

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
SEPTEMBER 2025



TUNDRA
FONDER

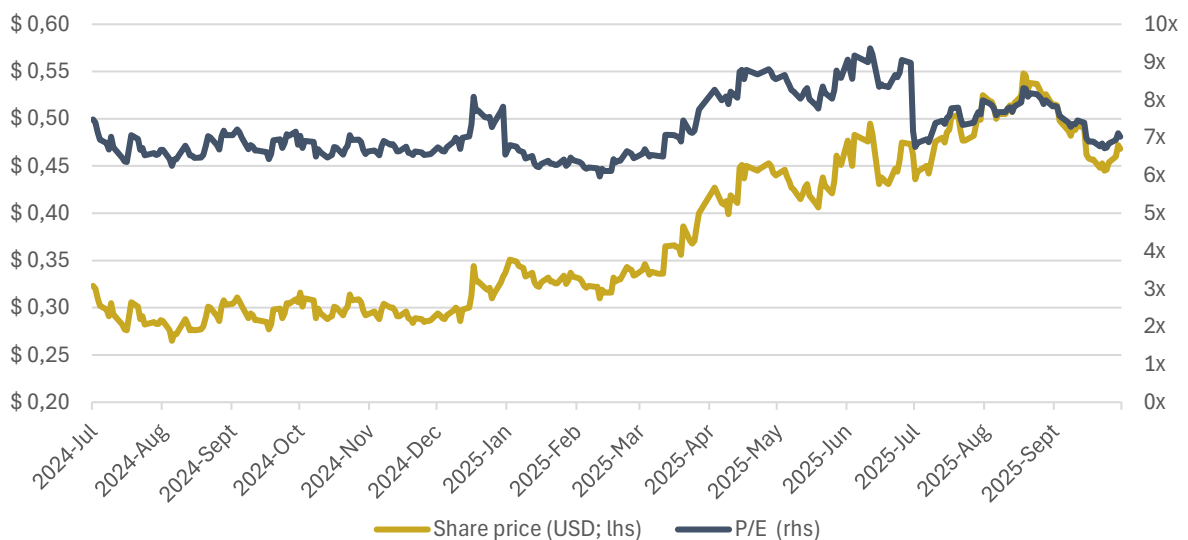
POSITIVE MONTH LED BY PAKISTAN

In USD, the fund rose by 2.2% during the month (EUR: +1.7%), compared with MSCI FMxGCC Net TR (USD), which gained 1.0% (EUR: +0.5%), and MSCI EM Net TR (USD), which rose by 7.2% (EUR: +6.6%). In absolute return terms, Pakistan was the single largest positive contributor (+3.1%), followed by Sri Lanka (+0.8%), while Vietnam (-0.8%) and Bangladesh (-0.3%) were the main detractors. Relative to the benchmark, our overweight in Pakistan (+2.4% relative contribution), overweight in Sri Lanka (+0.9%), and underweight in Morocco (+0.7%) contributed positively, whereas our stock selection in Vietnam (-0.8%), underweight in Romania (-0.4%), and Slovenia (-0.4%) detracted.

At the individual stock level, the largest positive contributions came from Pakistan. Meezan Bank (9% of the portfolio) gained 12%, IT consultant Systems Ltd (9% of the portfolio) rose 10%, and National Bank of Pakistan (divested during the month; see below) gained 26% during the holding period. We also benefited from Grab (2% of the portfolio), which gained 21% during the month. The strength in our Pakistani holdings reflected strong inflows from local institutional investors. Grab's rally followed its participation at Asia's largest investor conference in Hong Kong (attended by Tundra), where its progress in autonomous transport and positive guidance regarding its fintech business (expected to break even next year) were well received. We also noted that Sri Lanka's "Grab equivalent", Digital Mobility, rose 18% during the month, likely supported by two positive research reports from leading local brokers.

The largest negative contribution came from the Egyptian fintech conglomerate GB Corp (5% of the portfolio), whose share price fell 11% during the month – a decline we interpret as profit-taking after strong year-to-date performance. When reviewing the company's valuation against its share price, we note that following Egypt's devaluation in spring 2024, its valuation has remained stable at around 7x earnings. The increase in the share price (in USD) over the same period has therefore been entirely driven by earnings growth (see Figure 1).

FIGURE 1: GB CORP P/E RATIO VS SHARE PRICE PERFORMANCE (USD)



Source: Tundra Fonder, Bloomberg

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We remain positive on the company's long-term growth potential. Its 44% stake in fintech company MNT-Halan alone should be worth well above GB Corp's current market capitalisation. The ongoing discussions regarding an IPO of MNT-Halan on a Gulf exchange could act as a supportive catalyst. Falling inflation in Egypt over the coming two years is likely to lower interest rates and, consequently, the cost of equity - a development that should benefit equity valuations, as well as the group's core businesses (automotive manufacturing and leasing).

The second-largest negative portfolio contributor was Vietnamese IT company FPT Corp, which fell 9% despite a rising market. In the final days of the month, we increased our position by 2 percentage points to just over 6% of the portfolio. The FPT purchase was financed through our exit from National Bank of Pakistan. Over the years, we have frequently been asked why we owned NBP. It is not a typical "Tundra company" – i.e. a best-in-class market leader. As previously mentioned, we viewed it as a "special situation" where a pension liability had been significantly mispriced by the market, and where that mispricing could be quantified in time. At the same time, we considered the company's quality, including management, sufficient to realise the upside we saw. After the recent re-rating, we now believe most of the mispricing has been corrected, and competition for capital has become too fierce compared with our more traditional "Tundra companies" – in Pakistan as well as elsewhere.



Source: Unsplash

KEY MARKET DEVELOPMENTS

In an otherwise calm month, Pakistan stood out, gaining 13%. The rally was supported by the government's completion of loans worth over USD 4 billion in local currency from a consortium of banks to settle outstanding energy-sector debt. Furthermore, the improving tone in US-Pakistan relations and the unexpected signing of a mutual defence agreement between Pakistan and Saudi Arabia were received very positively by investors. Together, these developments signalled a strengthening of Pakistan's geopolitical position and fuelled strong gains, particularly in the power, oil and gas, and banking sectors.

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While President Trump's return to office has caused anxiety among many world leaders, relations between the US and Pakistan have improved markedly compared with the previous administration, which regarded India as its key strategic partner in the region. The recent deterioration in relations between Washington and New Delhi has made Islamabad appear a more attractive partner for the US. In recent months, several American companies have shown renewed interest in Pakistan's mining and energy sectors. In September, cooperation between the two countries deepened further, with high-level visits by both Pakistan's Army Chief and Prime Minister to the White House. For example, U.S. Strategic Metals signed an MoU with Pakistan's Frontier Works Organization regarding the production and recycling of critical minerals. In addition, Hycarbex-American Energy, a US energy company, entered a joint venture with local players Mari Energies and Fatima Petroleum to restart exploration in the Khyber Pakhtunkhwa province. Moreover, the US EXIM Bank and other US-backed multilateral institutions (including the World Bank and ADB) are in advanced discussions to finance the Reko Diq copper and gold mine in north-western Balochistan.

We live in a rapidly changing geopolitical environment, where relationships can improve or deteriorate swiftly. Since the nuclear tests in 1999, global investors have viewed Pakistan with suspicion, and this isolation has severely constrained the country's development. It is too early to tell whether the current improvement is temporary or structural, but should Pakistan indeed be re-entering the global investment arena, what we are witnessing now could merely be the beginning.

INSIGHTS FROM OUR TRIP TO SRI LANKA

During the month, we visited Sri Lanka, meeting both existing portfolio holdings and potential new investments. The trip also provided an opportunity to update our short-term outlook for the country. Perhaps the most striking impressions came from our visit to the vast City of Dreams complex - a combined hotel and casino development with 800 rooms and approximately 16,000 sqm of gaming space (roughly equivalent to Marina Bay Sands in Singapore). Staying at the hotel allowed us to experience the guest offering first-hand.



Standard room at Cinnamon Life (left side). Entering the casino (right side). Source: Tundra Fonder

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We were positively surprised by the occupancy rate, which we estimated at 35–40% during our stay – an encouraging figure for the low season and only a month after the casino’s opening. Visiting on a Thursday evening, we found a fair level of activity at the tables, even though the venue was far from full.

Our overall impression was that the project is likely to succeed. With its capacity and facilities, it is set to become a natural hub and an ideal venue for large conferences. Its proximity to India will be a key advantage: currently, nine Indian cities offer direct flights to Colombo. From Bangalore (14 million inhabitants and a major IT hub), the flight takes 1.5 hours; from New Delhi (33 million inhabitants, northern India) around 3.5 hours. Anyone familiar with both countries would agree that Colombo could easily serve as a weekend getaway for affluent Indians seeking to escape congestion and pollution.

Since becoming shareholders in Digital Mobility Solutions Lanka, we conducted our first on-site visit, meeting several department heads. Management informed us about the launch of a new event-ticketing service on its platform, with the ambition to become Sri Lanka’s leading online ticketing provider. Growth in the core ride-hailing business remains on track, but management also highlighted the imminent entry of a new competitor, HelaGo, expected to launch shortly. Our initial assessment is that Sri Lanka’s ride-hailing market, currently resembling an oligopoly, has room for one more player – though success will require strict cost discipline during the early years and a service level comparable with established competitors.



Tundra meeting Digital Mobility Solutions (left side). BYD dealership in central Colombo (right side).

Source: Tundra Fonder

While travelling around Colombo, we were struck by the high number of BYD vehicles on the streets, particularly given that the ban on private vehicle imports was lifted only eight months ago. John Keells is the authorised BYD distributor in Sri Lanka. According to management, the order backlog stood at over 7,000 vehicles by end-June 2025, of which more than 4,000 had already been delivered.

As always when visiting our markets, we enjoy walking around to compare price levels and service quality. We visited both Cargills and Keells supermarkets, and Tundra’s Senior Analyst Imran, who is

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based in Karachi, observed that food prices in Colombo are now roughly on par with those in Karachi.



Visiting Cargills Food City. Source: Tundra Fonder

During the trip, we also met leading banks and infrastructure-focused companies. Sri Lanka's recovery from its crisis years is impressive, though construction activity remains well below pre-COVID-19 levels. According to the CEO of one of the country's largest construction companies, cement and asphalt consumption are still around 30% and 55% below their peaks, respectively. With improved fiscal space, we expect to see more state-led infrastructure projects in the coming years – particularly roads and the expansion of Bandaranaike International Airport in Colombo. We conclude that Sri Lanka may be entering a period of relatively strong growth, with both a healthy external balance and prudent fiscal management offering a degree of protection against negative surprises.

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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.

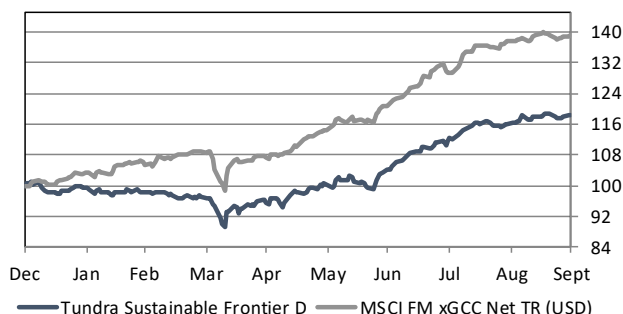
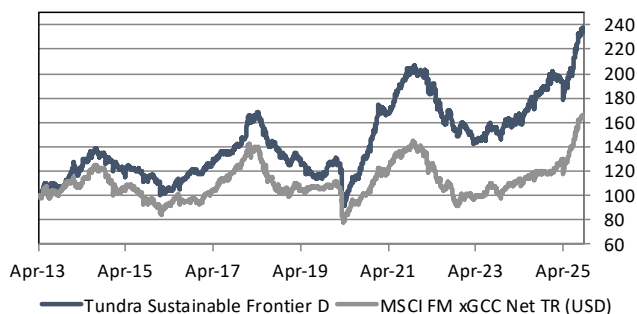
The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental 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	36.49	2.2%	18.4%	28.2%	51.4%	136.5%
Benchmark	1025.31	1.0%	39.0%	37.8%	69.1%	64.9%

* 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%				18.4%

Source: Bloomberg, MSCI, Tundra Fonder

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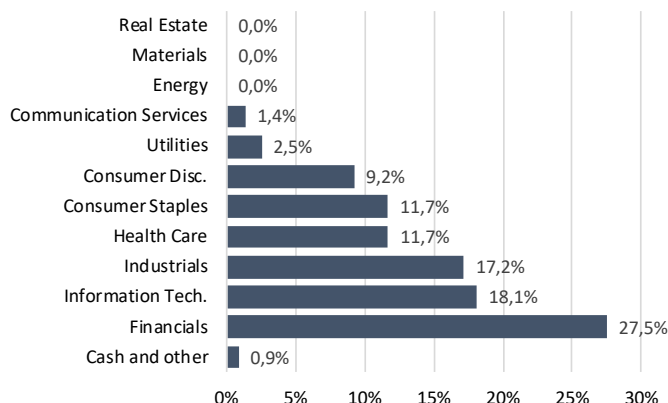
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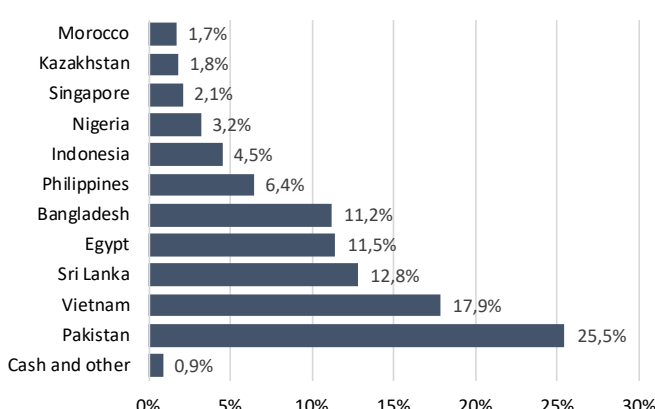
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Tundra Sustainable Frontier Fund D, USD

SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS

WEIGHT

COUNTRY

P/E 25E

P/E 26E

YIELD

RETURN 1M (USD)

Meezan Bank Ltd	8.7%	Pakistan	10.0	9.5	6.2%	11.5%
Systems Ltd	8.5%	Pakistan	20.1	14.4	1.3%	9.8%
FPT Corp	5.8%	Vietnam	18.2	15.3	2.3%	-8.7%
Ree	5.8%	Vietnam	14.5	14.5	1.4%	0.2%
BRAC Bank Ltd	5.8%	Bangladesh	7.8	5.9	2.9%	-2.8%
GB Corp	4.8%	Egypt	7.3	6.0	1.5%	-11.0%
Gemadept Corp	4.0%	Vietnam	19.1	17.0	2.9%	-2.0%
Square Phar Ltd-Ord	4.0%	Bangladesh	7.5	6.7	5.3%	-3.6%
Cargills (Ceylon) Plc	3.6%	Sri Lanka	25.4	23.3	1.6%	8.6%
Commercial Intl Bank	3.4%	Egypt	5.2	4.9	3.6%	5.4%

BEST PERFORMERS

RETURN (USD)

WORST PERFORMERS

RETURN (USD)

Grab Holdings Ltd	20.6%	Hightech Payment	-15.2%
Digital Mobility Solutions Lanka Ltd	18.2%	Jsc Kaspi.Kz	-13.1%
Media Nusantara	16.2%	GB Corp	-11.0%
Air Link Communication	13.4%	Airports Corp Of Vietnam	-8.8%
Stanbic IBTC Holdings Plc	12.8%	FPT Corp	-8.7%

FACTS

RISKS AND COSTS*

Inception date	2013-04-02	Active risk (Tracking error)	8.5%
Pricing	Daily	Active share	84.7%
Manager	Tundra Fonder AB	Standard deviation	11.1%
Benchmark index	MSCI FM xGCC Net TR (USD)	Standard deviation, benchmark	11.3%
ISIN	SE0005222346	Beta	0.70
Bloomberg	TUNDFRU SS	Information ratio	-0.18
IBAN	SE4750000000058648209552	Holdings	38
BIC	ESSESESS	Risk level	5 of 7 (refer to KIID for more info)
Custodian	SEB	Management fee/year **	2.5%
Auditor	PWC	AuM	274.4 MUSD
Share classes currencies	SEK, USD, EUR, NOK	Dividend	No dividend
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

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