

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
MAY 2025



FOREIGN INVESTORS RETURN TO EMERGING AND FRONTIER MARKETS

In USD the fund rose by 4.8% (EUR: +5.2%) during the month, compared to a 6.6% increase in the MSCI FMxGCC Net TR (USD) (EUR: +7.1%) and a 4.3% increase in the MSCI EM Net TR (USD) (EUR: +4.7%). In terms of absolute contribution (USD), Pakistan was the strongest contributor to the absolute return of the fund (+2.0% absolute contribution), followed by Vietnam (+1.2%) and Indonesia (+1.1%). On the negative side, Kazakhstan (-0.2%) and Egypt (-0.1%) detracted the most.

Relative to the benchmark, the primary positive contributors were our overweight positions in Pakistan (+1.8%), Indonesia (+1.1%), and Sri Lanka (+1.0%). The main detractors were stock selection in Vietnam (-1.6%) and our underweights in Romania (-0.8%), Morocco (-0.7%), Slovenia (-0.6%), and Iceland (-0.6%).

Among individual holdings, the best contribution came from Indonesian healthcare provider Hermina Hospitals (3% of the portfolio), which gained 40% following its Q1 earnings report. Pakistani Meezan Bank (7% of the portfolio) also contributed positively, rising 14% despite no specific news. The main detractor was Bangladeshi Square Pharmaceuticals (5% of the portfolio), which declined 6% in line with the broader Bangladeshi market. Egyptian dairy producer Juhayna (2% of the portfolio) was the second-largest negative contributor, falling 11% during the month as part of what we interpret as continued consolidation after peaking in February.



Badshahi mosque, Lahore, Pakistan. Source: Unsplash

PORTFOLIO CHANGES IN MAY

During the month, we exited our position in Vietnamese consumer company Masan Group. Most of the proceeds were reinvested in port operator Gemadept, where we see a significantly greater upside following a recent decline related to tariff concerns. During April and May, we gradually added Gemadept, which now is among the top ten holdings of the fund.

We also added two new companies to the portfolio in May. First, we initiated a position in GRAB, the dominant ride-hailing and food delivery app in Southeast Asia, a region of 670 million people. We are attracted by the company's exceptionally strong market position in two key segments where competition has markedly declined in recent years. We see clear potential for GRAB to evolve its

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super-app offering by expanding into additional services. We also value the leadership's prudent, low-risk approach to growth. 2025 is expected to be the first year of positive post-tax earnings, and given the scalability of the business model, we believe profitability can increase significantly over the next three years.

We also added Commercial Bank of Egypt (COMI) to the portfolio. This is fundamentally a high-quality bank that we have historically avoided due to what we considered its premium valuation relative to its frontier peers, and the underlying risk. Previously COMI was one of the few frontier market banks trading at double-digit earnings multiples, but its valuation has now come down to approximately 4x earnings. We see a scenario in Egypt of gradual macroeconomic stabilisation after a challenging period, with interest rates likely to remain elevated while corporate fundamentals improve (reducing credit risk). We consider this an opportune time to add one of the strongest banks in our investment universe, now with an attractive long-term risk/reward profile.



Cairo, Egypt. Source: Unsplash

KEY MARKET DEVELOPMENTS

Vietnam gained 11% during the month, supported by optimism around tariff negotiations with the United States. Positive signals from the Trump administration regarding a willingness to compromise were well received, and Vietnam's own meetings in Washington (19–22 May) were described as successful. Notably, foreign investors turned net buyers for the first time in several months.

Indonesia rose 10% in May. As in several Asian markets, foreigners returned to the buy side after an extended period of outflows. We also detect a delayed reaction to the April announcement by state pension fund BPJS, which plans to double its allocation to local equities over the next three years (from less than 10% to 15–20%) due to attractive valuations. Increased participation by local institutions in our markets is a crucial—yet often underestimated—factor in addressing depressed valuations, particularly in the absence of clear catalysts for a turnaround. We note that the Indonesian equity market (Jakarta Composite Index) briefly touched two standard deviations below its 10-year average price-to-book ratio in March, but has since begun to recover.

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Pakistan advanced 7% during the month following the announcement of a ceasefire with India. The outcome was in line with our expectations, although the level of military activity this time was unusually high. The tragic attack in Pahalgam, where 26 tourists were killed, was a stark reminder of the fragile security situation in Kashmir and quickly became a politically charged issue. The Indian government faced a choice: either evaluate its own security arrangements—implicitly accepting blame—or accuse its arch-rival and carry out retaliatory strikes. Politically, the latter was the more expedient option, which in turn compelled Pakistan to respond in kind to satisfy domestic sentiment. The confrontation concluded with the United States stepping in as mediator, resulting in an agreed ceasefire. This will not be the last time tensions flare between the two countries, but once again both demonstrated an ability to act rationally and responsibly under pressure. Also during the month, the State Bank of Pakistan cut its policy rate by another 100 basis points, somewhat unexpectedly, to 11%. This brings the rate just below the ten-year average of 11.5%. May inflation was reported at 3.5%, still influenced by base effects. Looking 12 months ahead, inflation is projected to rise to around 7%. We note that inflation expectations continue to be revised downwards—at the beginning of the year, forecasts pointed to 8–9% by year-end.



Naran, Pakistan. Source: Unsplash

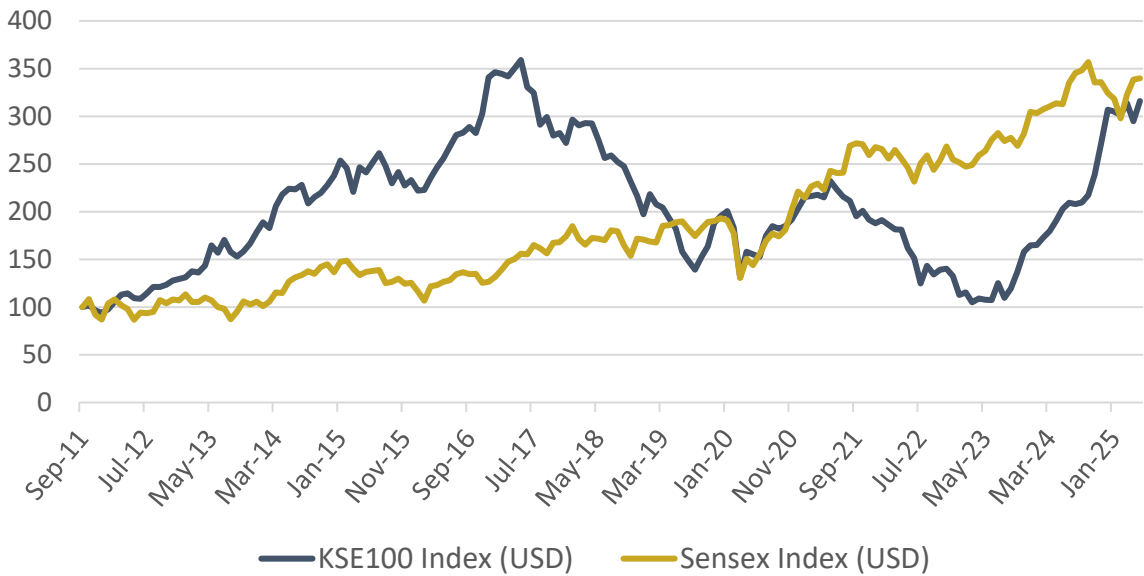
When Tundra launched its operations in October 2011, our first fund was a dedicated Pakistan fund. At the time, the decision was seen as controversial, with many investors considering the market uninvestable. What followed was a true rollercoaster: a number of strong years (2012–mid-2017), followed by six difficult ones (mid-2017–2022). Looking back, we now note that the Pakistani equity market (KSE100 Index) has, in fact, delivered approximately the same return as one of the world’s most celebrated emerging markets, India (SENSEX Index), over the full period—measured in USD. Those who have followed us through the years know that our investment case for Pakistan has always been based on the quality of the companies we’ve found there, rather than the broader macro backdrop. We’ve consistently highlighted earnings growth and management teams capable of navigating even the most adverse conditions. Over the past 13.5 years, average annual earnings growth for companies in the KSE100 Index has been 11.7% in USD terms, compared to 5.1% for

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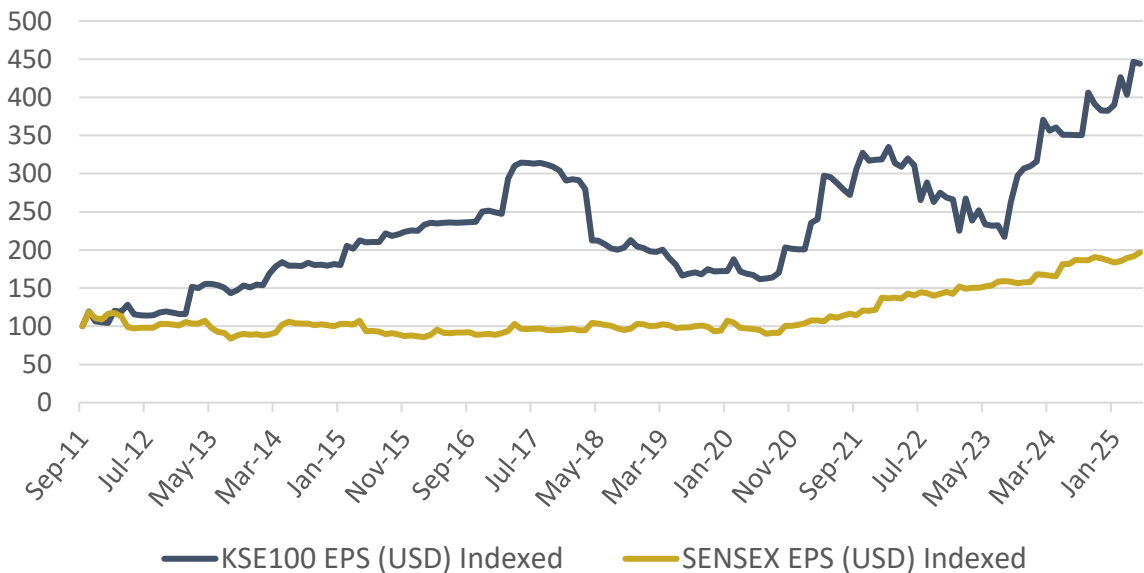
Indian companies. Today, the Pakistani equity market trades at just over 6x earnings, while India trades at 22x. We are under no illusion that the risk premium assigned to Pakistani equities will decline dramatically in the near term, but we continue to see the valuation as conservative relative to demonstrated historical earnings growth. The underlying earnings trajectory supports a positive long-term outlook, even in the absence of multiple expansion.

FIGURE 1: MARKET PERFORMANCE – PAKISTAN VS. INDIA SINCE OCTOBER 2011 (USD)



Source: Bloomberg; Pakistan = KSE100 index (USD), India = Sensex index (USD)

FIGURE 2: AGGREGATE EARNINGS GROWTH – PAKISTAN VS. INDIA SINCE OCTOBER 2011 (USD)



Source: Bloomberg; Pakistan = KSE100 index (USD), India = Sensex index (USD)

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ABOUT THE FUND

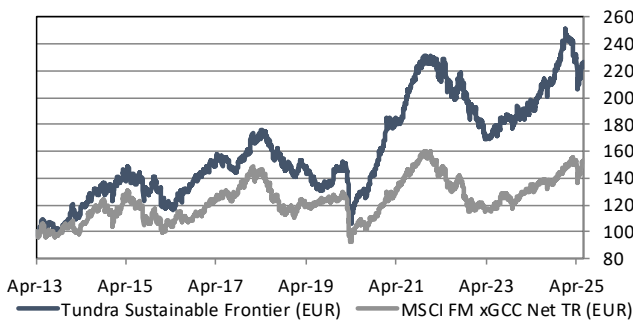
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments,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

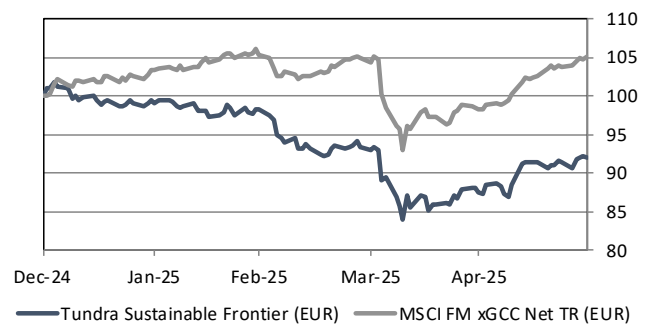
RETURN*	NAV(EUR)	1M	YTD	1Y	3Y	Inception
Tundra Sustainable Frontier (EUR)	27.26	5.2%	-8.0%	12.6%	7.2%	126.6%
Benchmark	745.03	7.1%	5.1%	14.1%	13.7%	53.7%

* 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%	-1.5%	0.6%	-3.8%	5.2%	-0.8%	-2.3%
2024	-0.3%	4.1%	3.6%	-2.8%	4.4%	3.4%	0.8%	2.2%	-1.1%	4.8%	5.2%	5.4%	33.5%
2025	-0.5%	-1.1%	-5.2%	-6.2%	5.2%								-8.0%

Source: Bloomberg, MSCI, Tundra Fonder

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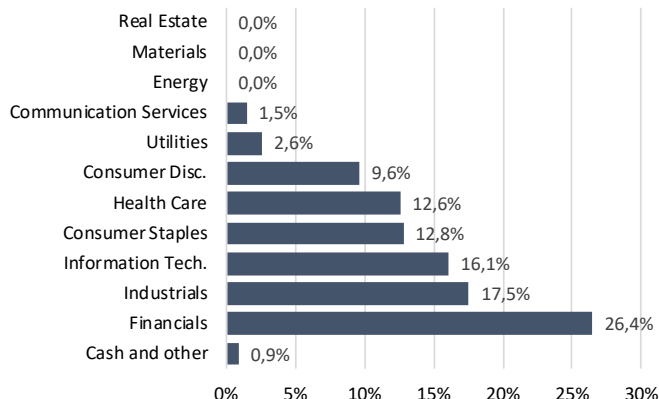
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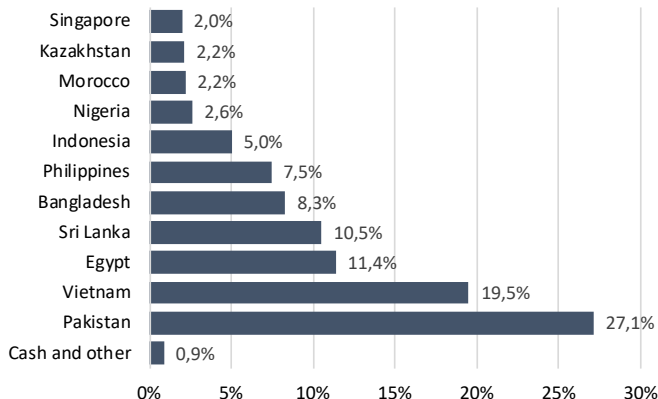
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Tundra Sustainable Frontier Fund F, EUR

SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS

	WEIGHT	COUNTRY	P/E 25E	P/E 26E	YIELD	RETURN 1M (EUR)
Systems Ltd	7.4%	Pakistan	15.2	12.0	1.9%	2.8%
Meezan Bank Ltd	7.4%	Pakistan	8.5	8.8	8.4%	14.2%
Ree	6.8%	Vietnam	14.3	14.2	2.0%	5.0%
GB Corp	5.6%	Egypt	6.8	5.3	2.5%	2.4%
FPT Corp	5.0%	Vietnam	19.4	15.9	1.9%	6.9%
Square Phar Ltd-Ord	4.5%	Bangladesh	7.1	6.3	5.7%	-6.0%
National Bank of Pakistan	4.4%	Pakistan	3.2	3.5	15.8%	14.7%
Gemadept Corp	4.3%	Vietnam	17.0	16.9	1.7%	13.2%
Century Pacific Food	4.1%	Philippines	19.6	17.9	1.7%	4.7%
BRAC Bank Ltd	3.6%	Bangladesh	5.0	4.7	4.3%	6.4%

BEST PERFORMERS

Medikaloka Hermina TBK
Cargills (Ceylon) Plc
Hemas Holdings Plc
National Bank of Pakistan
Stanbic IBTC Holdings Plc

RETURN (EUR)

40.5%
23.8%
15.7%
14.7%
14.4%

WORST PERFORMERS

Juhayna Food Ind
Jsc Kaspi.Kz
Beximco Pharmaceutical GDR
Square Phar Ltd-Ord
Puregold Price Club

RETURN (EUR)

-11.4%
-9.2%
-6.7%
-6.0%
-3.0%

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	SE4450000000058648209218
BIC	ESSESESS
Custodian	SEB
Auditor	PWC
EU SFDR Classification	Article 8

RISKS AND COSTS*

Active risk (Tracking error)	8.7%
Active share	87.7%
Standard deviation	12.6%
Standard deviation, benchmark	10.8%
Beta	0.86
Information ratio	-0.04
Holdings	39
Risk level	5 of 7 (refer to KIID for more info)
Management fee/year (all inclusive **)	2.5%
AuM	199.6 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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