

# MONTHLY LETTER

## MAY 2016



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	4.0%	0.3%	-0.4%	175.9%
Benchmark (MSCI Pakistan Net (EUR))	5.7%	5.3%	-5.9%	104.6%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	8.7%
Pricing	Daily	Standard deviation	17.4%
Manager	Tundra Fonder AB	Standard deviation, benchmark	20.2%
Benchmark index	MSCI Pakistan Net (EUR)	Beta	0.78
ISIN	SE0006 789 905	Information ratio	.75
IBAN	SE925000000058648288185	Risk level	7 of 7 (refer to KIID for more info)
BIC	ESSESESS	Management fee/year (all inclusive)**	2.5%
Custodian	SEB	AuM	101.9 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 May		Worst performers in May	
	Return (EUR)		Return (EUR)
Ferozsons Labs	22.1%	Avanceon Ltd	-6.8%
Bata Pakistan	15.3%	Murree Brewery	-5.4%
Gul Ahmed Tex	13.7%	Netsol Technology	-3.8%
Aisha Steel Mill	13.3%	Shezan Intl	-3.8%
Shifa In Hospita	13.1%	Hum Network Ltd	-3.6%

### Five largest holdings

Holding	Portfolio weight	Country	P/E 15E	P/E 16E	Yield	Return 1 month (EUR)
United Bank Ltd	5.0%	Pakistan	7.9	7.5	8.2%	6.1%
Habib Bank Ltd	4.9%	Pakistan	7.3	7.6	7.9%	-2.7%
Mcb Bank Ltd	4.5%	Pakistan	8.7	9.1	7.2%	1.6%
K-Electric Ltd	4.5%	Pakistan	9.0	6.3	0.8%	7.7%
Nishat Mills Ltd	4.4%	Pakistan	-	8.0	3.7%	-

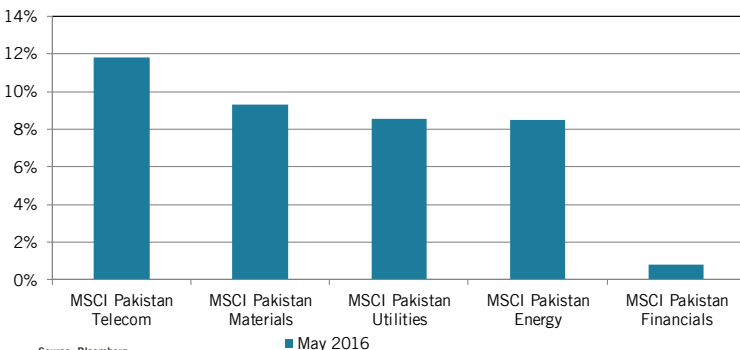
Source: Bloomberg, Tundra Fonder

### Fund Objective

The objective of the fund is to provide investors financial exposure to economic development in Pakistan and to provide its unit holders with a maximum long-term return on their investment given the fund's level of risk. At least 90 percent of the net asset value of the fund will be invested in equities and equity-related transferable securities issued by companies that have their registered office in, or that conduct their principal operating activities in, Pakistan. The fund may invest up to 10 percent of the net asset value of the fund in equity and equity-related transferable securities issued by companies that do not have their registered office in, or do not conduct their principal operating activities in, Pakistan. 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. The fund may invest up to 10 percent of the net asset value in other funds.

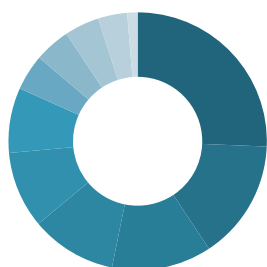
Given the risk profile of the fund the fund management company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

### Pakistan sector indices (EUR, total return)



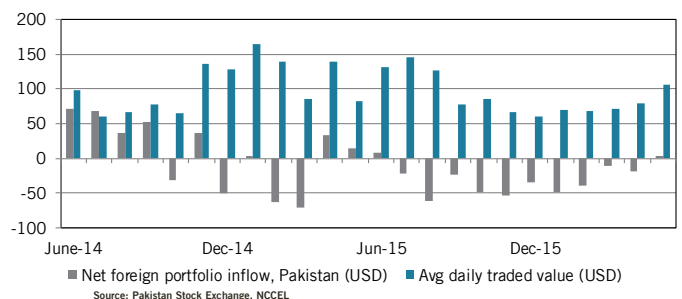
Source: Bloomberg

### Tundra Pakistan Fund: Sector allocation



- Financials 25.7%
- Materials 15.0%
- Energy 12.5%
- Consumer Discretionary 10.8%
- Consumer Staples 9.6%
- Cash and other 8.2%
- Utilities 4.5%
- Industrials 4.5%
- Health Care 4.4%
- Information Technology 3.7%
- Telecommunication Services 1.3%

### Foreign flows and turnover (Pakistan Stock Exchange)



Source: Pakistan Stock Exchange, NCCEL

Fund return is for time periods starting prior to June 12th 2013 based on the A share class in SEK converted to EUR using Bloomberg currency data in order to provide maximum performance history. The value of money invested in a fund can increase or decrease and there is no guarantee that all of your invested capital can be redeemed. Past performance is no guarantee for future returns. The value of invested capital may vary substantially due to the composition of the fund and the investment process used by the fund manager. The Full Prospectus, KIID etc. are available on our homepage ([www.tundrafonder.se](http://www.tundrafonder.se)). You can also contact us to receive the documents free of charge.

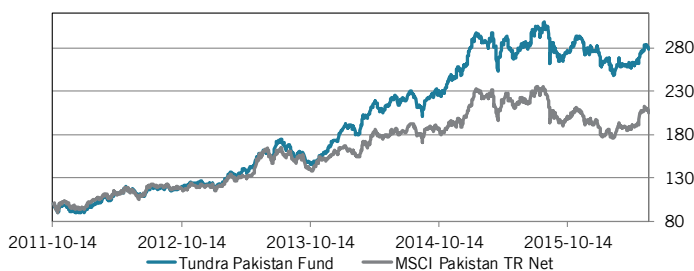
### Monthly Market Comment

MSCI Pakistan Net (EUR) gained 5.7% during May, significantly outperforming MSCI Emerging Markets Net (EUR) which lost 1.0%. Pakistan posted superior returns, in line with continued recovery in frontier markets for the last months. The broader local indices touched all-time-highs during May. Volumes picked up to USD 107m average per day as both foreign and retail participation increased. Foreign flows turned positive (USD 3.6m) following eight months of continuous outflows. Another positive surprise for the market came in the form of an unexpected cut in the policy rate by 25 bps to 5.75%, which largely offset the political noise regarding the Prime Minister's family assets overseas. There was increased interest in blue chip names which are expected to be part of the MSCI Emerging market index, if Pakistan is upgraded on the June 14th review. The market is likely to witness increased volatility during June as the review date for re-classification of Pakistan into emerging market index approaches.

### Monthly Fund Comment

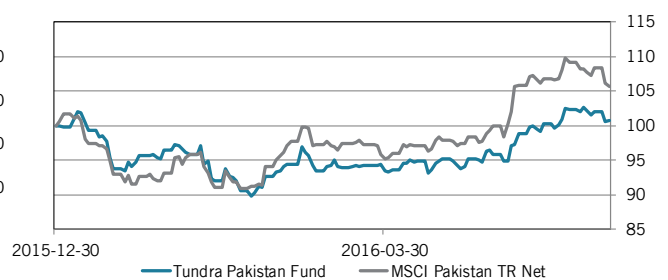
The fund gained 4.0% Net (EUR) during the month, underperforming the benchmark index which increased 5.7% Net (EUR). As the MSCI review for upgrading Pakistan to emerging markets is around the corner, market has seen increased interest in blue chip stocks which normally are underweighted in our fund. The negative relative performance stemmed from our underweight in index heavy Materials (FFC, LUCK), Utilities (HUBC), Financials (MCB, HBL) and Energy (OGDC). However, our off benchmark bets in Consumer Discretionary (NML, BATA), Healthcare (Feroz) and Utilities (KEL) performed positively for the fund. The fund added exposure in cement stocks with significant spare capacity during the month.

### Tundra Pakistan Fund vs index (since inception)



Source: Bloomberg

### Tundra Pakistan Fund vs index (year-to-date)



Source: Bloomberg

### Tundra Pakistan Fund – Monthly return (EUR)

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011										-4.9%	-1.8%	-3.9%	-10.2%
2012	7.3%	6.5%	6.6%	3.6%	0.7%	-4.8%	9.1%	2.1%	-3.3%	3.5%	3.3%	-1.3%	37.5%
2013	-0.9%	10.5%	0.4%	4.4%	12.6%	-2.8%	10.6%	-9.9%	-3.1%	0.5%	7.5%	7.7%	40.3%
2014	10.5%	-5.4%	12.4%	3.1%	6.1%	-0.7%	3.2%	-7.9%	8.7%	2.6%	5.3%	6.0%	51.2%
2015	13.3%	-3.6%	-7.1%	5.4%	-1.3%	3.1%	4.1%	-4.1%	-6.6%	5.8%	-1.3%	-1.1%	4.8%
2016	-3.6%	-2.9%	0.2%	2.9%	4.0%								0.3%

Source: Bloomberg

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