

MONTHLY LETTER MARCH 2017



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Frontier Opportunities	2.2%	6.4%	30.7%	52.7%
Benchmark (MSCI FM xGCC Net (EUR))	3.0%	7.5%	19.8%	25.1%

Facts		Risk and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	8.3%
Pricing	Daily	Standard deviation	10.6%
Manager	Tundra Fonder AB	Standard deviation, benchmark	11.0%
Benchmark index	MSCI FM xGCC Net (EUR)	Beta	0.68
ISIN	SE0006 789 897	Information ratio	0.48
IBAN	SE445000000058648209218	Risk level	5 of 7 (refer to KIID for more info)
BIC	ESSESESS	Management fee/year (all inclusive)**	2.5%
Custodian	SEB	AuM	53.1 MEUR
Auditor	PWC		

* Risk indicators are based on monthly rolling 24 months of return data.

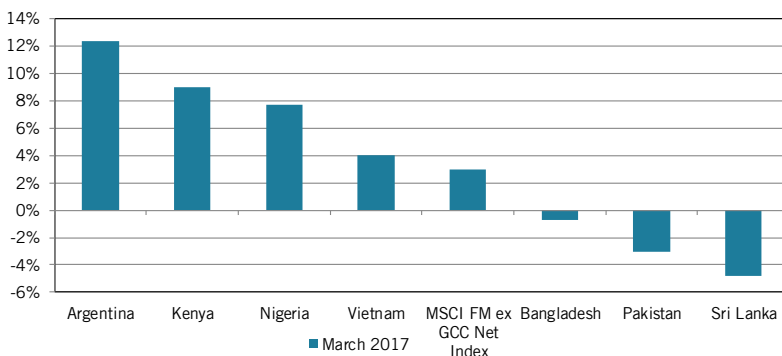
** The management fee includes variable custody fees, audit, legal and marketing expenses.

Best performers in March		Worst performers in March	
	Return (EUR)		Return (EUR)
Brac Bank Ltd	27.7%	Gb Auto	-17.2%
Suez Cement	18.4%	Egypt Intl Pharma	-10.7%
United Bank Afr	17.9%	Active Fine Chem	-10.3%
Grupo Galicia-B	15.4%	Bim Son Cement	-9.7%
Masan Group	14.1%	Systems Ltd	-9.0%

Five largest holdings					Return 1 month (EUR)	
Holding	Portfolio weight	Country	P/E 16E	P/E 17E	Yield	
Brac Bank Ltd	5.3%	Banglad.	17.3	14.9	1.1%	27.7%
Active Fine Chem	4.7%	Banglad.	-	-	-	-10.3%
Ferozsons Labs	4.5%	Pakistan	-	19.6	-	-0.7%
Meezan Bank	4.3%	Pakistan	13.7	11.0	4.8%	13.0%
Square Pharma	3.9%	Banglad.	22.5	19.2	0.9%	2.2%

Source: Bloomberg, Tundra Fonder

Major frontier markets (EUR, total return)

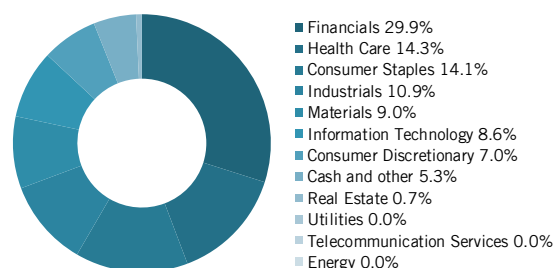


Source: Bloomberg

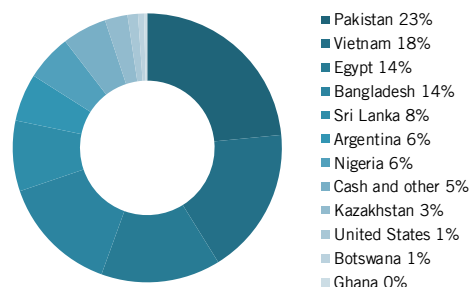
Fund Objective

The Fund intends to give financial exposure to economic development in emerging markets and frontier markets through equities. The Fund Management Company particularly focuses on those markets that have large population and low GDP. Therefore countries which are part of the MSCI Frontier Markets index (such as for example Kuwait) but that have an important weight are less likely to be considered for an investment. The Benchmark of the Fund is MSCI Frontier Markets ex GCC Index. At least 80 percent of the net asset value of the fund must be invested in equities and equity-related transferable securities issued by companies that have their registered office in emerging markets and/or frontier markets, or that conduct their principal operating activities in emerging markets and/or frontier markets. Up to 20 percent of the net asset value of the fund may be invested in equities and equity-related transferable securities issued by companies that are classified by MSCI as Developed Markets. Notwithstanding the above restrictions, the fund may always hold the cash and cash equivalents necessary to conduct management of the fund, but to a maximum of 20 percent of the net asset value of the fund. Given the risk profile of the fund the Fund Management Company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

Tundra Frontier Opportunities: Sector allocation



Tundra Frontier Opportunities: Country allocation



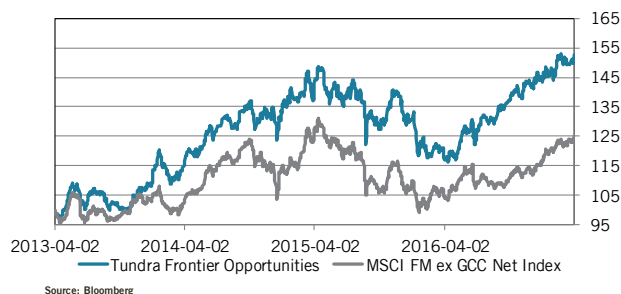
Monthly Market Comment

MSCI Frontier Markets xGCC Net (EUR) rose 3.0% during the month, compared with MSCI Emerging Markets Net (EUR) which rose 2.1%. Best markets during the month were Argentina (+12%), Kenya (+9%) and Nigeria (+8%). Among the losers were Morocco (-6%), Sri Lanka (-5%) and Pakistan (-3%). Perhaps the most important news in March was the fact that net foreign portfolio inflows to the asset class were the strongest in two years in February according to EPFR data. According to EPFR, net purchases amounted to USD 157m. It should be compared to total outflows amounting to USD 4bn during 2015-2016. Individual months' flows should be taken with a grain of salt, but as discussed in previous Monthly Letters (see January 2017) we have asked the question as to how long the large outflows from the asset class can continue. Although investors in some funds, such as Tundra Frontier Opportunities Fund, may feel quite satisfied with the return during the past two years should bear in mind that the market conditions have been very tough, given the constant selling pressure on frontier markets. Returns have been saved only with alpha generation and the stronger USD. It is three years since we saw inflows into the asset class. History shows that these type of flows move in distinct cycles. Third year lucky perhaps?

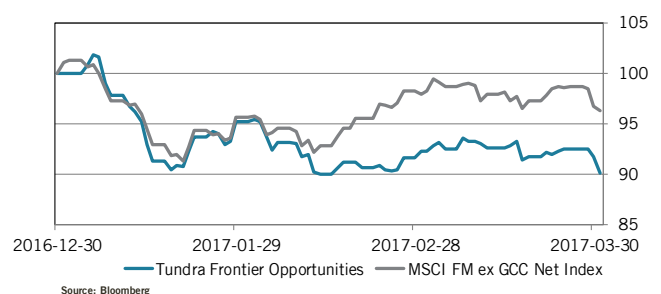
Monthly Fund Comment

The fund rose 2.2% during the month, slightly underperforming the benchmark, which rose 3.0%. The fund lost performance primarily on its underweights in Argentina and Kenya, the two best equity markets in March. In addition, we saw a sharp correction in Egypt, which also meant a significant negative contribution. The fund's underweight in Morocco contributed positively as political unrest shook the market. Outperformance was created mainly through stock selection, where the fund's holdings in Bangladesh, Kazakhstan, Vietnam, Pakistan, and Sri Lanka outperformed the respective underlying market. During the month the fund sold its holdings in the Vietnamese real estate company DXG after strong share price performance. The capital was reallocated within Vietnam to the consumer conglomerate Masan Group where we have become increasingly optimistic about the company's turnaround. The fund sold its last holding in Morocco, the brewery Societe des Brasseries, and bought the Pakistani steel company Aisha Steel. The latter company is an interesting restructuring case. It is an attempt to create a leading supplier to the Pakistani construction sector. We believe in continued increased investments in infrastructure in Pakistan and there are relatively few options outside the cement sector. Comparing Aisha Steel to the construction steel producers in Vietnam, we see significant relative upside which might be realized as more investors will discover the company during the year.

Tundra Frontier Opportunities vs index (since inception)



Tundra Frontier Opportunities vs index (year-to-date)



Tundra Frontier Opportunities Fund – Monthly return (EUR)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.4%	7.8%	-5.8%	4.8%	-4.5%	-0.5%	1.4%	3.9%	2.2%	9.1%
2014	6.4%	-4.5%	4.0%	3.8%	5.5%	0.6%	3.5%	-0.9%	4.7%	-2.5%	-0.3%	0.7%	22.5%
2015	4.3%	0.5%	1.3%	0.6%	0.2%	-2.4%	-0.7%	-4.2%	-2.9%	5.5%	1.7%	-4.9%	-1.5%
2016	-5.0%	-2.8%	-2.8%	0.8%	7.0%	0.3%	2.3%	4.2%	1.4%	1.3%	2.8%	0.9%	10.2%
2017	0.3%	3.7%	2.2%										6.4%

Source: Bloomberg

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