

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
AUGUST 2021



TUNDRA
FONDER

STRONG HALF-YEARLY REPORTS DROVE THE FUND TO A NEW ALL-TIME HIGH

In USD the fund rose 1.9% (EUR: +2.5%) during the month, compared to MSCI FMxGCC Net TR (USD) which rose 2.3% (EUR: +2.8%), and MSCI EM Net TR (USD) which rose 2.6% (EUR: +3.2%). About half of the absolute return was generated in Pakistan, where our two largest holdings, the IT company Systems Ltd and Meezan Bank, rose 11% and 21% in USD respectively after strong half-year reports. No single market stood out negatively during the month. Negative contributions during the month were received from our positions in NBP and AGP in Pakistan, which fell 6% and 8% respectively. We also noted a decline in Bangladeshi Active Fine Chemicals which fell 11% during the month.

Good contributions were received from Vietnam, where one of our larger holdings, Vietnam's largest listed company in environmental technology and renewable energy, REE Corporation rose 21% after a period of consolidation. A good positive contribution was also received from the Indonesian media conglomerate Media Nusantara (MNCN), which rose 13% after a strong half-year report. During the month, we increased our position in MNCN from approximately 2% to just over 4% as we believe that the company deserves a revaluation. With its base in the traditional TV industry and as a content provider, the business is gradually being transformed into digital media. Digital revenues amounted to almost 20% of total revenues during the second quarter after growth of about 170% on an annual basis. At the end of August, the company also announced that it will resume the dividend which was cancelled in 2020. Given the growing share of digital revenue where online gaming will be added during the autumn, we believe the market's view of the company will change in the future. MNCN is today valued at just over 5x the annual profit, which in our eyes is a gross underestimation of future potential.

TABLE 1: THE PORTFOLIO COMPANIES' REPORTS FOR THE SECOND QUARTER OF 2021

Company	Country	Sector	EPS (local fx)		y-o-y (%)	1H EPS % of full year est.
			1H21	1H20		
Abbott Laboratories	Pakistan	Health Care	33,52	25,30	33%	56%
Adamjee Insurance	Pakistan	Financials	4,80	2,57	87%	80%
AGP Pharma	Pakistan	Health Care	2,76	2,69	3%	43%
Asiri Hospitals	Sri Lanka	Health Care	1,21	-0,30	-499%	54%
Cargills Ceylon	Sri Lanka	Consumer staples	8,47	4,44	91%	50%
Century Pacific	Philippines	Consumer staples	0,76	0,63	21%	56%
Col Financials	Philippines	Financials	0,10	0,04	142%	104%
FPT Corp	Vietnam	Information Tech.	2 261,36	1 932,10	17%	50%
GB Auto	Egypt	Consumer discretionary	0,58	0,13	365%	58%
Hemas Holdings	Sri Lanka	Industrials	2,51	1,22	105%	33%
Hermina Hospitals	Indonesia	Health Care	36,50	6,93	427%	63%
Ibnsina Pharma	Egypt	Health Care	0,09	0,08	17%	24%
Kaspi	Kazakhstan	Financials	2,07	1,49	39%	41%
Lien Viet Postal Bank	Vietnam	Financials	1 446,18	718,33	101%	67%
Masan	Vietnam	Consumer staples	834,58	128,48	550%	31%
Media Nusantara	Indonesia	Communication Services	88,84	77,49	15%	55%
Meezan Bank	Pakistan	Financials	9,00	8,14	11%	51%
Mobile World	Vietnam	Consumer discretionary	5 463,78	4 474,11	22%	74%
National Bank of Pakistan	Pakistan	Financials	7,98	7,07	13%	60%
Obour Lands	Egypt	Consumer staples	0,33	0,32	4%	44%
PureGold	Philippines	Consumer staples	1,39	1,18	17%	47%
REE Corp	Vietnam	Industrials	2 407,68	1 986,32	21%	42%
Sampath Bank	Sri Lanka	Financials	6,57	3,87	70%	60%
Systems Ltd	Pakistan	Information Tech.	11,28	7,67	47%	63%
Zenith Bank	Nigeria	Financials	3,38	3,32	2%	44%

Source: Bloomberg, Company, Tundra Fonder

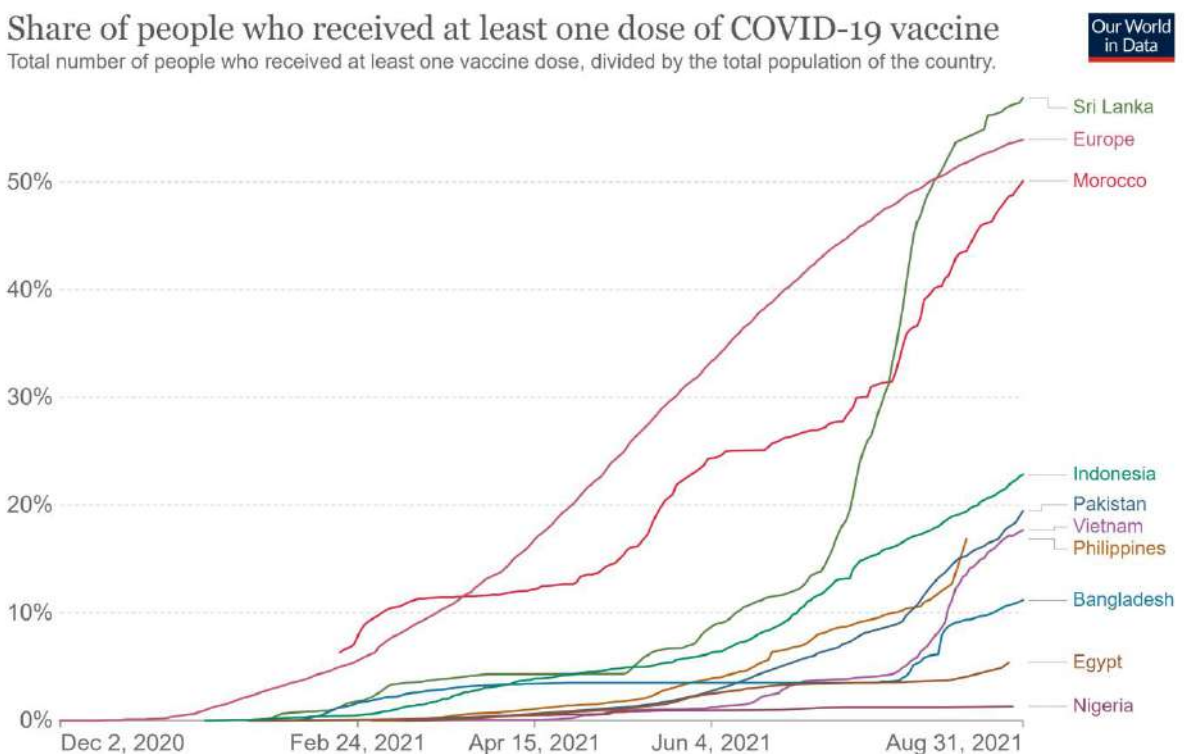
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The majority of our portfolio companies (73% of the fund's assets) have now reported their results for the second quarter (calendar year) (see Table 1 on previous page). We note that the reports, just as in the first quarter, indicate that our portfolio companies are slightly ahead of the profit forecasts for the full year (54% of the full-year estimate portfolio weighted). If nothing unexpected happens, we should thus see some upward adjustments in earnings estimates for the coming quarters, something that is normally positive for share prices. The average valuation in the fund (Harmonic P/E) is currently 10.4x for the current year.

With the exception of Sri Lanka, the vaccination rate (defined as the proportion of the population who have received at least one dose of vaccine) is still low in our markets (see graph 1). This means that all our countries continue with selective counter-measures depending on the current rate of infection. Vietnam, which for long managed to keep the proportion of infected people down, has unfortunately been hit the hardest in recent times. Measured in the number of reported deaths (with emphasis on "reported") as a proportion of the population, they have now caught up with several of our other markets (see graph 2). From 23 August, people in Ho Chi Minh City are prohibited from leaving their homes until September 6. Our colleague Chau, who is on-site, says that in her area, the system has worked well so far. She and her neighbours have continuously received the necessary deliveries of food and drink delivered to their homes. The very harsh measures however had very little impact on the equity market which rose 2% during the month.

GRAPH 1 - PROPORTION OF THE POPULATION WHO RECEIVED AT LEAST ONE DOSE OF VACCINE



Source: Official data collated by Our World in Data – Last updated 1 September 2021, 17:30 (London time)
OurWorldInData.org/coronavirus • CC BY

Source: Our World in Data

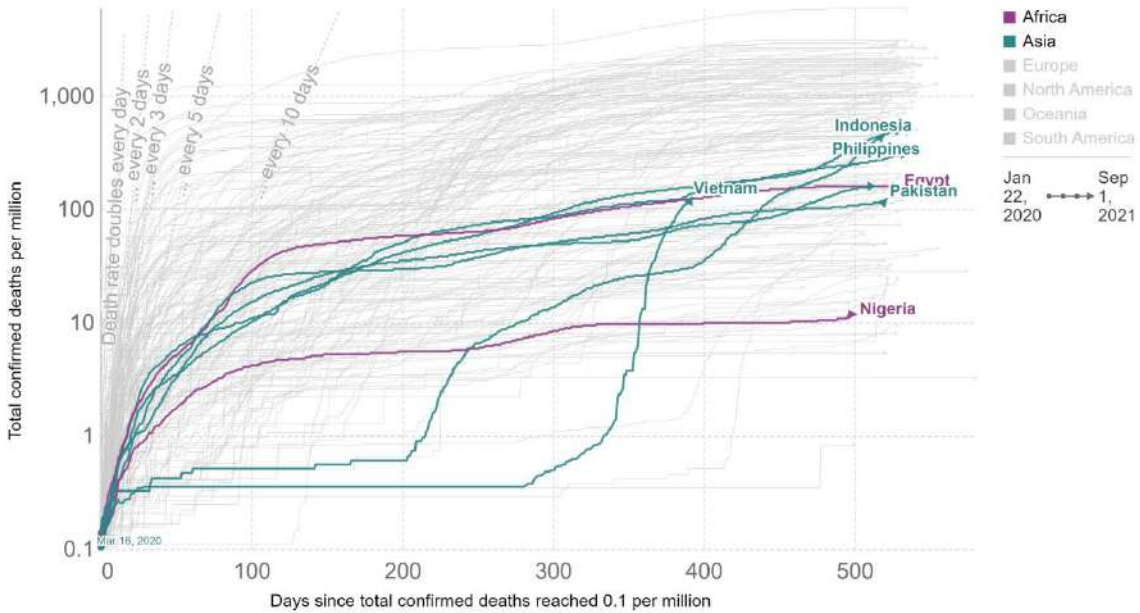
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GRAPH 2 - NUMBER OF REPORTED DEATHS PER 1 MILLION PEOPLE

Total confirmed COVID-19 deaths per million: how rapidly are they increasing?

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.



Source: Johns Hopkins University CSSE COVID-19 Data – Last updated 2 December, 06:06 (London time)

Powered by ourworldindata.org

Source: Our World in Data

After 20 years of war, the Taliban took power in Afghanistan in August. In the comments following the abrupt end, we note a large dose of criticism of the former Afghan regime, which, despite significantly greater military resources, both in number of soldiers and in the arsenal, made only limited resistance. A large dose of criticism, including self-criticism, was levelled at the United States for how the strategy was set up and the limited benefit it ultimately led to. We saw a risk that Pakistan would be blamed, given that the country has historically been accused for not doing enough to help the allies in Afghanistan and also from time to time have been accused of actively supporting the Taliban. We note that this criticism has largely been absent and has instead been replaced by a more nuanced picture that includes a greater understanding of the difficulties of controlling 1.5 million Afghan refugees on Pakistani soil, but also the strong link between 70 million Pashtuns in Afghanistan and Pakistan, with a relatively high share of illiteracy, and who often have stronger ties within their group than the nation whose borders they are currently within. Despite the Taliban's stated commitments to a more equal society, there is every reason to be concerned about women's and girls' rights in Afghanistan in the future and thus for Afghanistan's economy to recover. Furthermore, the question remains whether the Taliban, which consists of a large number of groups, can cooperate now that the external enemy is gone. Nor does the Taliban's takeover mean that the risk of terrorist attacks disappears. Their arch-enemy ISIS showed this quite immediately in the terrible attack on Kabul airport. However, the best way to counter extremism is economic prosperity, not weapons. There is nothing more dangerous than people who have nothing

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to lose and who lack the opportunity (literacy) to take alternative worldviews. Provided there is now peace in Afghanistan it could mean a major boost for all of Central Asia, including Pakistan, which has lost 70,000 people and estimates the cost of its economy at nearly USD 150 billion (50% of current GDP) since the war began in October 2001.

PICTURE 1 - AFGHANISTAN AND NEIGHBOURING COUNTRIES



Source: Google Maps

On September 7, MSCI will announce whether Pakistan will be moved back to the MSCI frontier index. The probability of this happening this time is high and in that case, the change will take place in November. The initial flows are seldom market-influencing and should not be this time either. However, we consider a possible change of category to be positive for the market as Pakistan's low weight in the Emerging Markets index has meant that it has been largely ignored. The initial weight in the MSCI Frontier Index should be just over 2%, but given the market's liquidity and the attractive valuations, we believe active funds will have a higher weight than that. For the MSCI Frontier Index, it would be very positive to bring in the world's fifth-largest country, which also provides a dynamic and liquid stock market.

Frontier markets and smaller emerging markets have received a well-deserved boost over the past twelve months, reminding investors that over time it is worth investing also outside the largest emerging markets. Not least, the positive aspects of diversifying your emerging market portfolio into frontier/smaller emerging markets have appeared in 2021, when the frontier category so far has outperformed the Emerging Markets category. Low valuations and good profit growth indicate that we are still early in a possible revaluation process.

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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.

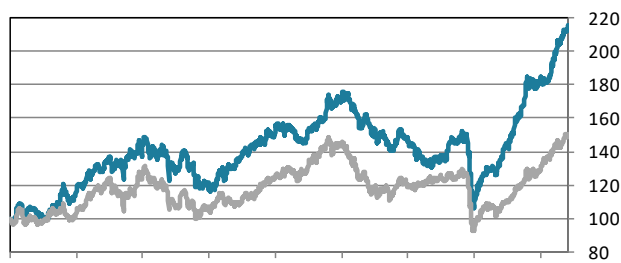
The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental 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)	25.72	2.5%	26.1%	57.4%	36.4%	113.9%
Benchmark	722.35	2.8%	22.2%	38.0%	26.3%	49.0%

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

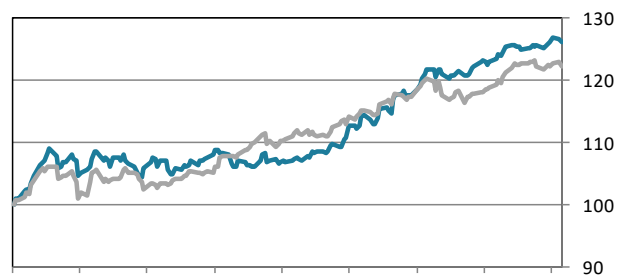
The fund vs benchmark (since inception)

The fund vs benchmark (YTD)



Apr-13 Apr-14 Apr-15 Apr-16 Apr-17 Apr-18 Apr-19 Apr-20 Apr-21

— Tundra Sustainable Frontier (EUR) — MSCI FM xGCC Net TR (EUR)



Dec-20 Jan-21 Feb-21 Mar-21 Apr-21 May-21 Jun-21 Jul-21 Aug-21

— Tundra Sustainable Frontier (EUR) — MSCI FM xGCC Net TR (EUR)

Fund monthly performance

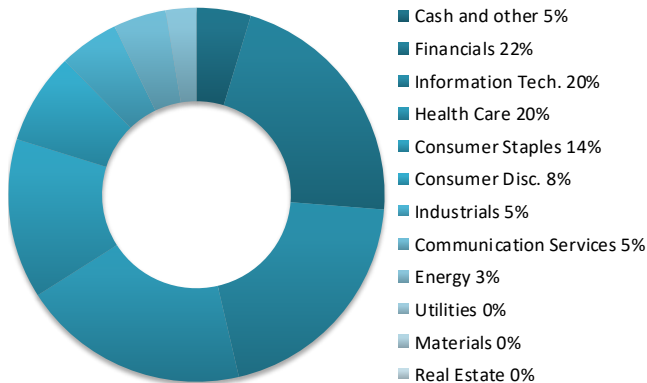
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.3%	7.9%	-6.5%	4.6%	-4.6%	-0.7%	1.7%	4.0%	4.1%	8.7%
2014	4.6%	-4.5%	4.0%	4.0%	5.6%	0.6%	3.4%	-0.9%	4.5%	-2.6%	-0.2%	0.6%	22.3%
2015	4.3%	0.5%	1.3%	0.6%	-0.3%	-2.5%	-0.5%	-4.1%	-3.0%	5.6%	1.6%	-4.7%	-1.7%
2016	-5.1%	-2.8%	-2.8%	0.9%	7.1%	0.3%	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%					26.1%

Source: Bloomberg, MSCI, Tundra Fonder

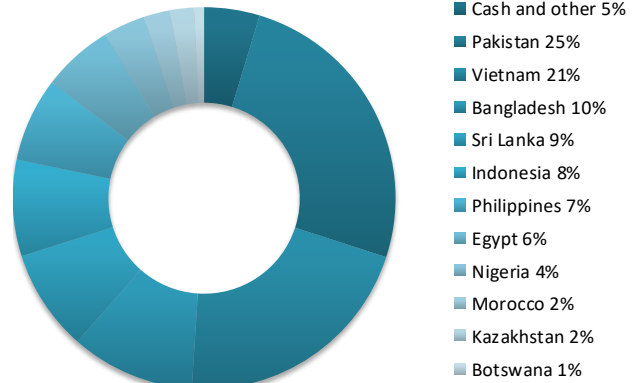
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Sector allocation



Country allocation



Largest holdings	Portfolio weight	Country	P/E 21E	P/E 22E	Yield	Return 1M (EUR)
Systems Ltd	9.7%	Pakistan	-	-	-	11.3%
FPT Corp	8.2%	Vietnam	20.8	17.7	2.2%	0.5%
Square Phar Ltd-Ord	7.1%	Bangladesh	13.3	11.9	2.2%	2.4%
Meezan Bank Ltd	6.3%	Pakistan	8.7	7.8	4.2%	21.3%
Media Nusantara	4.6%	Indonesia	5.4	4.6	3.8%	13.0%
Ree	4.5%	Vietnam	12.2	10.5	-	21.4%
Masan Group Corp	3.9%	Vietnam	49.6	28.3	0.6%	1.9%
Medikaloka Hermina TBK	3.6%	Indonesia	19.8	24.1	0.4%	1.2%
National Bank of Pakistan	3.5%	Pakistan	2.5	2.4	-	-6.3%
Airports Corp Of Vietnam	3.2%	Vietnam	122.9	40.9	1.2%	3.4%

Best performers in August	Return (EUR)	Worst performers in August	Return (EUR)
Ree	21.4%	Active Fine Chemicals Ltd	-10.6%
Meezan Bank Ltd	21.3%	Lien Viet Post Bank JSC	-8.6%
Media Nusantara	13.0%	Hemas Holdings Plc	-8.2%
Systems Ltd	11.3%	AGP Limited	-7.8%
Ibnsina Pharma SAE	8.8%	Ceylinco Insurance-Non Voting	-7.4%

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Facts		Risks and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	9.0%
Pricing	Daily	Active share	90.9%
Manager	Tundra Fonder AB	Standard deviation	23.0%
Benchmark index	MSCI FM xGCC Net TR (EUR)	Standard deviation, benchmark	19.7%
ISIN	SE0006789897	Beta	1.08
Bloomberg	TUNDFRF SS	Information ratio	1.89
IBAN	SE4450000000058648209218	Holdings	43
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	205.1 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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