

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
JULY 2023



TUNDRA
FONDER

A FIRST MONTH OF RECOVERY

In USD, the fund rose 8.0% (EUR: +6.8%) during the month, compared to our benchmark MSCI FMxGCC Net TR (USD), which rose 7.3% (EUR: +6.1%), and MSCI EM Net TR (USD), which rose 6.2% (EUR: +5.1%). It was a month where we saw a more uniform recovery in several of our markets, partly for different reasons but with the common denominator that an overly pronounced pessimism eased somewhat. In USD, at the country level, the largest positive contribution was received from Pakistan (3.0% portfolio contribution). Our sub-portfolio rose just below 20% during the month, and the fund's largest position in the banking sector, Meezan Bank (3.2% of the portfolio), rose a whopping 53% and was the fund's single most positive contribution. The second largest contribution was received from Vietnam (+2.9% portfolio contribution), where our sub-portfolio rose 11% during the month. The biggest contribution came from the fund's largest position (9% of the portfolio), Vietnamese IT company FPT, which rose 15% during the month. Further, a positive contribution was received from Kazakhstan, where our only exposure in the fintech company, Kaspi, rose 15% during July. The only sub-portfolios that provided negative returns during the month were Bangladesh and Morocco, but the negative contributions were minimal (>-0.2%).

It was an eventful month in Pakistan. The sitting coalition government publicly announced that the incumbent government will be dissolved in August and replaced by a temporary interim government which partly cleared the political uncertainty. During the month, Pakistan received a total of USD 4 billion from the IMF, Saudi Arabia, and the United Arab Emirates. This gave a strong signal of confidence and was interpreted by the market that there was an acceptable plan to govern the country after the elections in the autumn. Furthermore, Pakistan announced a comprehensive plan of various projects intended to attract foreign direct investment from the Gulf countries in the coming years in areas such as agriculture, mining, energy, IT, and defence sectors.



Source: Unsplash, Murree, Pakistan

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During the month, four state-controlled energy companies signed a letter of intent with Saudi Aramco regarding the construction of a USD 10 billion refinery. The handling of the opposition party PTI has created major question marks about the country's way forward. Given this month's event, however, it seems that the path Pakistan has chosen has been accepted by international organizations (IMF) as well as the country's traditional allies, the Gulf countries, and China. Although it is still uncertain how the new government will be formed, it appears clear that there is a relatively broad plan that is supported by various stakeholders and that a disaster scenario like Sri Lanka can be avoided. Foreign investors returned to the stock market in July. The net inflow of USD 22m is the single largest since the end of 2021. We believe the stock market has the worst behind it and will gradually find its way up to more normal valuations from here. It's a bit further to go, however. The current valuation of P/E 4.6x and P/BV of 0.8x should be set against the 5-year average of 6.9x and 1.0x, respectively, and the 10-year average of 8.9x and 1.4x.

In Sri Lanka, the central bank cut the interest rate by another 200 basis points during July. This follows the reduction of 250 points during June. Inflation for the month of July fell to 6.3% (from 12% in June). Above all, base effects (high comparative figures) and lower food prices were behind the drop. However, it should be noted that the currency has recently weakened to 319 versus the US dollar, from peak levels of 290 at the end of May, which will affect import prices upwards and may have a certain effect on inflation.

With another one of our major markets (Pakistan) appearing to have passed the crescendo of the crisis for this time, we remain positive for the second half of the year. Our portfolio companies' valuations are generally low to very low from a historical perspective, while the portfolio companies are now gradually entering a more stable environment with fewer shocks and better opportunities to focus on growing their businesses. In the long term, the fund's markets offer superior growth potential. We hope that we have entered a period where this will be reflected in our unitholders' returns.

FIGURE 1: P/E-RATIOS FOR OUR SUB-PORTFOLIOS AND THE FUND

	2020	2021	2022	2023E	2024E
Botswana	2.0	3.7	4.3	3.9	3.4
Bangladesh	14.4	11.6	10.1	9.5	8.6
Egypt	10.5	7.8	5.4	7.9	5.0
Indonesia	9.5	6.4	8.4	7.2	6.6
Kazakhstan	20.8	22.4	10.8	9.4	7.6
Morocco	51.6	42.5	31.1	28.8	25.5
Nigeria	3.9	3.3	3.0	3.0	2.6
Philippines	16.6	18.9	15.5	14.1	12.5
Pakistan	7.7	7.8	5.9	3.8	3.7
Sri Lanka	16.8	9.2	7.4	6.2	5.2
Vietnam	19.6	23.2	16.3	16.4	13.3
Fund	10.7	9.9	8.3	7.6	6.6

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.

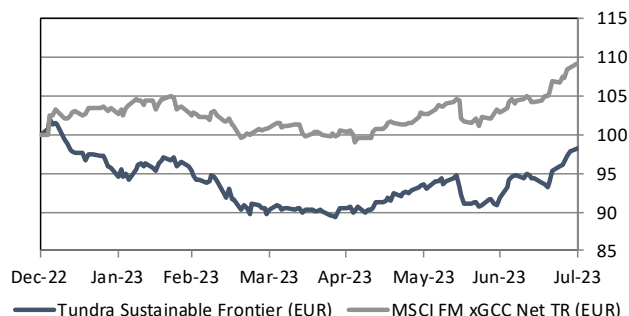
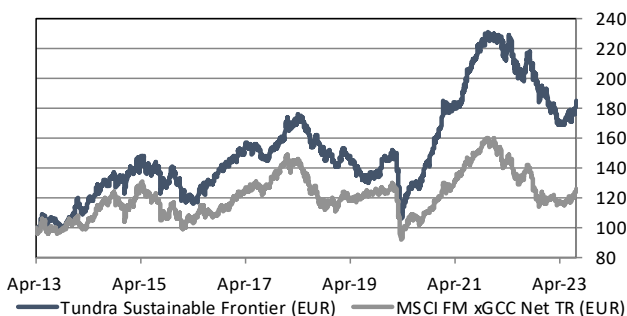
The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental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

RETURN*	NAV (EUR)	1M	YTD	1Y	3Y	Inception
Tundra Sustainable Frontier (EUR)	22.30	6.8%	-1.8%	-7.5%	46.5%	85.3%
Benchmark	613.29	6.1%	9.2%	-6.0%	24.5%	26.5%

* 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

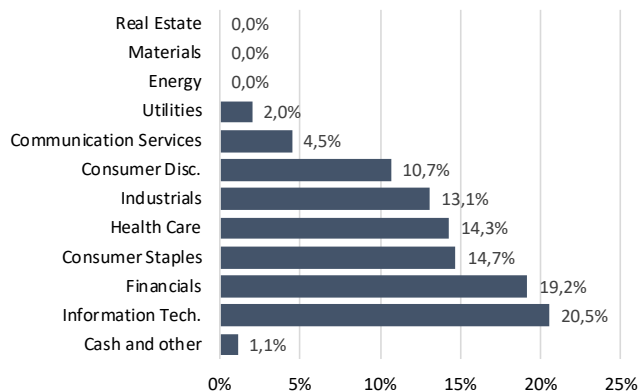
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.3%	7.9%	-6.5%	4.6%	-4.6%	-0.7%	1.7%	4.0%	4.1%	8.7%
2014	4.6%	-4.5%	4.0%	4.0%	5.6%	0.6%	3.4%	-0.9%	4.5%	-2.6%	-0.2%	0.6%	22.3%
2015	4.3%	0.5%	1.3%	0.6%	-0.3%	-2.5%	-0.5%	-4.1%	-3.0%	5.6%	1.6%	-4.7%	-1.7%
2016	-5.1%	-2.8%	-2.8%	0.9%	7.1%	0.3%	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%	-1.8%	-4.1%	5.4%	-6.7%	-4.1%	-1.2%	8.4%	-5.6%	-3.4%	-2.1%	-2.6%	-17.4%
2023	-4.5%	-0.1%	-5.4%	0.3%	3.4%	-1.7%	6.8%						-1.8%

Source: Bloomberg, MSCI, Tundra Fonder

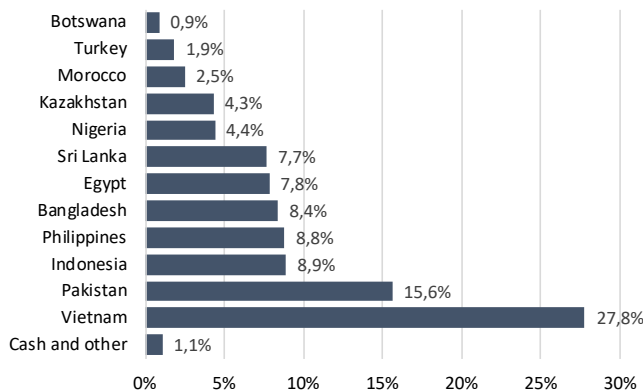
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SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS	WEIGHT	COUNTRY	P/E 23E	P/E 24E	YIELD	RETURN 1M
						(EUR)
FPT Corp	9.7%	Vietnam	18.0	14.7	2.3%	14.3%
Ree	8.2%	Vietnam	11.7	11.2	2.0%	1.5%
Square Phar Ltd-Ord	7.2%	Bangladesh	-	-	-	-0.9%
Systems Ltd	6.4%	Pakistan	10.1	8.7	2.2%	10.1%
Century Pacific Food	4.6%	Philippines	16.7	14.4	1.7%	1.7%
Media Nusantara	4.5%	Indonesia	4.4	4.1	4.1%	-3.7%
Medikaloka Hermina TBK	4.4%	Indonesia	40.9	30.6	0.2%	9.2%
Jsc Kaspi.Kz	4.3%	Kazakhstan	10.3	8.4	6.1%	14.3%
Airports Corp Of Vietnam	4.0%	Vietnam	23.0	18.3	1.1%	8.0%
GB Corp	3.7%	Egypt	6.3	3.5	4.1%	2.4%

BEST PERFORMERS IN JULY	RETURN (EUR)	WORST PERFORMERS IN JULY	RETURN (EUR)
Meezan Bank Ltd	52.5%	Ceylinco Insurance-Non Voting	-8.5%
Logo Yazilim	32.4%	Cairo Invest. & Real Estate	-4.8%
Adamjee Insurance Co Ltd	29.0%	Media Nusantara	-3.7%
Sampath Bank Plc	28.0%	Zenith Bank Plc	-2.7%
National Bank of Pakistan	27.2%	Windforce Ltd	-2.3%

FACTS

Inception date	2013-04-02
Pricing	Daily
Manager	Tundra Fonder AB
Benchmark index	MSCI FM xGCC Net TR (EUR)
ISIN	SE0006789897
Bloomberg	TUNDFRF SS
IBAN	SE445000000058648209218
BIC	ESSESESS
Custodian	SEB
Auditor	PWC
EU SFDR Classification	Article 8

RISKS AND COSTS*

Active risk (Tracking error)	10.4%
Active share	89.3%
Standard deviation	13.3%
Standard deviation, benchmark	12.9%
Beta	0.71
Information ratio	0.09
Holdings	37
Risk level	5 of 7 (refer to KIID for more info)
Management fee/year (all inclusive **)	2.5%
AuM	173.9 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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