

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
OCTOBER 2022



THE FUND HELD UP WELL DURING A WEAK MONTH

In USD the fund fell 2.2% (EUR: -3.4%) during the month, compared to MSCI FMxGCC Net TR (USD) which fell 4.5% (EUR: -5.6%) and MSCI EM Net TR (USD) which fell 3.1% (EUR: -4.3%).

During a generally weak month, the fund outperformed the benchmark. The main reason was our exposure to Pakistan (20% of the fund), where the sub-portfolio rose 10% in USD and contributed 2%-points (USD) to absolute returns. The primary value driver was the fund's largest holding, IT company Systems Ltd, which rose 22%. The run-up came in anticipation of its third-quarter report and the stock continued climbing post the results. Systems maintain very high growth, with sales for the quarter up 118% YoY (local currency), and 42% QoQ. Earnings per share rose 107% YoY and 22% QoQ.

The other reason we outperformed the market was our stock selection in Vietnam. We have stayed out of the banking sector and real estate developers, which have been hard hit by a corruption scandal (read more below).



Ho Chi Minh City. Source: Canva

The largest negative contributions came from Egypt, where the Egyptian pound was devalued by a further 20% vs the USD, taking the total devaluation to approximately 35% in 2022. However, the devaluation coincided with the announcement of a new financing package from the IMF, which meant that the stock market recovered towards the end of the month. The events in Egypt are a reminder that even though commodity prices have come down significantly in recent months, import-dependent countries continue to suffer. Egypt is one of the countries that has historically attracted relatively large foreign investments to the fixed-income market, investments that in the past year have been partially brought home given the turbulence around the world.

One of the fund's largest holdings, Egyptian auto manufacturer and fintech GB Auto, rose nearly 20% in local currency after announcing a potential sale (pending regulatory approval) of 7.5% in fintech subsidiary MNT Halan. The potential sale proceeds of at least USD 60m (which can potentially increase to USD 71.3m pending certain milestones) can be compared with the company's market capitalization, which is currently approximately USD 150m.

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

After the sale, GB Auto would own 49.5% of MNT-Halan which is valued at at least USD 800m in the latest transaction. GB Auto's remaining shares in MNT-Halan can thus potentially be worth significantly more than GB Auto's current market capitalization.



Tundra visiting GB Auto in March 2022

In addition to the events in Egypt, it was a relatively eventful month in several of our markets. Pakistan has eventually been removed from the so-called "grey list" of countries drawn up by the Financial Action Task Force (FATF), which is an international organization combatting money laundering and financing of terrorism. Pakistan has been on the list since 2018 and has been forced to take a series of measures to comply with international guidelines. The political turmoil in Pakistan continues and at the end of the month, ousted opposition politician Imran Khan initiated a protest march with his supporters to the capital, Islamabad. The protests have so far been peaceful and the stock market did not react significantly during the month. Imran Khan's call for early elections has so far been ignored. Scheduled elections must be held no later than autumn 2023.

Bangladesh continues to negotiate with the IMF regarding measures to activate a support package of USD 4.5 billion.

Vietnam has also been affected by the global situation and during the month raised the interest rate by 1% for the second time in just over a month. The country's stock market has recently suffered from a crisis of confidence that has its origins in alleged irregularities in the real estate market. The chairman of one of the largest real estate companies was arrested and the traces led to one of the largest local banks, where the entire company management was replaced. The turmoil has since spread to other real estate companies and the banking sector in general. The real estate and banking sector jointly constitute around 55% of the broader Ho Chi Minh Index. We have stayed away from both sectors which have supported our performance during 2022. Overall, the events during 2022 are likely to lead to long-term improvements in Vietnam's previously slightly overheated equity market, and it should be perceived as a long-term positive factor that the authorities show that they are prepared to curb irregularities when needed.

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

The recent events in Egypt and Vietnam are a reminder that the climate in our markets remains challenging and that it takes time to work through shocks like the ones we have seen in the past year. Even if we don't see immediate improvements, it should be noted that for several months we have seen how commodity prices have started to descend as world growth slows down and transitions to concerns about recession. We note that inflation levels will begin to move downward from current levels in the coming six months. This will gradually improve the economic conditions in the majority of our markets, which today are valued at levels we have not seen in the last decade and, in several cases, as far back as there are reliable statistics. We are now at a stage where it is certainly difficult to identify triggers for an immediate reversal, but at the same time, it is equally difficult to imagine what else could hit our markets that have not already been discounted by jaded investors.

TABLE 1: P/E, P/BV, AND ROE COMPARED WITH THE 10-YEAR MEDIAN

Market data	Pakistan	Sri Lanka	Vietnam	Egypt	Indonesia	Philippines	Bangladesh	MSCI EM	S&P500	World ex US
P/E	4.3	4.1	10.7	6.2	14.2	15.7	11.2	9.6	18.8	12.1
P/E 10y median	9.8	12.2	15.3	14.2	17.6	20.4	12.1	13.7	19.6	18.2
P/BV	0.8	0.8	1.7	1.2	2.3	1.5	1.4	1.3	3.9	1.5
P/BV 10y median	1.5	1.3	2.0	1.4	2.5	2.3	1.4	1.5	3.1	1.6
ROE	18.1	15.5	15.4	17.8	16.5	10.2	11.7	13.2	19.4	13.0
ROE 10y median	17.2	11.3	14.3	10.2	13.8	11.1	11.1	11.1	13.9	9.6
Implied upside / (downside)										
P/E	126%	200%	42%	128%	24%	30%	8%	43%	4%	51%
P/BV	92%	71%	22%	18%	7%	49%	2%	19%	-20%	9%
ROE	-5%	-27%	-7%	-43%	-16%	9%	-5%	-16%	-28%	-26%
"Median ROE & Median P/E"	115%	119%	33%	31%	4%	41%	3%	20%	-25%	12%

Source: Bloomberg; Indices: Pakistan = KSE100, Sri Lanka = CSEALL, Vietnam = VNINDEX, Egypt = HERMES, Indonesia = MSCI Indonesia IMI, Philippines = PCOMP, Bangladesh = MSCI Bangladesh IMI, World ex US = MSCI World excl USA

TUNDRA SUSTAINABLE FRONTIER FUND REPLACES THE SWAN WITH THE EU'S REGULATIONS FOR SUSTAINABILITY

In connection with the new EU regulation under the Sustainable Finance Disclosure Regulation (SFDR), new requirements are applied to funds' sustainability work as of March 2021. Tundra has therefore decided on July 4 not to continue with the Nordic Ecolabelling of the fund. According to the new regulations, sustainability reporting must take place in a uniform manner and funds are divided into different categories. The Tundra Sustainable Frontier Fund is classified as an Article 8 fund (Light green: promotes environmental or social characteristics). The investment philosophy of the fund remains the same; management of the fund and is not affected by the change.

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.



ABOUT THE FUND

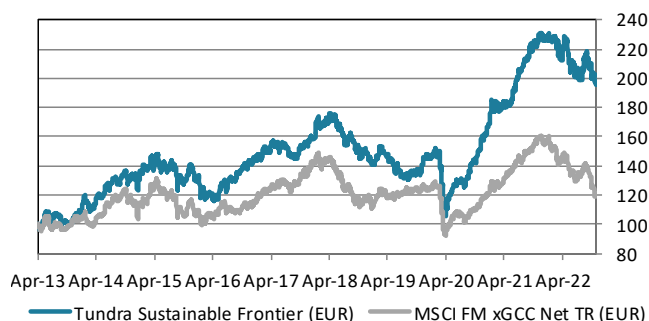
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments,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

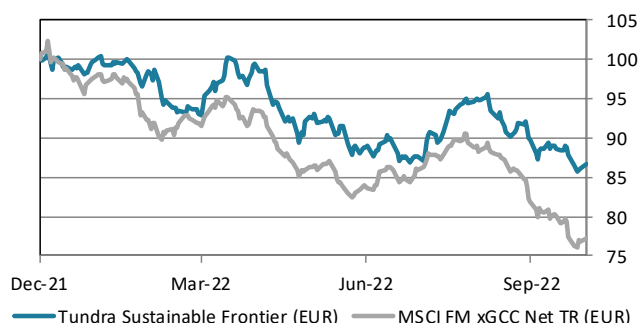
Return*	NAV (EUR)	1 month	YTD	1 year	3 year	Inception
Tundra Sustainable Frontier (EUR)	23.82	-3.4%	-13.3%	-12.1%	45.7%	98.0%
Benchmark	585.52	-5.6%	-22.8%	-24.0%	-2.4%	20.8%

* 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

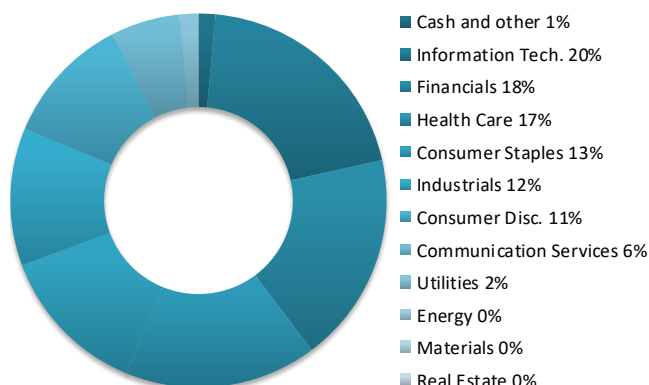
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.3%	7.9%	-6.5%	4.6%	-4.6%	-0.7%	1.7%	4.0%	4.1%	8.7%
2014	4.6%	-4.5%	4.0%	4.0%	5.6%	0.6%	3.4%	-0.9%	4.5%	-2.6%	-0.2%	0.6%	22.3%
2015	4.3%	0.5%	1.3%	0.6%	-0.3%	-2.5%	-0.5%	-4.1%	-3.0%	5.6%	1.6%	-4.7%	-1.7%
2016	-5.1%	-2.8%	-2.8%	0.9%	7.1%	0.3%	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%			-13.3%

Source: Bloomberg, MSCI, Tundra Fonder

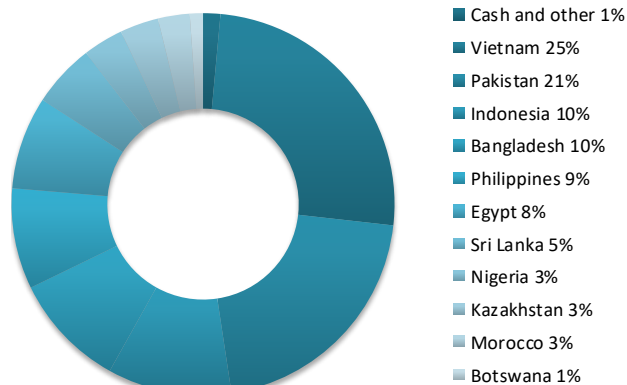
DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

Sector allocation



Country allocation



Largest holdings	Portfolio weight	Country	P/E 22E	P/E 23E	Yield	Return 1M (EUR)
Systems Ltd	9.4%	Pakistan	22.7	18.6	1.4%	20.5%
Square Phar Ltd-Ord	8.2%	Bangladesh	10.0	9.3	3.9%	-1.0%
FPT Corp	8.0%	Vietnam	15.6	12.6	2.9%	-10.7%
Ree	7.8%	Vietnam	11.1	10.9	1.7%	-2.4%
Media Nusantara	6.0%	Indonesia	4.5	4.1	5.1%	-4.7%
Medikaloka Hermina TBK	4.5%	Indonesia	44.9	38.2	0.6%	-11.5%
Century Pacific Food	4.2%	Philippines	16.7	14.5	1.8%	5.4%
Meezan Bank Ltd	3.9%	Pakistan	4.7	3.4	6.8%	0.2%
Airports Corp Of Vietnam	3.7%	Vietnam	37.7	27.3	0.7%	-5.5%
Jsc Kaspi.Kz	3.3%	Kazakhstan	10.5	8.4	5.5%	11.8%

Best performers in October	Return (EUR)	Worst performers in October	Return (EUR)
Systems Ltd	20.5%	Mobile World Investment Corp	-23.3%
Jsc Kaspi.Kz	11.8%	Cairo Invest. & Real Estate	-18.6%
Asiri Hospitals	11.1%	Masan Group Corp	-17.8%
Puregold Price Club	5.8%	Sampath Bank Plc	-16.2%
Century Pacific Food	5.4%	Juhayna Food Ind	-14.7%

Facts		Risks and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	9.5%
Pricing	Daily	Active share	89.9%
Manager	Tundra Fonder AB	Standard deviation	14.1%
Benchmark index	MSCI FM xGCC Net TR (EUR)	Standard deviation, benchmark	13.4%
ISIN	SE0006789897	Beta	0.80
Bloomberg	TUNDFRF SS	Information ratio	1.20
IBAN	SE4450000000058648209218	Holdings	38
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	183.2 MEUR
EU SFDR Classification	Article 8		

* 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

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

DISCLAIMER

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return. The state of the origin of the Fund is Sweden. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3,3bis and 3ter CISA. The representative in Switzerland is OpenFunds Investment Services AG, Seefeldstrasse 35, 8008 Zurich, whilst the Paying Agent is Società Bancaria Ticinese, Piazza Collegiata 3, 6501 Bellinzona, Switzerland. The Basic documents of the fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative.

The publication is issued by Tundra Fonder AB ("Tundra") and the information – assumptions, opinions, valuations, recommendations etc – presented in this publication have been compiled by Tundra. The publication is based on generally available information from sources that Tundra believes to be reliable. However, Tundra cannot guarantee the accuracy of this information. This presentation – as well as all or parts of its content – may not be duplicated or distributed under any circumstances without the written permission of Tundra.

The information in this presentation does not take into account the specific investment goal, financial situation or needs of any specific recipient. The information should not be regarded as a personal recommendation or investment advice. The client should always seek adequate professional advice before taking any investment decision and each such investment decision is taken independently by the client and at the client's own risk. Tundra accepts no liability whatsoever for any direct or consequential loss of any kind arising from the use of this presentation.

Risks

Investments in financial instruments are associated with risk and an investment may both increase and decrease in value or even become worthless. Historical returns are no guarantee of future returns. International investments, particularly those on new markets in developing and growth countries (such as Eastern Europe (including Russia), Asia, Latin America and Africa), are normally associated with a higher level of risk than investments in Swedish or other developed markets' securities. These risks include both political and economic uncertainty in other countries as well as currency fluctuations. These risks are particularly high on new markets since these countries may have relatively unstable governments and immature markets and economies.

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.