TUNDRA SUSTAINABLE FRONTIER FUND

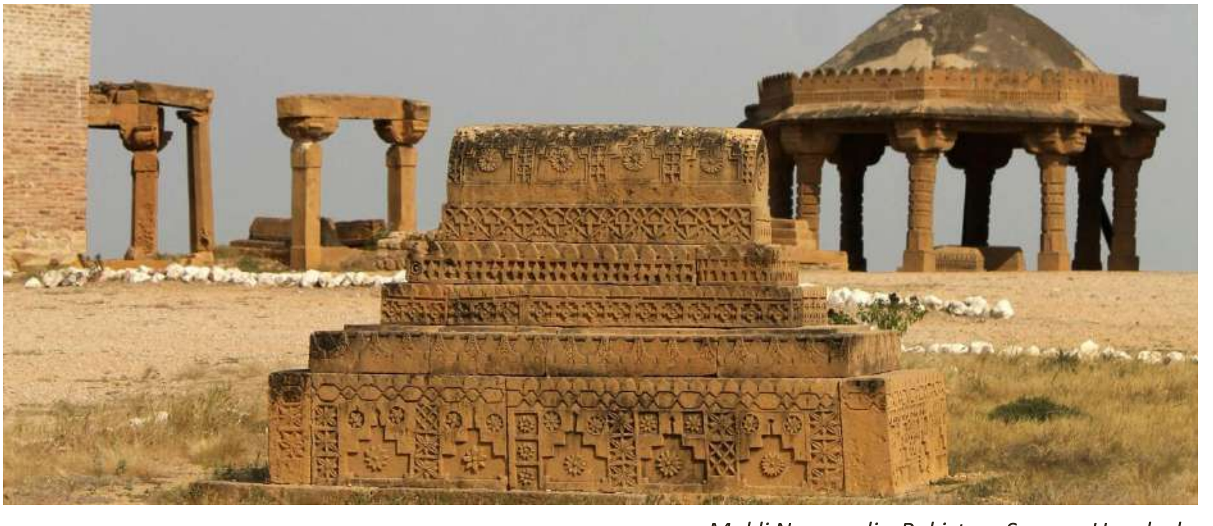
MONTHLY UPDATE
DECEMBER 2025

TUNDRA
FONDER

AN UNUSUAL YEAR DRAWS TO A CLOSE

In USD the fund declined by 0.8% (EUR: -2.3%) during the month, compared with a gain of 4.5% for the MSCI FM ex GCC Net TR (USD) (EUR: +2.9%), and a gain of 2.9% for the MSCI EM Net TR (USD) (EUR:+1.3%). In absolute terms, Pakistan contributed positively (+0.8%), as did Egypt (+0.4%), while Vietnam (-0.5%), Sri Lanka (-0.5%), Philippines (-0.4%), and Bangladesh (-0.3%) were the largest detractors. In USD relative to the benchmark, the most negative contributions came from our stock selection in Vietnam (-2.3% relative contribution), our underweight in Romania (-0.9%), overweight in Sri Lanka (-0.5%), underweight in Iceland (-0.4%), and overweight in the Philippines (-0.4%). These were partly offset by our overweight in Pakistan (+0.6%), and overweight in Egypt (+0.4%).

At the individual stock level, the only material positive contribution came from Pakistani IT consultancy Systems Ltd (9% of the portfolio), which rose 9% following the announcement of its acquisition of local peer Confiz. The acquisition increases Systems' pro-forma revenues by approximately 10% on an annual basis and is financed through a 4% share issuance. The largest negative contribution came from Vietnamese energy conglomerate REE Corp (5% of the portfolio), which fell 6% despite a generally strong Vietnamese equity market. The second-largest detractor was Philippine grocery retailer Puregold (3% of the portfolio), down 10% after several months of strong performance. The third-largest negative contribution came from Bangladeshi Brac Bank (5% of the portfolio), which declined 4% amid a cautious local market. During the month, we increased our exposure to Vietnamese IT company FPT Corp and Vietnamese port operator Gemadept - two holdings in which we have strong conviction looking ahead.



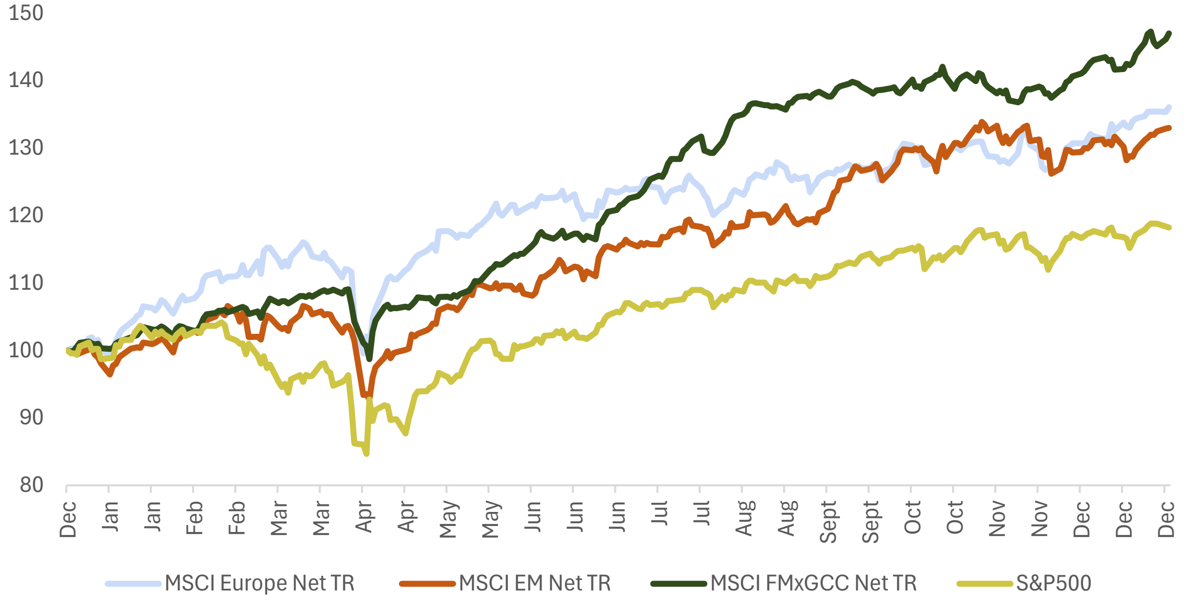
Makli Necropolis, Pakistan. Source: Unsplash

THE YEAR BEHIND US AND THOUGHTS AHEAD TO 2026

It has been an unusual year, as discussed in several of our previous monthly letters. The MSCI FM ex GCC Net TR (USD) rose by 47% (!) in USD. However, the rally has been highly selective and, in certain markets, extremely speculative in nature. Several markets where we see attractive long-term value - such as Bangladesh (-11%), the Philippines (+/-0%), and Indonesia (+4%) – had difficult years. Vietnam has historically been one of our most successful markets in terms of stock-picking, yet in 2025 our Vietnam sub-portfolio declined by 13% in a market that rose 64% (!). We conclude that 2025 was our weakest year ever in relative terms. That said, when reviewing the sources of our negative alpha, we conclude that the majority stems from what we regard as irrational market movements, which we expect to correct over time.

The geopolitical uncertainty associated with the Trump presidency has, as expected, prompted global reallocations. Europe, emerging markets and frontier markets have all outperformed the S&P 500 over the year, while the US equity rally has become even narrower, with the AI theme dominating headlines.

FIGURE 1: MSCI EUROPE NET TR, MSCI EM NET TR, MSCI FM NET TR, S&P 500 (USD)

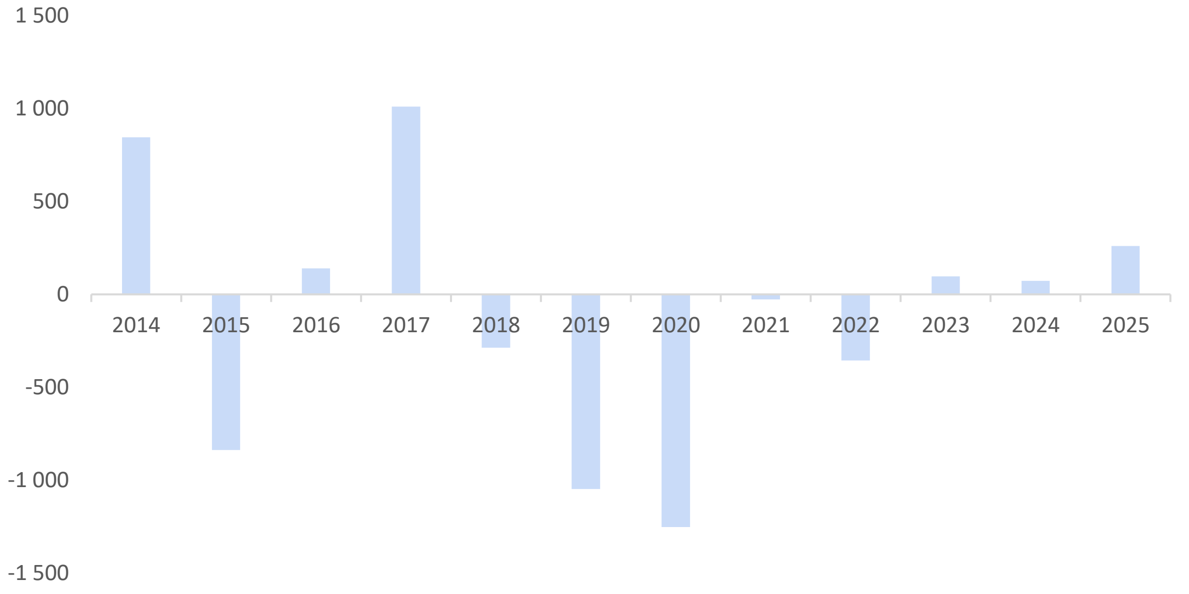


Source: Bloomberg

The initial reallocations were likely driven by risk reduction, resulting in smaller, riskier and geographically distant emerging and frontier markets being overlooked. In markets where foreign equity flows can be measured - such as Pakistan, Sri Lanka, Vietnam and the Philippines - we observed sizeable outflows during 2025. Aggregate flows into frontier market funds were marginally positive for the third consecutive year, but remained far from the surge experienced in 2014 and 2017.

Golden Bridge, Da Nang, Vietnam. Source: Unsplash

FIGURE 2: ESTIMATED FLOWS INTO FRONTIER MARKET FUNDS (MUSD)



*Source: Bloomberg; *Flows are estimates based on the 16 leading frontier funds and exclude mandates*

FIGURE 3: CUMULATIVE FLOWS INTO FRONTIER MARKET FUNDS (MUSD)

*Source: Bloomberg; *Flows are estimates based on the 16 leading frontier funds and exclude mandates*

Throughout our monthly letters, we have consistently highlighted the improving outlook for our markets. The crisis experienced across different phases during 2021–2024 has laid the foundation for a prolonged period of relative stability. Corporates now exhibit a sober crisis awareness, facilitating necessary cost discipline and behavioural change. Central banks across our markets have adopted a conservative stance, maintaining meaningful real interest rates (4–7%), while inflationary pressures continue to ease.

As was the case following the Asian and rouble crises of 1997–98, we are likely in the early stages of a period in which currencies depreciate less than historical averages. The probability of large, sudden currency moves appears low, while underlying earnings growth in local currency terms remains attractive given favourable cost structures. Most of our currencies track the US dollar closely, meaning that this year's 13% depreciation against the Euro has further enhanced global competitiveness. Above all, sustained stability is the single most important factor in attracting long-term foreign capital - and we believe such a period may now be emerging.

Encouraging developments are also visible in several of our larger markets. In **Pakistan**, the long-anticipated privatisation of Pakistan International Airlines (PIA) is now underway. This chronically loss-making airline - ironically instrumental in helping establish Emirates in the 1970s - has been discussed for privatisation for over 15 years. Similarly, the Reko Diq mining project in northern Balochistan, one of the world's largest copper deposits, now appears likely to proceed, supported by both foreign and domestic investors. Both initiatives have been enabled by newly established political stability, with the military guaranteeing security and policy continuity. Our on-the-ground observations also point to increased localisation across the economy, from energy imports (renewables and domestic coal production) to more advanced manufacturing targeting exports.

After having traded at extremely depressed valuation levels, the Pakistani equity market has now recovered to its historical average. It is worth remembering, however, that an average valuation represents a point at which upside and downside deviations are symmetrical. After nearly 20 years of experience in the Pakistani market, we remain cautious about excessive optimism. Nevertheless, based on what we observe and the prospects of our portfolio companies, we believe the most likely scenario is a continued constructive equity market in which earnings growth drives returns.

Kel Kashmir, Pakistan. Source: Unsplash

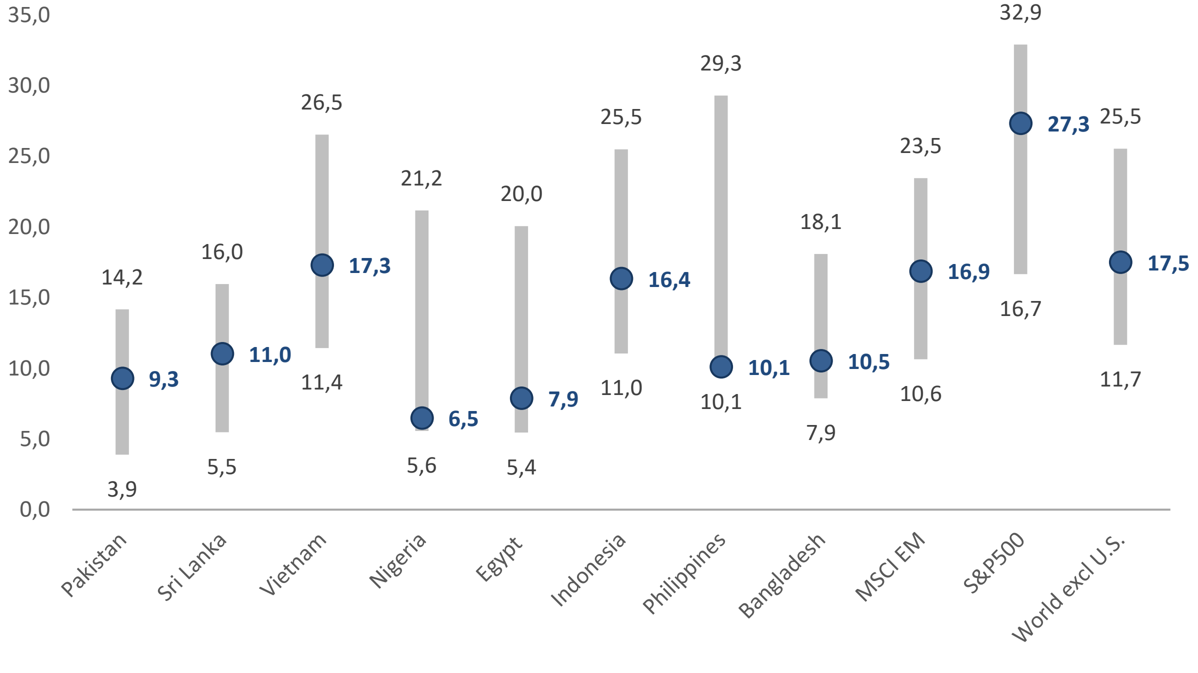
In **Vietnam** we conclude that the massive foreign outflows from the Vietnamese equity market during 2025 have brought several high-quality companies to very attractive valuation levels, prompting us to gradually rebuild positions we reduced towards the end of 2024. Vietnam was hit particularly hard on sentiment earlier in the year due to tariff concerns, while higher US interest rates during 2022–2024 placed pressure on the local currency as foreign corporates repatriated capital. While the country remains sensitive to trade-related disruptions, it also remains the market in our universe progressing most rapidly towards full emerging-market status. Its superior liquidity significantly lowers the barrier for global investors to re-enter.

Sri Lanka continues to follow the trajectory we anticipated: political and macroeconomic stability, alongside gradually improving conditions for listed companies. Its unique strengths within the services sector - particularly tourism - should support the balance of payments, while an improved corporate environment provides a foundation for sustained stability.

Egypt and Bangladesh may prove to be the “dark horses” of 2026. In **Egypt**, uncertainty remains as to whether the military-led government will ultimately allow a fully functioning market economy with a market-determined currency. However, the sharp devaluation in 2024, improving tourism revenues, partial geopolitical stabilisation and bilateral development projects with GCC countries all point towards a more normalised investment climate. Egypt also offers significant scope for monetary easing, with real rates around 7%, while valuations remain low.

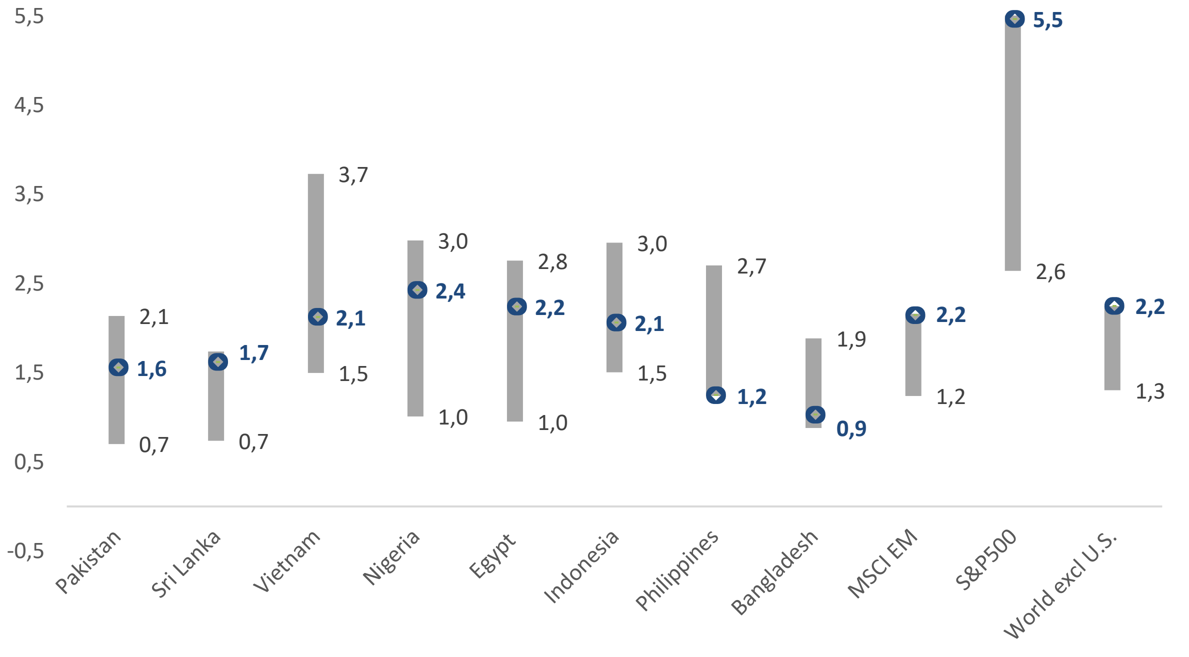
Bangladesh entered its crisis later than Pakistan and Sri Lanka and may now be at a stage like where those markets stood two years ago. The political revolution in July 2024 unsettled markets, but the interim government led by former Nobel laureate Muhammad Yunus has broadly performed well and initiated much-needed banking sector reforms. Elections are scheduled for February, preceded by some uncertainty as the main contenders will be the former opposition Bangladesh Nationalist Party (BNP) and Jamaat-e-Islami, while the former ruling Awami League is barred from participation. Banking reforms have likely disrupted domestic equity flows (historically around 95% local investors). Statements from both BNP and Jamaat-e-Islami suggest that uncertainty should diminish after the election, potentially paving the way for a well-deserved re-rating.

FIGURE 4: P/E VALUATIONS RELATIVE TO 10-YEAR AVERAGE



Source: Bloomberg, Tundra Fonder

FIGURE 5: P/B VALUATIONS RELATIVE TO 10-YEAR AVERAGE



Source: Bloomberg, Tundra Fonder

At the time of writing, the US has (temporarily?) taken control of Venezuela, while newspaper headlines speculate about whether Greenland could be wrested from Denmark - invoking Thucydides' observation that "the strong do what they can and the weak suffer what they must". In moments like these, it is easy to extrapolate towards darker scenarios. A simple reminder is that President Trump is now 80 years old (versus a 76-year life expectancy for American men). What would happen in the US were he to suddenly disappear from the political stage? Would there be anyone sufficiently charismatic, capable of employing similar intimidation tactics while mobilising a comparable voter base? We are sceptical. Our point is simply that global conditions can change rapidly, and it is prudent to remain prepared for further shifts.

We are also witnessing frenetic activity in private markets, where participation in the AI boom appears essential. We have no doubt that AI will drive a significant leap in global productivity, and we actively deploy proprietary models within our own operations to streamline administrative tasks. A separate question, however, is how many of the companies that have attracted billions in capital will ultimately generate meaningful value for shareholders. AI remains an exciting domain, but one where common sense and diversification remain essential.

Tundra Sustainable Frontier Fund was established to provide exposure to the world's largest population segment: people living in low-income and lower-middle-income countries. Today, this group represents 50% of the global population; in less than 50 years, it will account for 67%. New products and services will need to be consumed alongside essential goods such as food and healthcare. Infrastructure - roads, power generation and schools - must be built, and financial inclusion must expand, largely through digital channels. Our Fund was launched to provide long-term exposure to this structural development, which we believe will be largely unaffected by political power shifts or technological breakthroughs. In an era where global portfolios increasingly require diversification beyond the experience of the past decade, our markets represent a natural and compelling allocation destination.

Monthly Update December 2025
Tundra Sustainable Frontier Fund D, USD

ABOUT THE FUND

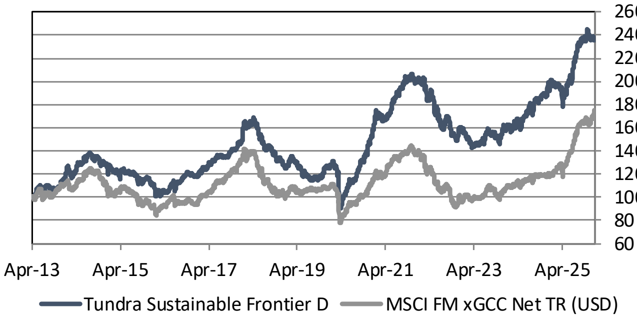
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments,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

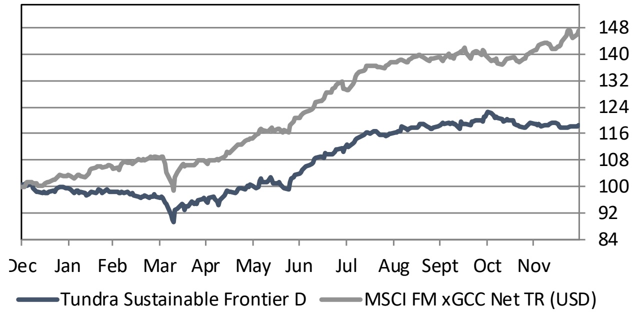
RETURN*	NAV (USD)	1M	YTD	1Y	3Y	Inception
Tundra Sustainable Frontier D	36.47	-0.8%	18.3%	18.3%	50.3%	136.4%
Benchmark	1084.18	4.5%	47.0%	47.0%	80.6%	74.4%

** 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)



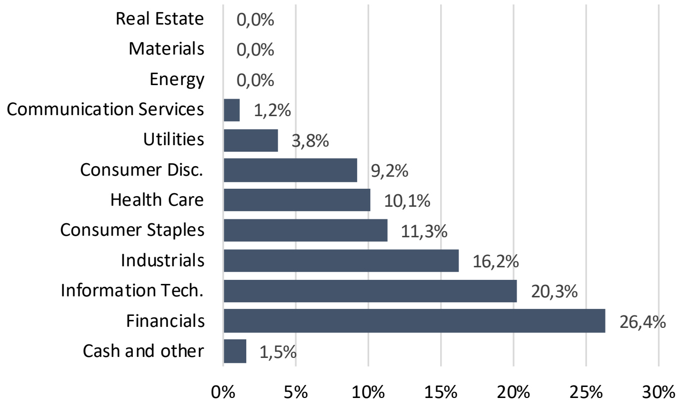
FUND MONTHLY PERFORMANCE

	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%	-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%	-2.7%	-0.8%	18.3%

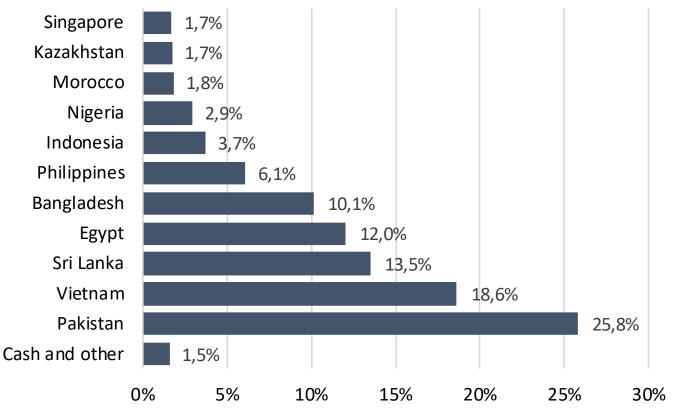
***Source**: Bloomberg, MSCI, Tundra Fonder*

Monthly Update December 2025
Tundra Sustainable Frontier Fund D, USD

SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS	WEIGHT	COUNTRY	P/E 25E	P/E 26E	YIELD	RETURN 1M (USD)
Systems Ltd	9.4%	Pakistan	21.9	15.4	0.9%	8.8%
Meezan Bank Ltd	8.4%	Pakistan	9.1	8.5	6.3%	0.5%
FPT Corp	7.1%	Vietnam	18.4	16.0	2.2%	0.8%
Ree	5.4%	Vietnam	14.0	12.8	1.5%	-5.8%
BRAC Bank Ltd	5.1%	Bangladesh	8.0	6.2	3.2%	-3.9%
GB Corp	4.6%	Egypt	9.8	7.2	1.7%	1.1%
Gemadept Corp	4.2%	Vietnam	17.1	15.4	3.3%	-3.1%
Windforce Ltd	3.8%	Sri Lanka	28.8	27.1	2.6%	-4.5%
Commercial Intl Bank	3.8%	Egypt	4.7	5.4	4.2%	5.1%
Square Phar Ltd-Ord	3.6%	Bangladesh	7.0	6.2	5.8%	-2.9%

BEST PERFORMERS	RETURN (USD)	WORST PERFORMERS	RETURN (USD)
Beximco Pharmaceutical GDR	13.8%	Puregold Price Club	-9.8%
Juhayna Food Ind	9.3%	Stanbic IBTC Holdings Plc	-8.5%
Systems Ltd	8.8%	Grab Holdings Ltd	-7.0%
AGP Limited	7.0%	Ceylinco Insurance-Non Voting	-6.7%
Guaranty Trust Holding	5.4%	Airports Corp Of Vietnam	-6.1%

FACTS		RISKS AND COSTS*	
Inception date	2013-04-02	Active risk (Tracking error)	9.6%
Pricing	Daily	Active share	81.3%
Manager	Tundra Fonder AB	Standard deviation	10.1%
Benchmark index	MSCI FM xGCC Net TR (USD)	Standard deviation, benchmark	9.2%
ISIN	SE0005222346	Beta	0.56
Bloomberg	TUNDFRU SS	Information ratio	-0.69
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	278.1 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*

DISCLAIMER

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