

TUNDRA SUSTAINABLE FRONTIER FUND

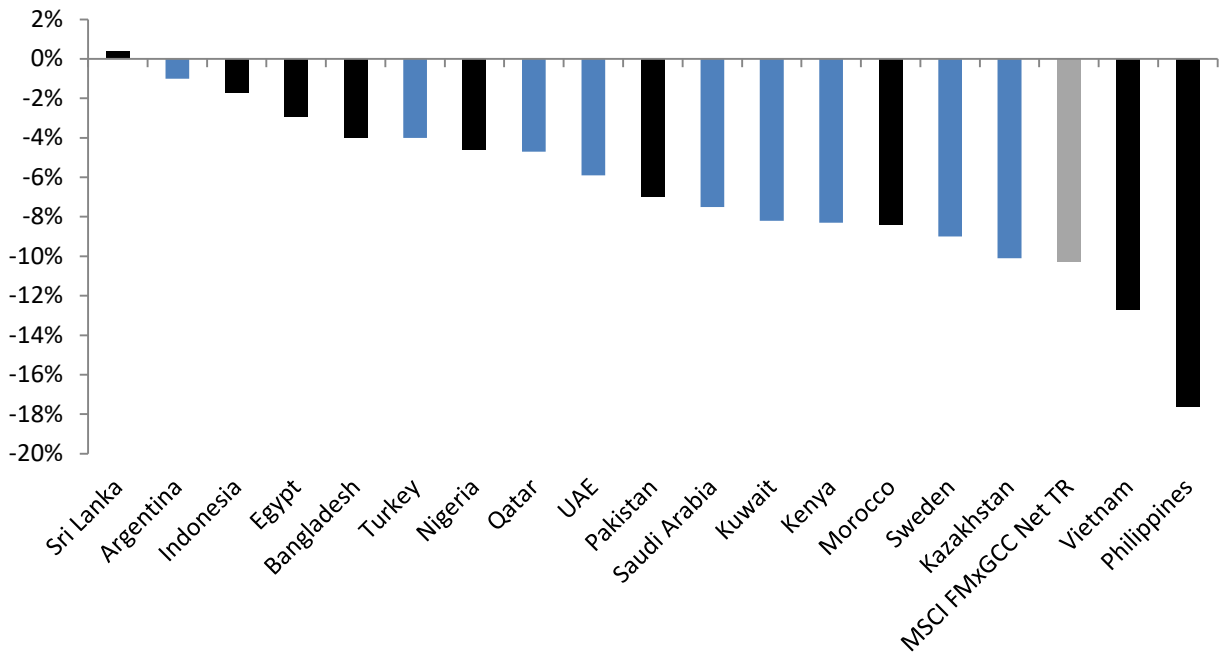
MONTHLY UPDATE
SEPTEMBER 2022



GLOBAL CONCERNS WEIGHED ON MARKETS DURING SEPTEMBER

In USD the fund fell 7.8% (EUR: -5.6%), compared to MSCI FMxGCC Net TR (USD) which fell 10.3% (EUR: -8.2%) and MSCI EM Net TR (USD) which fell 11.7% (EUR: -9.6%). As can be seen from the table below (black colored bars are countries where Tundra has invested), the majority of our markets fell during the month.

FIGURE 1: SEPTEMBER RETURNS IN SMALLER EMERGING AND FRONTIER MARKETS (USD)



Source: Bloomberg

In Sri Lanka, the stock market rose marginally and our sub-portfolio gained 5%. The country has now started negotiations with its creditors. Best-case IMF board approval can be attained before year end.

Positive contributions were also received from Egypt and Morocco. In Egypt, it was primarily our position in the education company CIRA (3% of the portfolio) that performed well. The company operates private universities, schools and kindergartens in Egypt. The stock rose 9% (USD) in the month after its most recent expansion, Badr University Assuit, now open for admissions. In Morocco, our only position, the IT company Hightech Payment, rose 4% (USD) in a falling market. The rise came in the wake of a strong half-yearly report.

The largest positive contribution in the portfolio was received from the Indonesian hospital chain Hermina Hospitals. The stock rose 6% during the month after Astra International (which already owns more than 5% of the company) bought additional shares. Although a small position, Sri Lankan grocery chain, Cargills Ceylon, rose just over 20% during the month adding to the positive relative performance. In the company's half-year report, we note that despite the Sri Lankan rupee being devalued by roughly 40% against the US dollar, the company managed to increase its turnover - calculated in US dollars.

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The company has invested a lot in supporting local production of raw materials over the years and a large part of the products that are sold come from the company's own factories. Those investments are likely factors behind the company's resilient performance.

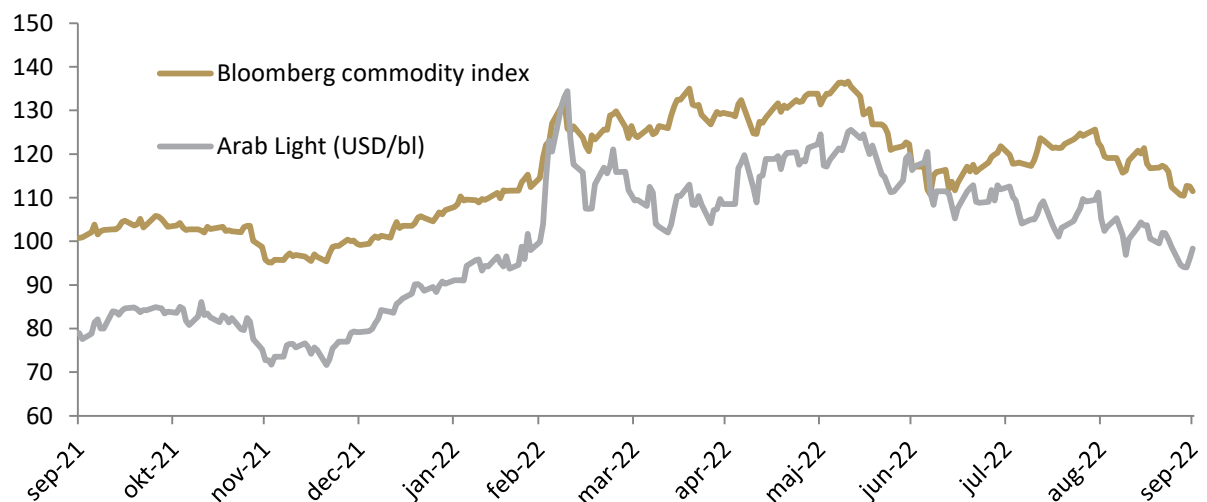
The negative contributions outweighed the positive during September. The biggest negative contributions came from Vietnam, where all four of our holdings fell during the month. One of our largest holdings, Vietnamese REE Corp, whose main growth area is its renewable energy business, fell 12% during the month and was the single largest negative contributor. The Philippine grocery chain, Puregold, was also among the losers with a 21% (in USD) decline in a weak Philippine market (-18% in USD in September). During the month, Bangladesh also devalued its currency or, as the central bank put it, moved to a floating exchange rate regime. The currency weakened by 6% against the USD. Since the turn of the year, the Bangladeshi Taka has weakened 15% against the US dollar, which does not stand out from a global perspective.



Colombo, Sri Lanka. Source: Canva

It was a turbulent month for most global equity markets as renewed inflation concerns and heightened expectations of further interest rate hikes dampened investors' spirits. The US 10-year bond yield rose 70 bps to 3.82%. The fact that the longer maturities rose more (the 2-year yield rose "only" 30 bps) indicates that the market right now believes that inflation will remain at a higher level for a longer time than previously expected, which is generally negative for equities. However, recent sharp interest rate increases in Europe and the US also mean that the risk of recession is increasing, which has meant falling commodity prices (see Figure 2).

FIGURE 2: BLOOMBERG COMMODITY INDEX AND THE OIL PRICE (ARAB LIGHT, USD/BARREL)



Source: Bloomberg

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Falling raw material prices are positive for the majority of our countries, given that they are net importers of raw materials and will see a positive effect on both current account balances and inflation going forward. Given that the economic growth in our markets is not very dependent on global growth, a global recession could be favourable for the majority of our markets, with the dampening impact it is likely to have on commodity prices.

The fund's valuation for the current year's earnings is currently 8.7x, which is expected to drop to below 6.9x next year, implying 26% EPS growth. We understand the concern about long-term inflation, the potential impact on interest rates, and thereby equities. The best (and most straight forward) long-term inflation protection is however probably shares in fundamentally strong companies.

TABLE 1: THE FUND'S VALUATION END OF SEPTEMBER 2022

	Weight	P/E FY1	P/E FY2	P/BV	ROE FY1	Div yld
Fund		8.7	6.9	1.4	15.6%	2.9%
Communication Services	6.1%	4.5	4.1	0.6	13.7%	0.0%
Consumer Discretionary	11.8%	8.2	5.3	1.5	18.0%	3.0%
Consumer Staples	13.1%	13.2	11.2	2.1	15.7%	0.5%
Financials	17.7%	4.1	3.3	0.6	14.1%	6.0%
Health Care	16.4%	12.7	10.9	2.5	19.3%	2.8%
Industrials	11.7%	12.5	10.7	1.9	15.3%	0.2%
Information Technology	19.1%	19.0	15.5	4.4	23.2%	0.8%
Utilities	1.7%	10.8	8.7	1.1	10.0%	7.0%
Cash	1.9%	-	-			

Source: Bloomberg



Colombo City Skyline. Source: Andrey Khrobostov, Canva

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.

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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.

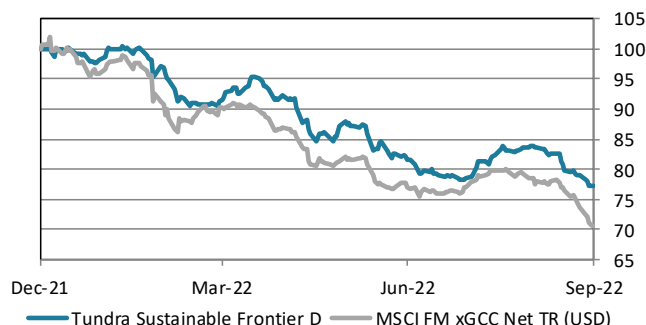
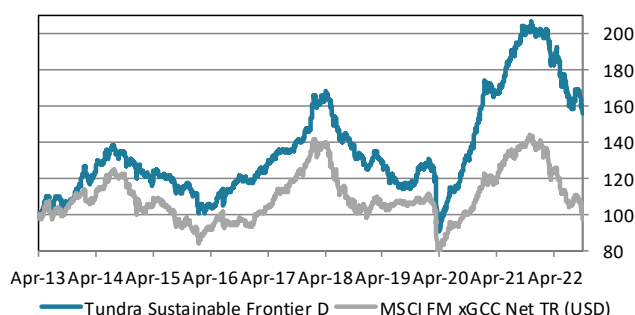
The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental impacts. The fund is registered in Sweden and is fully UCITS compliant. Read more about latest developments [here](#).

Return*	NAV(USD)	1 month	YTD	1 year	3 year	Inception
Tundra Sustainable Frontier D	24.09	-7.8%	-22.7%	-22.2%	34.5%	56.2%
Benchmark	606.47	-10.3%	-29.5%	-29.5%	-8.7%	-2.4%

* 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%				-22.7%

Source: Bloomberg, MSCI, Tundra Fonder

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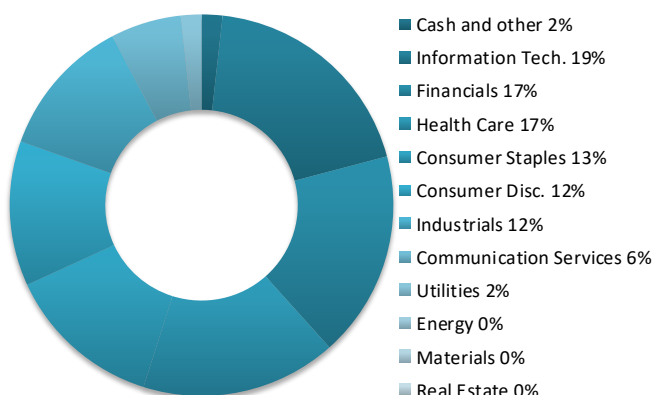
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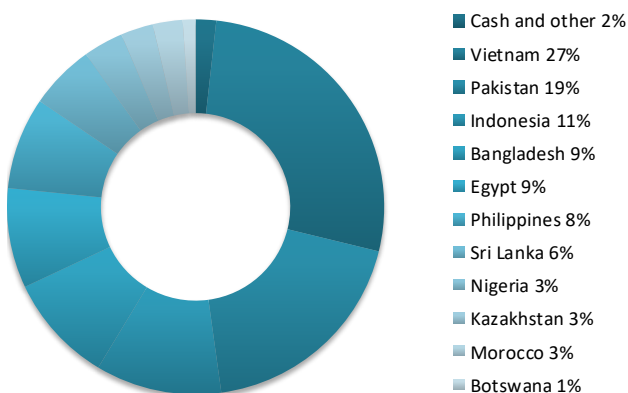
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Tundra Sustainable Frontier Fund D, USD

Sector allocation



Country allocation



Largest holdings	Portfolio weight	Country	P/E 22E	P/E 23E	Yield	Return 1M (USD)
FPT Corp	8.6%	Vietnam	16.5	13.3	3.0%	-8.6%
Systems Ltd	8.0%	Pakistan	19.3	15.9	1.7%	-9.0%
Square Phar Ltd-Ord	7.9%	Bangladesh	10.0	9.8	3.5%	-6.7%
Ree	7.6%	Vietnam	11.3	10.8	1.8%	-12.1%
Media Nusantara	6.0%	Indonesia	4.4	4.0	-	-11.7%
Medikaloka Hermina TBK	4.9%	Indonesia	46.5	41.0	0.6%	6.2%
Century Pacific Food	3.9%	Philippines	15.9	13.6	1.8%	-13.2%
Airports Corp Of Vietnam	3.9%	Vietnam	37.9	27.4	0.6%	-14.3%
Meezan Bank Ltd	3.8%	Pakistan	5.1	3.7	6.4%	-13.3%
Mobile World Investment Corp	3.8%	Vietnam	16.6	12.1	1.7%	-15.0%

Best performers in September	Return (USD)	Worst performers in September	Return (USD)
Sampath Bank Plc	28.9%	Puregold Price Club	-21.0%
Cargills (Ceylon) Plc	20.8%	Masan Group Corp	-15.0%
Hemas Holdings Plc	18.6%	Mobile World Investment Corp	-15.0%
Cairo Invest. & Real Estate	9.3%	Letshego Holdings Ltd	-14.3%
Medikaloka Hermina TBK	6.2%	Airports Corp Of Vietnam	-14.3%

Facts		Risks and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	9.4%
Pricing	Daily	Active share	90.0%
Manager	Tundra Fonder AB	Standard deviation	15.5%
Benchmark index	MSCI FM xGCC Net TR (USD)	Standard deviation, benchmark	14.9%
ISIN	SE0005222346	Beta	0.84
Bloomberg	TUNDFRU SS	Information ratio	1.12
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	187.3 MUSD
Share classes currencies	TUNDFRU SS	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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