

# MONTHLY LETTER

## AUGUST 2016



TUNDRA  FONDER

Capital invested in a fund may either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. The state of the origin of the Fund is Sweden. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3,3bis and 3ter CISA. The representative in Switzerland is ACOLIN Fund Service AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is Bank Vontobel Ltd, Gotthardstrasse 43, CH-8022 Zurich. The Basic documents of the fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative.

Return (EUR)	1 month	YTD	1 year	Inception
Tundra Frontier Opportunities	4.2%	3.4%	2.5%	35.2%
Benchmark (MSCI FM xGCC Net (EUR))	-0.9%	0.0%	-1.3%	8.7%

Facts	Risk and costs*	
Inception date	2013-04-02	
Pricing	Daily	
Manager	Tundra Fonder AB	
Benchmark index	MSCI FM xGCC Net (EUR)	
ISIN	SE0006 789 897	
IBAN	SE445000000058648209218	
BIC	ESSESESS	
Custodian	SEB	
Auditor	PWC	
	Active risk (Tracking error)	8.8%
	Standard deviation	11.1%
	Standard deviation, benchmark	12.2%
	Beta	0.65
	Information ratio	0.68
	Risk level	7 of 7 (refer to KIID for more info)
	Management fee/year (all inclusive)**	2.5%
	AuM	38.7 MEUR

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

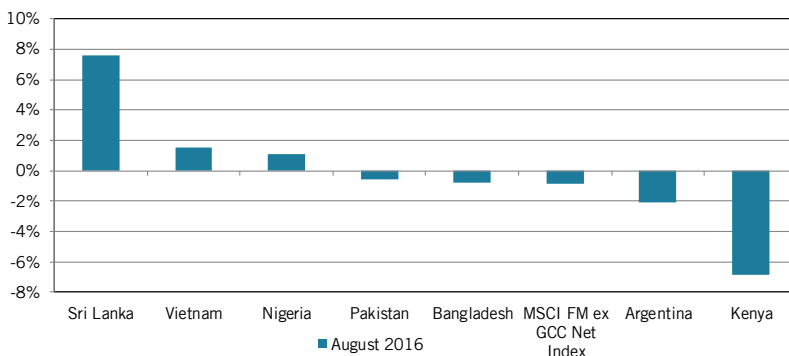
\*\* The management fee includes variable custody fees, audit, legal and marketing expenses.

Best performers in August		Worst performers in August	
	Return (EUR)		Return (EUR)
Murree Brewery	66.4%	Diamond Bank	-32.8%
Tokyo Cement Co	30.2%	Zenith Bank Plc	-8.9%
Halyk Savings Bk	22.9%	Ferozsons Labs	-14.5%
Viet Nam Dairy	21.2%	Letshego Holding	-11.6%
Access Eng.	16.3%	United Bank Afr	-2.7%

Five largest holdings						Return 1 month (EUR)
Holding	Portfolio weight	Country	P/E 15E	P/E 16E	Yield	
Brac Bank Ltd	5.0%	Banglad.	18.2	14.7	2.4%	-1.7%
IBL	5.0%	Pakistan	-	-	-	0.2%
Meezan Bank Ltd	4.3%	Pakistan	10.4	11.8	5.5%	13.0%
Fpt Corp	4.1%	Vietnam	11.0	10.4	4.3%	9.6%
Active Fine Chem	3.9%	Banglad.	-	-	-	2.6%

Source: Bloomberg, Tundra Fonder

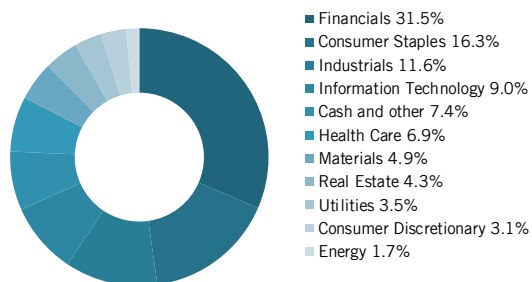
### Major frontier markets (EUR, total return)



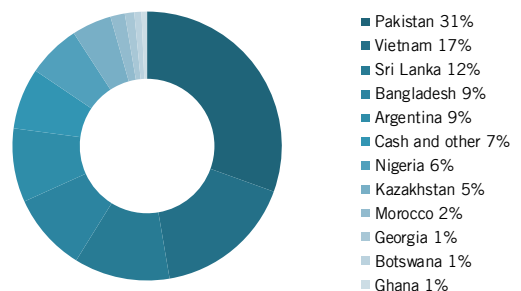
### Fund Objective

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



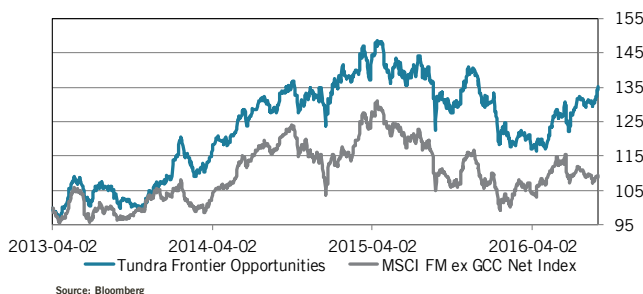
### Monthly Market Comment

MSCI Frontier Markets xGCC Net (EUR) fell 0.9% in August, compared with the MSCI Frontier Markets Net which fell 1.0% and the MSCI Emerging Markets Net which rose 2.6%. Among the losers were Kenya (-6.9%) after having introduced a cap on interest rates (maximum lending rate). Kenyan banks fell nearly 25% during the month and the seemingly politically motivated campaign created a general concern in the market. Winners were Sri Lanka where strong reports and continued positive sentiment after the IMF agreement and the successful Eurobond sales brought in more buyers. An important event during the month was leading index provider MSCI's decision to include Vietnamese Vinamilk in their Frontier indices. Vinamilk is now the second largest company in the MSCI Frontier Markets Index and the largest company in the MSCI Frontier Markets xGCC with weights of 4.7% and 5.7% respectively. It also means that Vietnam's share in the Frontier Index has more than doubled to 8.7% and 11% respectively. An important event towards the end of September will be MSCI's decision on the possible exclusion of Nigeria from Frontier indices after continuing problems for foreign investors to trade the country's currency. Our main scenario is that Nigeria will remain included. However, it needs very soon to launch a functional currency trading in order not to be relegated, and it can not be excluded that it happens already now.

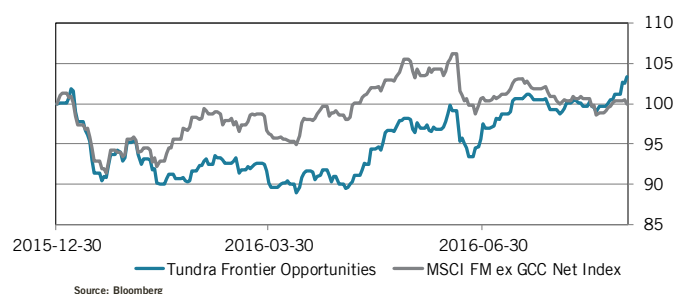
### Monthly Fund Comment

The fund rose 4.2% in a weak market environment. Some contribution came from the fund's lack of exposure to Kenya. In addition the fund's overweight in Sri Lanka added to relative performance. More than 4/5 of the fund's relative performance during the month came, however, from our stock picking where a number of top picks did well. Pakistani Murree Brewery rose 66% during the month after speculation on an upcoming bidding war, Vietnamese Vinamilk rose 21% after the removal of foreign ownership limits, Pakistani Meezan Bank rose 13% in a declining market and Sri Lankan Tokyo Cement rose 30% after a very strong quarterly report. It was far from a perfect month however. The fund lost relative performance in Pakistani pharmaceutical company Feroz which fell 14% after a weak quarterly report, Nigerian Zenith Bank fell 16% in a continued dull market and the absence of Kenyan Safaricom also cost some relative performance. No major changes were made in the fund during the month.

### 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				2.9%	8.7%	-4.4%	4.1%	-3.7%	-1.4%	2.7%	5.3%	1.6%	16.2%
2014	6.1%	-4.4%	4.8%	5.0%	6.8%	1.0%	4.3%	-1.5%	4.0%	-1.0%	-0.1%	2.5%	30.5%
2015	3.3%	0.6%	0.3%	1.5%	0.4%	-3.6%	1.7%	-4.0%	-4.0%	5.6%	-0.1%	-5.2%	-4.1%
2016	-4.0%	-2.6%	-3.7%	0.5%	8.0%	1.5%	4.1%	4.1%					7.5%

Source: Bloomberg

## **Important: Please read this information/disclaimer**

This publication is issued by Tundra Fonder AB ("Tundra"). The information – assumptions, opinions, valuations, recommendations etc – presented in this publication have been compiled by Tundra. The publication is based on generally available information from sources that Tundra believes to be reliable. However, Tundra cannot guarantee the accuracy of this information. This publication – as well as all or parts of its content – may not be duplicated or distributed under any circumstances without the written permission of Tundra.

## **Use of information**

This publication is intended exclusively for the use of Tundra's clients in Sweden and is thus not intended for any individual or company in the USA, Canada, Japan or Australia, or in any other country where the publication or availability of the material is prohibited or restricted in any way.

The Fund or the Fund Company Tundra Fonder is not registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940, or any other applicable law of the United States. Therefore fund units may not be offered, sold or in any other way distributed to physical or legal persons in the United States of America. It is the responsibility of individuals or entities acquainting themselves with this publication to inform themselves of and comply with these regulations. A legal entity may be prevented from investing in Tundra's fund by law or internal regulations. Foreign law may prevent investments to be made from outside of Sweden. Tundra will not verify that investments from outside of Sweden are made in accordance with foreign law and Tundra will not accept responsibility for any such investments. It is the responsibility of persons reading this publication to inform themselves of, and to follow these rules. Should any such person or company nonetheless accept offers from Tundra, of whatever kind they may be, it may be disregarded. No part of this publication should be construed as a solicitation or recommendation to conduct or make use of any type of investment or to enter into any other transactions. The opinions expressed in this publication reflect the present views of the participants and may thus be subject to change. The information in this publication does not take into account the specific investment goal, financial situation or needs of any specific recipient. The information should not be regarded as a personal recommendation or investment advice. The client should always seek adequate professional advice before taking any investment decision and each such investment decision is taken independently by the client and at the client's own risk. Tundra accepts no liability whatsoever for any direct or consequential loss of any kind arising from the use of this publication. Tundra's employees may hold, indirect or indirect investments mentioned in this publication.

The state of the origin of the Fund is Sweden. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3,3bis and 3ter CISA. The representative in Switzerland is ACOLIN Fund Service AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is Bank Vontobel Ltd, Gotthardstrasse 43, CH-8022 Zurich. The Basic documents of the fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative

## **Risks**

Investments in financial instruments are associated with risk and an investment may both increase and decrease in value or even become worthless. Historical returns are no guarantee of future returns. International investments, particularly those on new markets in developing and growth countries (such as Eastern Europe (including Russia), Asia, Latin America and Africa), are normally associated with a higher level of risk than investments in Swedish or other developed markets' securities. These risks include both political and economic uncertainty in other countries as well as currency fluctuations. These risks are particularly high on new markets since these countries may have relatively unstable governments and immature markets and economies.