

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
OCTOBER 2025



TUNDRA
FONDER

STRONG PERFORMANCE DURING A QUIET MONTH

In USD the fund gained 3.6% (EUR:+5.3%) in October, compared with MSCI FMxGCC Net TR (USD), which was flat (EUR:+1.7%) and MSCI EM Net TR (USD), which increased 4.2% (EUR:+5.9%). In absolute terms (USD), Sri Lanka was the single largest positive contributor (+2.2% absolute contribution), followed by Egypt (+1.4%) and Pakistan (+0.8%), while the Philippines (-0.6%) and Indonesia (-0.5%) were the main detractors.

Relative to the benchmark, the strongest positive contributions came from our stock selection and overweight in Sri Lanka (+2.2% relative contribution), our overweight in Egypt (+1.4%), and stock selection in Pakistan (+1.0%). The main negative relative contributions came from our overweight in the Philippines (-0.6%), overweight in Indonesia (-0.5%), and underweight in Romania (-0.4%),

Among individual holdings, the strongest positive contribution came from the Sri Lankan renewable energy company Windforce (4% of the portfolio), whose share price rose nearly 80% following the announcement of a new wind power project and expectations of further projects in the near term. The second-largest contributor was IT company FPT Corp (6% of the portfolio) in Vietnam, which gained 12%. The increase came despite a quarterly report coming in below expectations, after several months of weak share performance. The main negative contributors were the Indonesian hospital chain Hermina Hospitals (3% of the portfolio) and the Philippine grocery retailer PureGold (2% of the portfolio), both of which fell 10% without corporate specific news.



Peradeniya, Sri Lanka. Source: Unsplash

IMPRESSIONS FROM OUR VISIT TO PAKISTAN

In October, our team spent four days in Pakistan, meeting with the management teams of fourteen listed companies in Lahore, Faisalabad and Karachi. The trip also included a full-day visit to one of our portfolio companies' factories, as well as a meeting with a representative of the central bank.

When we last visited Pakistan in September last year, the visa process was typically cumbersome and document-heavy. This time, we noted a clear improvement: requirements were minimal, and the visa was issued within 24 hours. Unlike Sri Lanka, Pakistan has not traditionally been viewed as a tourism destination, but the enhanced e-visa system should make the country more accessible to foreign visitors who were previously discouraged by bureaucracy.

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Overall, we observed increased confidence among business leaders in the country's current leadership, not least following a number of foreign policy successes — including a notable improvement in US - Pakistan relations. Several companies expressed cautious optimism about the economic outlook: near-term growth prospects were seen as stable, though concerns remain that the current account deficit could widen as economic activity accelerates. Both the commercial bank and the central banker we met expect the stabilisation phase to last longer than most market participants anticipate. The memory of one of the worst crises in recent decades remains fresh, resulting in a continued focus on localisation, import substitution and export diversification across industries.

We met with four pharmaceutical companies, including producers of active pharmaceutical ingredients (APIs) and biopharmaceuticals. Unlike last year, when discussions focused primarily on price controls and cost pressures from local and imported inflation, this time management teams were centred on growth. All companies are accelerating efforts to launch new products within both established and emerging therapeutic areas, particularly diabetes and obesity treatments. One company highlighted that the regulator's approval process for new product registrations has improved markedly under the current government, shortening from 2.5 years to just six months. The combination of price deregulation and faster approvals is expected to drive stronger price competition — a dynamic the sector has not previously experienced. All the pharmaceutical companies we met identified exports as a key growth driver. Many have spent recent years securing regulatory approvals in foreign markets and are now refining their go-to-market strategies. Pakistan currently has a relatively small pharmaceutical export base of around USD 0.5 billion, but as China and India move further up the value chain towards R&D-driven production, countries such as Pakistan and Bangladesh are well positioned to fill the emerging gap in the global generics market.



AGP headquarters (left) – product portfolio from BF Biosciences (right). Source: Unsplash

In Lahore, we met the management of Airlink Communication, including its highly engaged founder. The company has played a pivotal role in introducing new consumer technology brands to Pakistan and establishing local mobile phone assembly operations. Airlink has been a key advocate for a comprehensive mobile export policy, aiming to position Pakistan within the global electronics supply

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chain. With 1.5–2 million new entrants to the labour market each year, mobile assembly represents a potential “low-hanging fruit” opportunity to generate employment, boost export revenues and foster technological know-how. Although discussions between the government and the industry on an export framework remain ongoing, we believe this is a timely opportunity for policymakers to leverage the current realignment of global supply chains - particularly as Pakistan’s current tariff structure remains relatively favourable compared with its East Asian peers.



Airlink’s consumer electronics store in Karachi. Source: Tundra Fonder

After launching assembly lines for Xiaomi TVs and Acer laptops last year, Airlink now plans to partner with one of China’s leading white goods manufacturers to begin appliance assembly at its new 1.4-million-square-foot facility, scheduled to become operational early next year. Airlink aims to triple revenues to around USD 1 billion within three years, supported by diversification into e-bikes and electric vehicles.

In Faisalabad - Pakistan’s textile hub - we visited Interloop and toured its recently built apparel facility. The site covers more than 300 acres, with roughly half reserved for future expansion. The factory currently employs over 25,000 workers and supports the livelihoods of more than 100,000 people directly and indirectly. Having established itself as a global leader in hosiery, Interloop now aims to replicate this success in apparel, with sustainability as a guiding principle. The company operates Pakistan’s largest biomass boiler (55 tonnes per hour) and has installed 17.3 MW of solar capacity on site. The biomass system runs on agricultural waste - such as rice husks, maize stalks and corn cobs - which farmers previously burned for disposal, thereby contributing to lower emissions and circular resource use.



Naran, Pakistan. Source: Unsplash

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Visit to Interloop, Faisalabad. Source: Tundra Fonder

The apparel plant is currently operating at around 60% utilisation, with improved cost efficiency gradually supporting profitability. Management reported stable demand from the US and European markets, although some US buyers have requested 2–3% price discounts due to tariff effects. The company accommodated these requests, noting that operational efficiencies largely offset any margin pressure. Interloop aims to become the first listed textile company in Pakistan to exceed USD 1 billion in exports within the next three to four years.

In Karachi, we met with the management of two of Pakistan’s leading conglomerates, Engro Holdings and Lucky Cement. Historically, we have refrained from investing in these groups due to ESG concerns, primarily their involvement in coal-based power generation. Lucky Cement reported improving demand trends across all its operating divisions. The company expects 8-9% growth in cement sales this year and 30-40% growth in its mobile assembly business, supported by Samsung’s strengthened competitiveness in the mid-tier segment. However, its automotive division - which assembles KIA and Peugeot vehicles - has begun to lose market share to Chinese EV manufacturers importing fully built units at competitive price points. We continue to avoid exposure to Pakistan’s automotive industry, which from a competitive standpoint is becoming increasingly challenging.



Launch of Jaecco’s latest model at Dolmen Mall Karachi. Source: Tundra Fonder

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We also met with the CEO of Systems Limited, who described the current AI-driven digitalisation wave as “the most exciting time of his career”. Demand for the company’s digital transformation services is rising rapidly, and Systems plans to expand further into specialised managed services following its acquisition of British American Tobacco’s IT arm. With around half a million university graduates entering the workforce each year, Systems sees an opportunity to leverage cost advantages by offering managed services in areas such as marketing, digital analytics, HR and finance. Management also noted that improved US-Pakistan relations have made it easier to engage with American clients.



Meeting with Systems CEO Asif Peer. Source: Tundra Fonder

Finally, we met with one of Pakistan’s largest banks and a representative of the central bank. Our discussions confirmed our view that macroeconomic stability is likely to persist for the next two to three years, provided monetary policy remains aligned with the IMF programme. GDP growth is expected to stay in the 3–4% range (excluding shocks), while inflation is projected at 6–7% over the coming months. The policy rate currently stands at 11%, and the central bank may consider a 1-percentage-point reduction by mid-2026. Credit growth is gradually recovering, though demand from the industrial sector remains subdued due to underutilised capacity. The recent strengthening of Pakistan’s geopolitical position could, however, attract renewed foreign direct investment and provide additional tailwinds for the economy.

We left Pakistan with the impression that the positive trends observed over the past two years -in import substitution, energy balance and macro stability - have strengthened further. These are now complemented by improving international relations and growing prospects for economic integration. While new challenges may arise, in the absence of such shocks, the outlook for Pakistan’s equity market remains favourable.

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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.

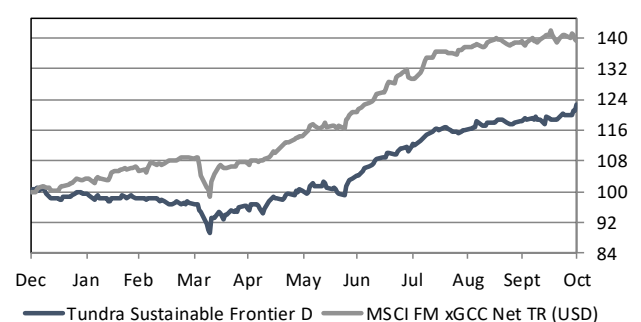
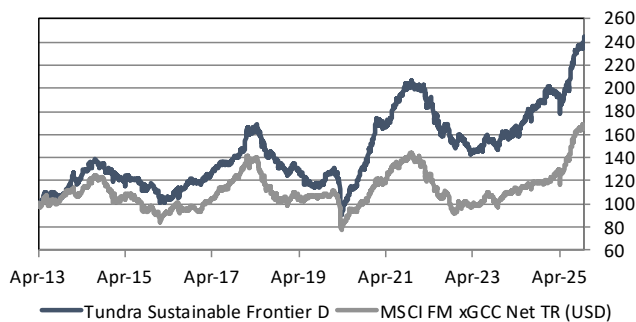
The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental 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	37.80	3.6%	22.6%	30.4%	60.5%	145.0%
Benchmark	1025.61	0.0%	39.1%	38.7%	77.1%	65.0%

* 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%	3.6%			22.6%

Source: Bloomberg, MSCI, Tundra Fonder

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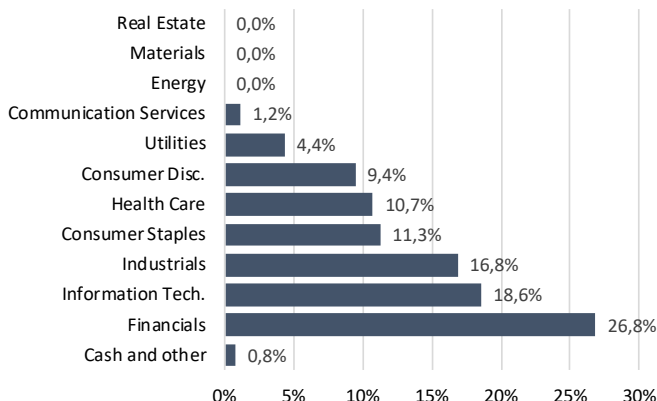
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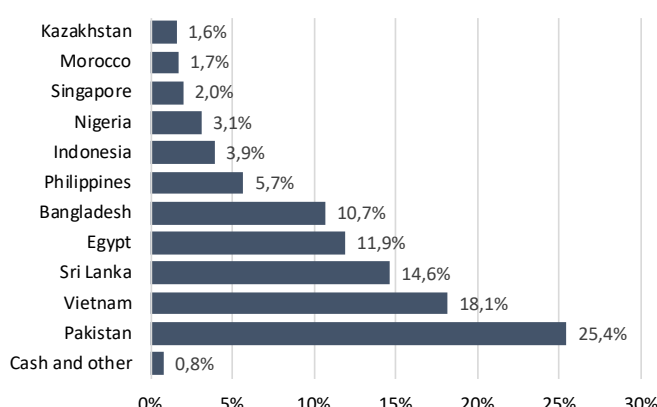
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Tundra Sustainable Frontier Fund D, USD

SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS

WEIGHT

COUNTRY

P/E 25E

P/E 26E

YIELD

RETURN 1M (USD)

Meezan Bank Ltd	8.8%	Pakistan	10.4	9.8	6.2%	4.9%
Systems Ltd	8.5%	Pakistan	20.4	14.7	1.0%	2.7%
FPT Corp	6.4%	Vietnam	20.3	17.1	2.0%	12.2%
Ree	5.7%	Vietnam	14.6	14.6	1.5%	1.2%
BRAC Bank Ltd	5.5%	Bangladesh	7.6	5.7	2.9%	-2.3%
GB Corp	4.5%	Egypt	8.0	6.6	1.8%	11.2%
Windforce Ltd	4.4%	Sri Lanka	33.1	31.1	2.3%	78.6%
Gemadept Corp	3.9%	Vietnam	19.1	17.0	3.0%	0.7%
Square Phar Ltd-Ord	3.8%	Bangladesh	7.5	6.6	5.4%	-0.9%
Cargills (Ceylon) Plc	3.6%	Sri Lanka	26.3	24.1	1.6%	3.8%

BEST PERFORMERS

RETURN (USD)

WORST PERFORMERS

RETURN (USD)

Windforce Ltd	78.6%	Abbott Laboratories Ltd	-10.7%
Cairo Invest. & Real Estate	28.8%	Medikaloka Hermina TBK	-10.4%
Juhayna Food Ind	16.3%	Media Nusantara	-10.4%
FPT Corp	12.2%	Puregold Price Club	-10.3%
GB Corp	11.2%	Letshego Holdings Ltd	-9.7%

FACTS

RISKS AND COSTS*

Inception date	2013-04-02	Active risk (Tracking error)	8.7%
Pricing	Daily	Active share	84.5%
Manager	Tundra Fonder AB	Standard deviation	10.4%
Benchmark index	MSCI FM xGCC Net TR (USD)	Standard deviation, benchmark	9.8%
ISIN	SE0005222346	Beta	0.67
Bloomberg	TUNDFRU SS	Information ratio	-0.10
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	282.8 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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