

# TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE  
FEBRUARY 2026



**TUNDRA**  
FONDER

### PAKISTAN WEIGHED ON AN OTHERWISE POSITIVE MONTH

In USD, the fund rose 0.1% (EUR: +1.0%) during the month, compared with MSCI FMxGCC Net TR (USD), which advanced 1.6% (EUR: +2.5%), and MSCI EM Net TR (USD), which gained 5.5% (EUR: +0.6%). In absolute terms, Bangladesh contributed most positively at (+1.6% absolute contribution to portfolio return), followed by the Philippines (+0.7%) and Nigeria (+0.6%). The largest negative contributions came from Pakistan (1.7% negative contribution to portfolio return) and Egypt (-0.7%). Relative to the index, our overweight position and stock selection in Bangladesh (+1.8% positive absolute contribution), while our overweights in the Philippines (+0.7%) and Nigeria (+0.6%) were also supportive. Conversely, stock selection and our underweight in Vietnam (-1.4% negative contribution), our overweight in Pakistan (-1.1%), and overweight in Egypt (-0.7%) detracted the most from relative performance.



*Karachi, Pakistan. Source: Unsplash*

Among individual holdings, the largest positive contribution came from Bangladeshi Brac Bank, representing 7% of the portfolio, which rose 18% during the month ahead of and following the Bangladeshi election, which resulted in the expected victory for Bangladesh Nationalist Party (BNP). The second largest contribution came from Vietnamese port operator Gemadep, representing 5% of the portfolio, which rose 23% following a strong fourth quarter report. The largest negative contributions came from Pakistani IT consultancy Systems Ltd, representing 7% of the portfolio, and Vietnamese IT consultancy FPT Corp, representing 7% of the portfolio, which declined 13% and 10% respectively, likely affected by negative global sentiment towards IT consultancies, as discussed below.

### CONFLICT BETWEEN PAKISTAN AND AFGHANISTAN

In late February 2026, tensions between Pakistan and Afghanistan escalated into open clashes after Pakistan accused the Taliban of harbouring militants behind attacks on its territory, prompting cross-border air and ground strikes. Fighting has been reported around key border areas including Kandahar. A brief round of clashes between the two neighbouring countries subsided after Islamabad deployed air power, a capability not available to Kabul, targeting strategic locations inside Afghanistan. The strikes appear to have pressured the Taliban leadership to signal a willingness to engage in negotiations with Pakistan. However, the situation remains fragile. Islamabad has recently

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shifted its approach towards the Taliban regime, citing concerns over the presence of non-state actors operating from Afghan territory and conducting attacks against Pakistan. While immediate hostilities have eased, underlying tensions persist and further diplomatic engagement will be critical to prevent renewed escalation. We believe the risks involved are materially lower than those seen during the Pakistan-India clashes in May last year. However, the situation could still pose challenges to the country's internal security.

### **UNITED STATES AND ISRAEL ATTACK IRAN**

As President Trump's rhetoric towards Iran intensified, the oil price rose 6% during the month, following a 10% increase in January. The attack by Israel and the United States commenced on the final day of the month, prompting retaliatory strikes by Iran against American and Israeli targets. Ali Khamenei, Iran's Supreme Leader since 1989, was reported to have died in the initial attacks. We assess the probability of a broader escalation involving additional countries as low. Given existing sanctions, Iran today represents a relatively modest participant in global energy markets. In oil, its exports are estimated to account for approximately 1.0% to 1.5% of global supply, and materially less in natural gas. The principal impact on energy markets is therefore likely to centre on potential supply disruptions, particularly as around 20% of the world's oil passes through the Strait of Hormuz, and the duration of any such disruptions. OPEC's statement indicating increased production is likely to mitigate some of these effects. Other risks include the possibility of terrorist attacks on American soil. At present, it is impossible to assess how long the conflict may last or what the ultimate outcome will be. The historical record of United States military interventions abroad offers limited reassurance. However, Iran may represent a case where regime change could prove viable, given there is support among parts of the population. An Iran more aligned with the West would clearly reduce a geopolitical risk that has persisted for decades. Our foremost hope is that as few lives as possible are lost in yet another conflict. From a market perspective, we expect initial volatility, which should gradually subside provided there are no unforeseen deteriorations.



*Dendera, Egypt. Source: Unsplash*

### **AI CONCERNS REACH FRONTIER MARKETS**

During the month, a highly negative article on artificial intelligence circulated from research firm Citrini Research. Its conclusion was that AI will, within a few years, significantly reduce employment opportunities for highly educated individuals and ultimately lead to mass unemployment and sharply reduced consumption. Software companies and IT consultancies were identified as the most vulnerable sectors. We own two IT consultancies, FPT Corp in Vietnam and Systems Ltd in Pakistan,

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together representing 13% of the Fund's assets. Both declined by double digits during the month.

We believe it is important to approach technological shifts with humility and to monitor developments carefully. At the same time, history provides valuable perspective. Citrini's argument rests on the assumption that companies and societies fail to adapt, extrapolating short term trends into the future. Yet history demonstrates that every major technological and societal shift has delivered substantial productivity gains, improvements in living standards, and a reallocation of resources.

Technological and societal change does not occur without friction, but such friction drives adaptation. There are far fewer horse-drawn carriage drivers today than at the end of the nineteenth century, yet many who lost their roles when the motor car was introduced became drivers or found employment in the factories that emerged. The introduction of Microsoft Office in the late 1980s reduced the need for typists and in-house calculation departments, yet it also led to reskilling and upgraded roles. The increased participation of women in the labour force during the Second World War and between the 1960s and 1980s did not result in mass unemployment among men but rather constituted one of the most significant societal transformations of the modern era, and massive welfare gains.



*Kon Tum, Vietnam. Source: Unsplash*

Every major technological or societal shift has been met with concern. While short term disruption accompanies adjustment, such shifts have consistently generated significant productivity gains and strengthened economic development. Returning to the IT consultancies in which Tundra invests, demand for certain low-value-added services currently offered, such as Business Process Outsourcing (BPO) and generic coding will see price pressures, and may well decline over time. However, it would be naïve to assume that companies will fail to adapt and evolve their service offerings, as firms have repeatedly done over the past few decades when new technologies emerge. This will likely occur alongside a period of elevated demand for system support and IT upgrades. Artificial intelligence is already an important productivity driver to which industries must adapt and from which they must seek to benefit. Inevitably, some niche sectors will be adversely affected.

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How many video rental shops remain today compared with the period before streaming? Our view is that, as with previous technological shifts, resources will be reallocated within the economy and the service offerings of leading companies will evolve accordingly. We do not believe that the current technological transition represents the apocalyptic scenario suggested by Citrini. It will, however, place significant demands on companies' and sectors' capacity to adapt and renew themselves. This is something we incorporate into our analysis and will continue to monitor closely.



*Nine Arch Bridge, also known as the "Bridge in the Sky", Sri Lanka. Source: Unsplash*

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### ABOUT THE FUND

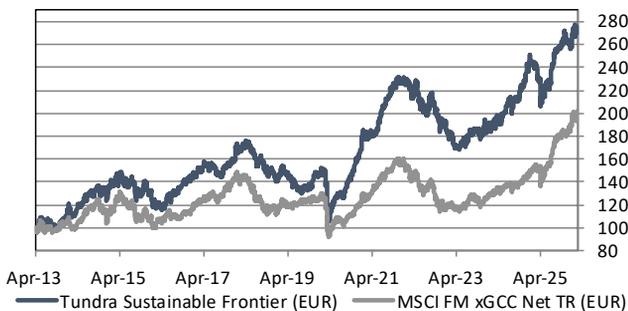
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments,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

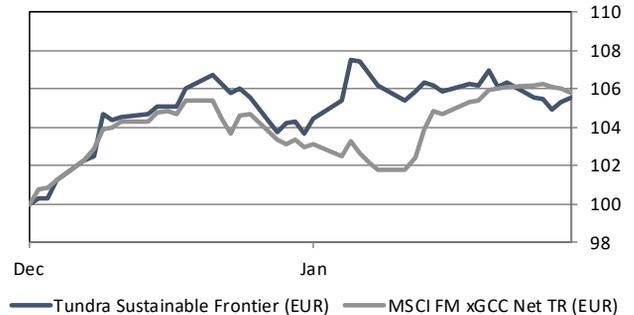
RETURN*	NAV(EUR)	1M	YTD	1Y	3Y	Inception
Tundra Sustainable Frontier (EUR)	32.73	1.0%	5.5%	12.3%	51.2%	172.1%
Benchmark	974.74	2.5%	5.7%	30.5%	69.5%	101.1%

\* 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

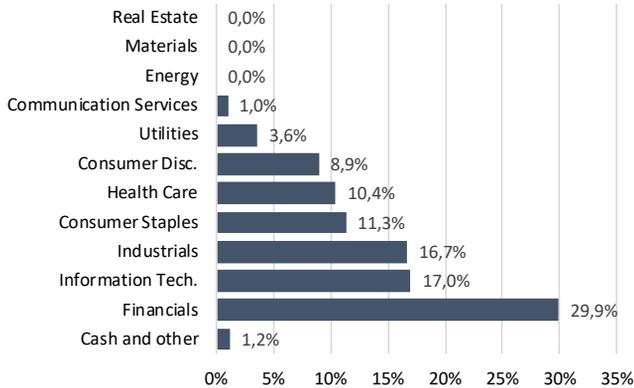
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.3%	7.9%	-6.5%	4.6%	-4.6%	-0.7%	1.7%	4.0%	4.1%	8.7%
2014	4.6%	-4.5%	4.0%	4.0%	5.6%	0.6%	3.4%	-0.9%	4.5%	-2.6%	-0.2%	0.6%	22.3%
2015	4.3%	0.5%	1.3%	0.6%	-0.3%	-2.5%	-0.5%	-4.1%	-3.0%	5.6%	1.6%	-4.7%	-1.7%
2016	-5.1%	-2.8%	-2.8%	0.9%	7.1%	0.3%	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%	5.2%	0.4%	11.0%	0.7%	1.7%	5.3%	-3.1%	-2.3%	4.7%
2026	4.5%	1.0%											5.5%

Source: Bloomberg, MSCI, Tundra Fonder

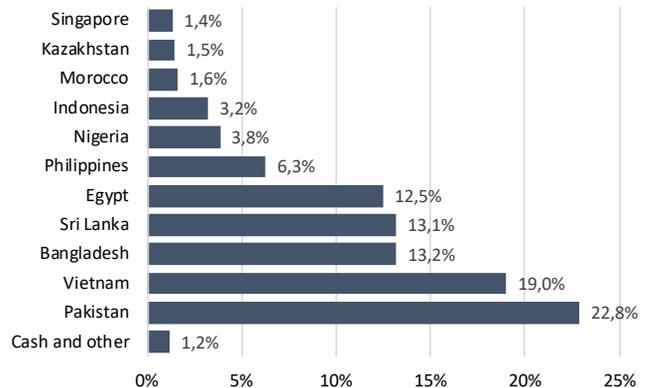
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### SECTOR ALLOCATION



### COUNTRY ALLOCATION



### LARGEST HOLDINGS

	WEIGHT	COUNTRY	P/E 26E	P/E 27E	YIELD	RETURN 1M (EUR)
Meezan Bank Ltd	7.9%	Pakistan	9.2	8.8	6.4%	-5.4%
Systems Ltd	6.9%	Pakistan	17.3	12.2	1.7%	-14.1%
BRAC Bank Ltd	6.8%	Bangladesh	11.6	8.7	2.0%	20.1%
FPT Corp	6.6%	Vietnam	17.9	15.3	2.4%	-11.1%
Ree	5.2%	Vietnam	14.3	13.2	1.5%	1.1%
Gemadep Corp	5.1%	Vietnam	23.1	19.0	2.7%	23.2%
Commercial Intl Bank	4.6%	Egypt	6.0	6.2	4.5%	-1.4%
GB Corp	4.2%	Egypt	11.6	9.9	2.0%	-8.9%
Square Phar Ltd-Ord	4.1%	Bangladesh	7.8	6.4	7.2%	4.7%
Windforce Ltd	3.6%	Sri Lanka	28.9	27.2	4.3%	-1.8%

### BEST PERFORMERS

	RETURN (EUR)	WORST PERFORMERS	RETURN (EUR)
Zenith Bank Plc	30.5%	Systems Ltd	-14.1%
City Bank Plc	28.9%	FPT Corp	-11.1%
Gemadep Corp	23.2%	Air Link Communication	-10.5%
Guaranty Trust Holding	21.1%	Abbott Laboratories Ltd	-10.5%
Puregold Price Club	20.4%	GB Corp	-8.9%

### 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)	9.1%
Active share	82.1%
Standard deviation	13.4%
Standard deviation, benchmark	10.3%
Beta	0.96
Information ratio	-0.75
Holdings	38
Risk level	5 of 7 (refer to KIID for more info)
Management fee/year (all inclusive **)	2.5%
AuM	247.5 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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