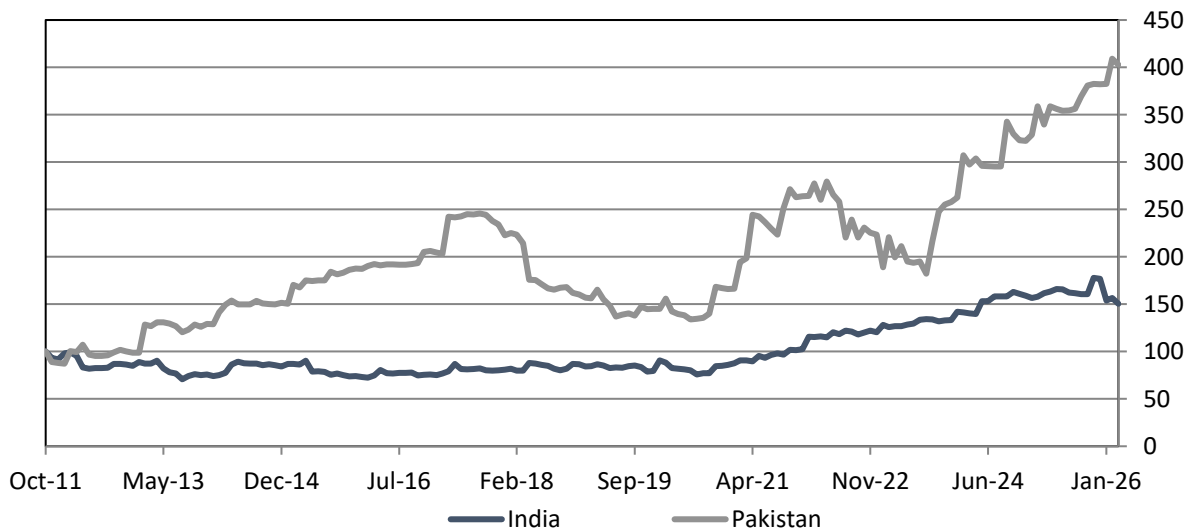
OUR LONG-TERM PERSPECTIVE

What, in our view, separates Tundra from many other asset managers is that we approach our markets in the same way as any other markets. Our focus is on the long-term earnings development, and cash flow generation, of the companies that merit investment.

If we take perhaps the most questioned of our markets, Pakistan, as an example, we note that its equity market has significantly outperformed the Indian market since Tundra was founded in October 2011. The simple explanation is that earnings growth in Pakistani companies has been materially stronger than in India. This has occurred during a period in which Pakistan has experienced both economic and political crises, including one of the deepest market downturns in its history. Over the same period, India has been one of the most favoured markets among emerging market investors. It is, of course, true that volatility, and thus risk, has been considerably higher in Pakistan than in India, and many investors have made poor investment decisions when attempting to time the market. However, that responsibility ultimately rests with the investor base. The companies themselves have delivered as expected, despite challenging conditions.

At some point, every investor must choose their approach. Is the focus on forecasting price movements, in other words anticipating the behaviour of other investors, or on assessing the long-term earnings development of the companies in which one invests?

FIGURE 1: EARNINGS GROWTH (INDEXED), PAKISTAN AND INDIA (USD)

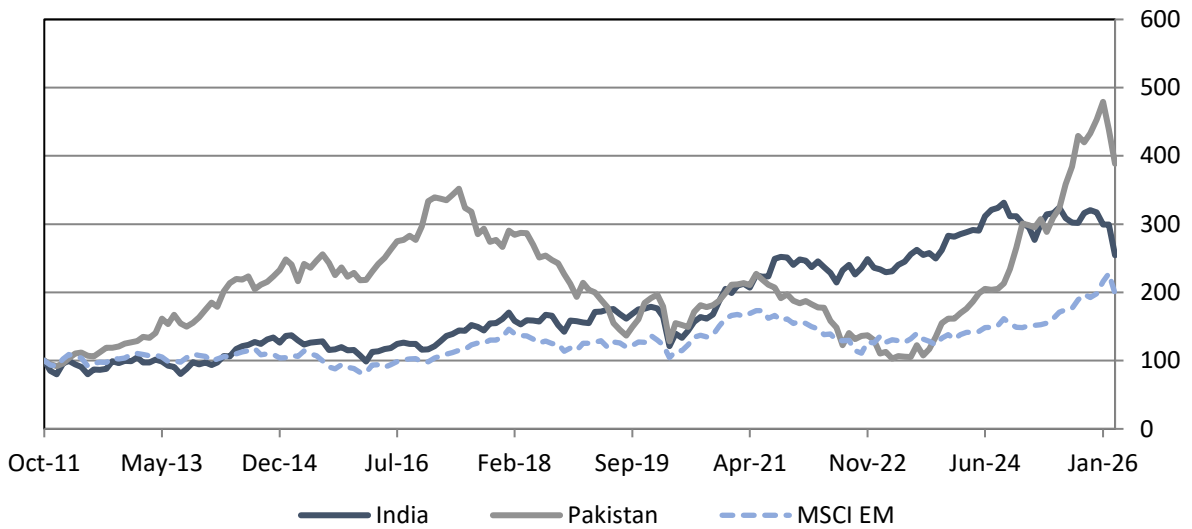


Source: Bloomberg. Pakistan = KSE100 Index (USD), India = SENSEX Index (USD)

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FIGURE 2: TOTAL RETURN (INDEXED), PAKISTAN, INDIA AND MSCI EM (USD)



Source: Bloomberg. Pakistan = KSE100 Index (USD), India = SENSEX Index (USD), MSCI EM = MSCI EM Net TR (USD).

What we seek to convey is that, when discussing the potential implications of the ongoing unrest in the Middle East, there is an alternative way to approach the situation. With a sufficiently long investment horizon, where concern is directed towards long-term risks to earnings rather than fear of short-term market movements, and where frontier markets represent a smaller portion of the overall portfolio, our markets offer a compelling investment opportunity, regardless of near-term uncertainty.

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Tundra Sustainable Frontier Fund D, USD



ABOUT THE FUND

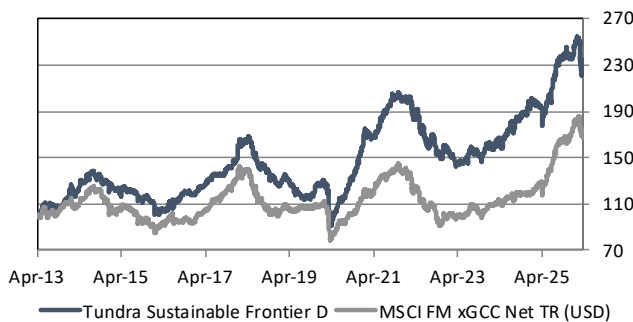
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments, 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](#).

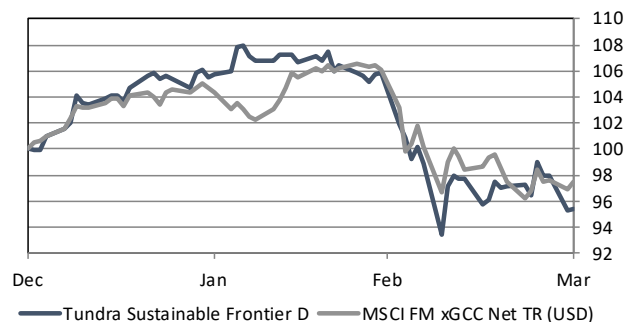
RETURN*	NAV(USD)	1M	YTD	1Y	3Y	Inception
Tundra Sustainable Frontier D	34.82	-9.8%	-4.5%	17.0%	56.0%	125.7%
Benchmark	1057.13	-8.1%	-2.5%	32.2%	71.1%	70.1%

* Fund returns calculated on SEK class converted to USD 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				2.8%	6.6%	-6.2%	6.2%	-4.6%	1.7%	2.3%	3.9%	5.5%	16.9%
2014	2.4%	-2.3%	4.0%	4.4%	3.8%	0.9%	1.3%	-2.5%	0.1%	-3.4%	-0.6%	-1.7%	7.9%
2015	-3.1%	-0.5%	-2.8%	4.4%	-1.6%	-0.7%	-1.4%	-3.0%	-3.4%	4.3%	-2.7%	-1.6%	-11.8%
2016	-5.8%	-2.3%	1.7%	1.1%	4.5%	-0.2%	2.8%	4.1%	2.0%	-1.3%	-0.7%	0.4%	6.3%
2017	2.5%	2.1%	3.0%	2.5%	2.2%	1.8%	-0.8%	0.7%	3.1%	0.6%	4.5%	1.2%	25.9%
2018	10.1%	-1.4%	2.2%	-0.7%	-8.2%	-2.4%	-2.1%	-1.0%	-2.2%	-4.2%	-2.2%	-3.6%	-15.6%
2019	3.5%	1.6%	-2.0%	-2.6%	-3.7%	-2.8%	-1.0%	0.0%	-0.4%	1.7%	7.9%	-0.4%	0.9%
2020	0.3%	-6.9%	-23.0%	12.8%	6.4%	3.2%	3.1%	8.4%	3.7%	4.6%	10.3%	7.6%	28.2%
2021	4.0%	0.5%	-0.6%	1.0%	6.6%	4.0%	2.3%	1.9%	1.8%	1.7%	-0.8%	-0.3%	24.2%
2022	-1.3%	-1.5%	-5.3%	-0.1%	-4.9%	-6.8%	-3.5%	6.7%	-7.8%	-2.2%	2.8%	0.3%	-22.1%
2023	-3.1%	-2.1%	-3.1%	1.2%	0.5%	0.4%	8.0%	-3.2%	-1.9%	-3.6%	8.2%	0.7%	1.2%
2024	-2.0%	3.8%	3.3%	-3.8%	6.0%	1.8%	2.1%	4.4%	-0.2%	1.8%	2.3%	3.9%	25.5%
2025	-0.9%	-0.8%	-1.5%	-1.4%	4.8%	3.9%	8.2%	3.0%	2.2%	3.6%	-2.7%	-0.8%	18.3%
2026	5.7%	0.1%	-9.8%										-4.5%

Source: Bloomberg, MSCI, Tundra Fonder

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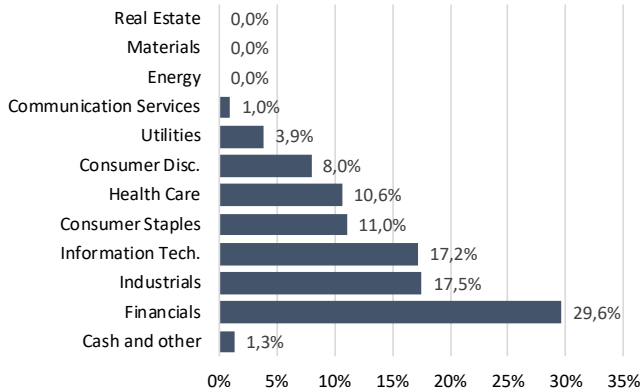
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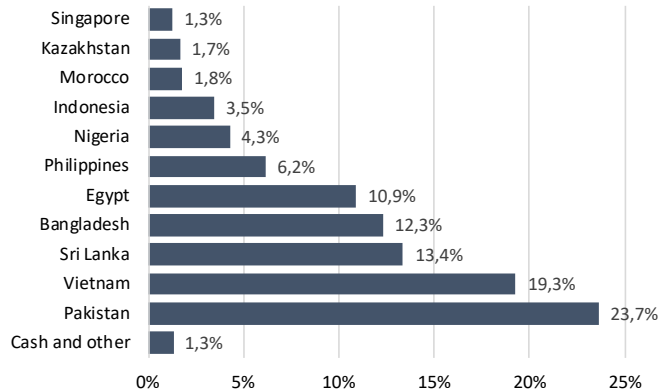
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Tundra Sustainable Frontier Fund D, USD

SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS

LARGEST HOLDINGS	WEIGHT	COUNTRY	P/E 26E	P/E 27E	YIELD	RETURN 1M (USD)
Meezan Bank Ltd	8.4%	Pakistan	9.0	8.6	6.5%	-0.4%
Systems Ltd	8.0%	Pakistan	17.8	12.7	1.6%	4.7%
Ree	6.4%	Vietnam	15.7	15.1	1.4%	9.7%
FPT Corp	5.9%	Vietnam	14.3	12.3	3.0%	-20.5%
BRAC Bank Ltd	5.8%	Bangladesh	8.1	5.8	2.6%	-23.8%
Gemadep Corp	5.1%	Vietnam	21.7	17.3	2.9%	-6.8%
Square Phar Ltd-Ord	4.3%	Bangladesh	7.2	5.9	7.8%	-7.0%
Commercial Intl Bank	4.1%	Egypt	5.4	5.6	5.4%	-20.3%
Windforce Ltd	3.9%	Sri Lanka	28.1	26.4	4.5%	-4.3%
GB Corp	3.5%	Egypt	9.7	8.3	2.3%	-25.8%

BEST PERFORMERS

BEST PERFORMERS	RETURN (USD)
Ree	9.7%
Stanbic IBTC Holdings Plc	7.2%
Jsc Kaspi.Kz	4.9%
Systems Ltd	4.7%
Zenith Bank Plc	3.5%

WORST PERFORMERS

WORST PERFORMERS	RETURN (USD)
GB Corp	-25.8%
Air Link Communication	-24.4%
BRAC Bank Ltd	-23.8%
AGP Limited	-22.1%
Juhayna Food Ind	-21.0%

FACTS

Inception date	2013-04-02
Pricing	Daily
Manager	Tundra Fonder AB
Benchmark index	MSCI FM xGCC Net TR (USD)
ISIN	SE0005222346
Bloomberg	TUNDFRU SS
IBAN	SE475000000058648209552
BIC	ESSESESS
Custodian	SEB
Auditor	PWC
Share classes currencies	SEK, USD, EUR, NOK
EU SFDR Classification	Article 8

RISKS AND COSTS*

Active risk (Tracking error)	9.2%
Active share	82.0%
Standard deviation	12.9%
Standard deviation, benchmark	11.5%
Beta	0.81
Information ratio	-0.82
Holdings	38
Risk level	5 of 7 (refer to KIID for more info)
Management fee/year **	2.5%
AuM	261.2 MUSD
Dividend	No dividend

* 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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