

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
APRIL 2025



SELECTIVE STRENGTH AMID GLOBAL NOISE

During what can only be described as an eventful month, the fund declined by 1.4% in USD (EUR: -6.2%) compared with MSCI FMxGCC Net TR (USD), which fell by 1.6% (EUR: -6.4%), and MSCI EM Net TR (USD), which declined by 0.4% (EUR: -5.3%).

In terms of absolute return, the Philippines was the strongest positive contributor (+0.8% absolute contribution to returns), followed by Egypt (+0.5%), while Vietnam (-1.8%), Pakistan (-0.3%), and Bangladesh (-0.2%) were the most significant negative contributors. Relative to the index, the fund benefited primarily from its exposure to the Philippines (+0.8% relative contribution), Egypt (+0.5%), and Indonesia (+0.2%). The largest negative relative contributions came from underweight positions in Morocco (-0.4%), Romania (-0.3%), and Slovenia (-0.3%).



Bantay Bell Tower, Philippines. Source: Unsplash

Among individual holdings, the strongest contributor was Egyptian fintech conglomerate GB Corp (6% of the portfolio) which rose 12% without corporate specific news. A similar positive contribution came from Puregold, a Philippine grocery chain (3% of the portfolio), which rose by 22% following a strong quarterly report and the announcement of an unexpectedly large dividend. Pakistani Meezan Bank (7% of the portfolio) contributed positively as well, gaining 9% during the month. The company released its Q1 results, which were in line with expectations, but the dividend surprised on the upside, and forward guidance was unexpectedly strong. Over the past year, the bank has been negatively affected by a declining net interest margin due to falling rates, along with the introduction of a minimum deposit rate for certain customer segments. We believe consensus estimates for 2025, but even more so for 2026, are too conservative. Thus we believe the company offers an unusually attractive risk-reward from an absolute return perspective and have gradually increased our position again this spring. The stock is now the fund's third-largest holding.

The largest negative contribution came from Vietnamese IT company FPT Corp (4% of the portfolio), which declined by 13% over the month. The Q1 report was in line with expectations (+21% earnings growth), but March figures (company reports headline numbers monthly) showed weaker growth in ASEAN and the US. In addition, there has been speculation of a potential transfer of state ownership in FPT Telecom, from State Capital Investment Corp (Vietnam's sovereign wealth fund) to the

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Ministry of Public Security. Such change could potentially mean FPT loses management control of its associate (FPT currently owns 46%) and negatively impact FPT Telecom which during 2024 contributed approximately 14% to FPT Corp's earnings. At the AGM, management reiterated a 2025 earnings growth target of 20%, consistent with recent years. Having kept the stock near our maximum exposure (10%) over the past two years, we reduced the position downwards during the autumn of 2024 as other investments offered greater upside. Following a 28% decline in 2025, the stock now appears to have priced in a potential temporary slowdown. Pakistani company Interloop (3% of the portfolio) fell 17% during the month after a weak quarterly report. Its expansion into denim and apparel continues to weigh on earnings, and Trump's tariff threats (the US accounts for just above 50% of Interloop's sales) of course add a further layer of uncertainty. Interloop has an impressive track record of growing with its clients, and its exceptional strength in sustainable textile production ensures it will remain high on the list of global clients. In the short term, operational disruptions remain a risk, also on the logistics side, but the uncertainty may be nearing its peak for now.



Kashmir, Pakistan. Source: Unsplash

TENSIONS BETWEEN INDIA AND PAKISTAN FOLLOWING ATTACK IN KASHMIR

On 22 April 2025, a terrorist attack in the India-administered region of Kashmir resulted in the deaths of more than 20 tourists. The region has remained a longstanding territorial dispute between India and Pakistan since their independence in 1947. In the aftermath, Indian authorities blamed Pakistan for the attack, prompting a swift diplomatic response, including the downgrading of diplomatic ties and suspension of the 1960 Indus Waters Treaty, a key water-sharing agreement between the two nations. Subsequently, the Indian government granted its military full operational freedom to respond to the incident. In retaliation, Pakistan also downgraded diplomatic relations, closed its borders and airspace to India, and suspended bilateral trade. Additionally, Pakistan has threatened to withdraw from all bilateral agreements with India, including the Simla Agreement, which underpins peaceful resolution of disputes (including the Kashmir issue) through bilateral dialogue.

On the night of May 7, India carried out a number of missile strikes on Pakistani territory, reportedly

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targeting terrorist camps, and Pakistan claims to have responded by shooting down several Indian military aircrafts that had entered its airspace. This marks the third such episode in the past decade in which the BJP-led Indian government has attributed terrorist incidents in Kashmir to Pakistan without a transparent investigation process. Similar patterns were observed following the 2016 Uri attack and the 2019 Pulwama incident. In both instances, India responded with limited cross-border military actions, including the unverified “surgical strikes” in 2016. Pakistan retaliated with proportionate responses, and tensions subsequently eased through de-escalation mechanisms.

The current round of military action appears notably more extensive than the responses observed in 2016 and 2019, signalling a heightened level of engagement. We believe however that the 2025 Pahalgam incident is likely to follow a similar trajectory, marked by initial escalation, limited military responses, and eventual de-escalation. Encouragingly, there are already signs of back-channel diplomacy, with several third-party countries reportedly engaging in efforts to mediate and de-escalate the conflict.



Lahore Fort, Pakistan. Source: Unsplash

FOLLOW-UP ON GLOBAL DEVELOPMENTS

In last month’s letter, we discussed the initial US “proposal” regarding new tariffs. As expected, the US quickly revised its stance, and the individual tariffs have, for now, been replaced by a uniform 10% import tariff—excluding China (145%)—along with various exemptions for goods later deemed too critical to forgo. Toward the end of the month, the US initiated a dialogue with China, which lifted global equity markets. However, new concerns continue to emerge. At the time of writing (May 7th), Trump has suggested on social media that foreign movies shown in the US should be subject to a 100% tariff. If implemented, this would mark a significant expansion of the tariff agenda to include foreign services—an area in which the US currently enjoys a trade surplus of around USD 300 billion with the rest of the world. This would certainly be a domain where the EU, among others, would have ample scope for countermeasures, potentially targeting US tech giants or the American film industry. The implications for global streaming platforms would be an interesting mess to sort out.

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Tundra Sustainable Frontier Fund

The outreach to China is nonetheless a positive indication of at least some understanding of fundamental economic principles. Intensive negotiations are ongoing with a wide range of countries. However, except for Vietnam, it is unlikely that our markets will be among the first to announce any deals, given their limited strategic weight. We therefore do not expect any major announcements in May.

Slightly more concerning from a global financial standpoint is the growing unease in Asia regarding the substantial holdings of US securities by several countries. The US dollar remains the dominant currency in global foreign exchange reserves. For instance, the Taiwanese dollar appreciated by 7% in just two days, likely due to divestments of US assets aimed at reducing exposure and FX risk. Hong Kong also had to intervene by purchasing US dollars to defend its lower band of its currency peg (7.75-7.85). We are witnessing a highly unusual dynamic in which the US—at least in the short term—appears to be undermining its role as a safe haven for global investors. The long-term implications for the US and the rest of the world remain to be seen.

IMPACT ON OUR MARKETS

Turning our focus to our markets, the current global financial unrest benefits no one. The ideal environment for our markets is one where developed equity markets deliver stable and unremarkable performance—approximately $\pm 10\%$ annually.

All our countries have some degree of export exposure to the US, and any decline in exports is clearly negative. However, except for Vietnam, domestic consumption remains the more important growth driver. The current uncertainty has led to falling commodity prices—particularly oil, which has declined from USD 75–80 per barrel to current 55–60 since the end of March. This will have a favourable impact on many countries' trade balances and should help cushion any decline in exports to the US. Lower commodity prices are also likely to lead to downward revisions in inflation forecasts, creating more room for interest rate cuts. On May 5th, for instance, Pakistan unexpectedly announced a 100 basis point rate cut.

While smaller emerging markets are unlikely to be the first beneficiaries of any structural capital reallocation away from the US, they could still attract gradually increasing interest—even if it is from modest levels.

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ABOUT THE FUND

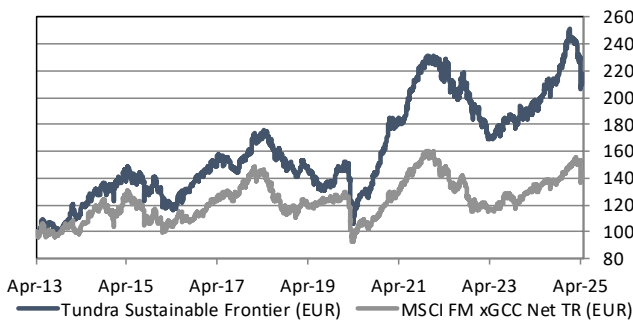
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments,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

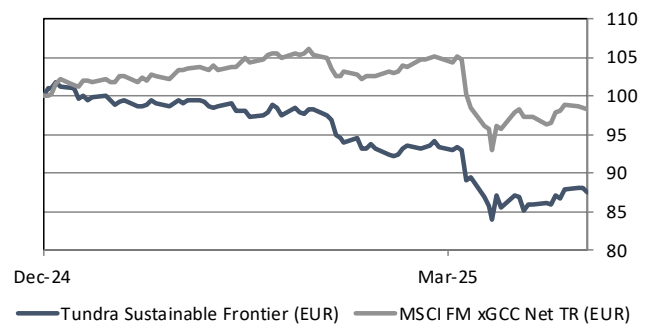
RETURN*	NAV(EUR)	1M	YTD	1Y	3Y	Inception
Tundra Sustainable Frontier (EUR)	25.91	-6.2%	-12.5%	11.7%	-5.1%	115.4%
Benchmark	695.76	-6.4%	-1.8%	9.1%	-1.9%	43.6%

* 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%									-12.5%

Source: Bloomberg, MSCI, Tundra Fonder

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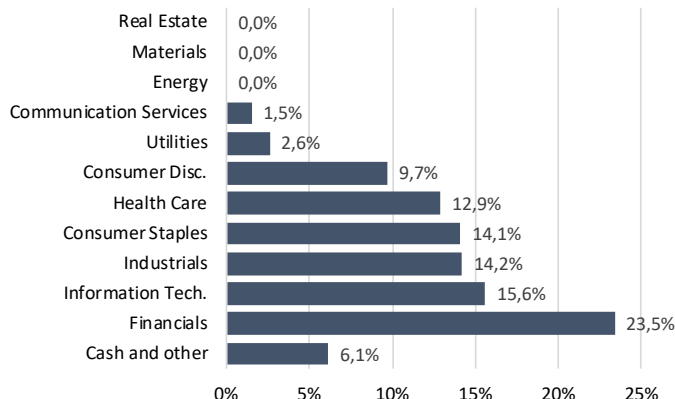
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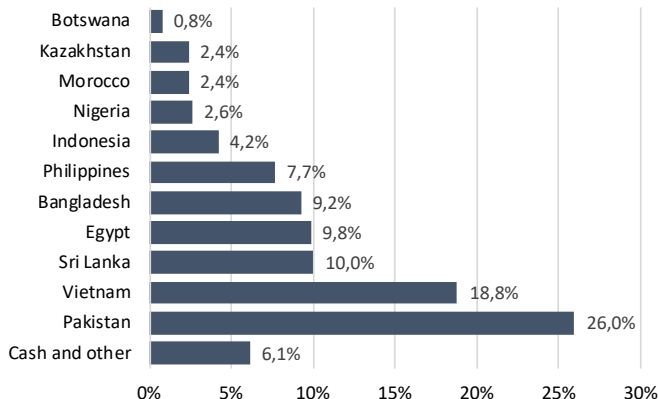
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Tundra Sustainable Frontier Fund F, EUR

SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS

	WEIGHT	COUNTRY	P/E 25E	P/E 26E	YIELD	RETURN 1M (EUR)
Systems Ltd	7.5%	Pakistan	14.7	11.9	1.9%	-7.6%
Ree	6.8%	Vietnam	13.6	12.6	1.5%	-9.8%
Meezan Bank Ltd	6.7%	Pakistan	7.3	7.6	9.6%	3.7%
GB Corp	5.7%	Egypt	7.2	5.5	2.5%	6.0%
Square Phar Ltd-Ord	5.4%	Bangladesh	7.6	6.9	5.4%	-7.6%
FPT Corp	4.4%	Vietnam	17.7	14.4	2.2%	-17.6%
Century Pacific Food	4.1%	Philippines	18.8	17.2	1.6%	-0.5%
National Bank of Pakistan	4.0%	Pakistan	3.6	3.7	10.9%	1.5%
BRAC Bank Ltd	3.6%	Bangladesh	4.9	4.4	1.4%	-7.4%
Gemadept Corp	3.1%	Vietnam	15.7	14.2	2.7%	-14.7%

BEST PERFORMERS

RETURN (EUR)

Puregold Price Club	16.1%
GB Corp	6.0%
Meezan Bank Ltd	3.7%
Beximco Pharmaceutical GDR	2.1%
National Bank of Pakistan	1.5%

WORST PERFORMERS

RETURN (EUR)

Interloop Ltd	-20.9%
FPT Corp	-17.6%
Air Link Communication	-17.1%
Abbott Laboratories Ltd	-15.8%
Masan Group Corp	-14.8%

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)	8.5%
Active share	88.3%
Standard deviation	12.3%
Standard deviation, benchmark	9.9%
Beta	0.90
Information ratio	0.15
Holdings	37
Risk level	5 of 7 (refer to KIID for more info)
Management fee/year (all inclusive **)	2.5%
AuM	190.7 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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