

MONTHLY LETTER

AUGUST 2016



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	3.1%	11.8%	7.9%	207.4%
Benchmark (MSCI Pakistan Net (EUR))	-0.6%	16.3%	8.5%	125.9%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	8.9%
Pricing	Daily	Standard deviation	16.5%
Manager	Tundra Fonder AB	Standard deviation, benchmark	19.7%
Benchmark index	MSCI Pakistan Net (EUR)	Beta	0.75
ISIN	SE0006 789 905	Information ratio	1.08
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	113.4 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 August		Worst performers in August	
	Return (EUR)		Return (EUR)
Murree Brewery	66.4%	Ferozesons Labs	-14.5%
Aisha Steel Mill	44.5%	Engro Corp	-8.4%
Natl Bk Pakistan	13.7%	Pioneer Cement	-7.0%
Pak Oilfields	13.6%	Lucky Cement	-6.5%
Meezan Bank Ltd	13.0%	Kohinoor Text	-5.7%

Five largest holdings

Holding	Portfolio weight	Country	P/E 15E	P/E 16E	Yield	Return 1 month (EUR)
Habib Bank Ltd	6.9%	Pakistan	9.1	9.6	6.1%	0.1%
United Bank Ltd	5.9%	Pakistan	9.6	9.2	6.2%	10.3%
K-Electric Ltd	5.8%	Pakistan	11.0	7.6	0.0%	12.0%
Mcb Bank Ltd	5.7%	Pakistan	8.9	9.8	7.2%	-5.0%
Nishat Mills Ltd	4.8%	Pakistan	-	9.0	3.8%	4.0%

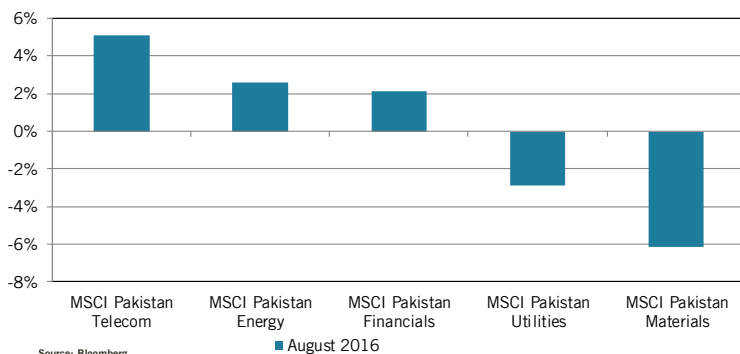
Source: Bloomberg, Tundra Fonder

Fund Objective

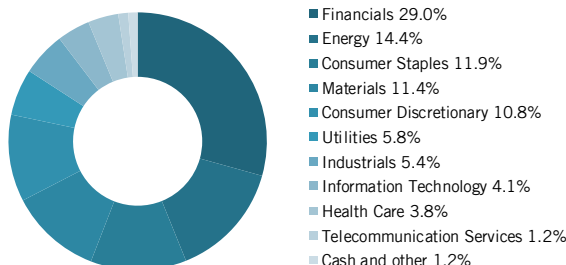
The objective of the fund is to provide investors financial exposure to economic development in Pakistan and to provide its unit holders with a maximum long-term return on their investment given the fund's level of risk. At least 90 percent of the net asset value of the fund will be invested in equities 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.

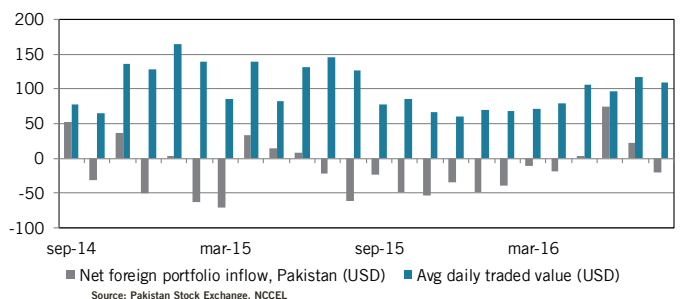
Pakistan sector indices (EUR, total return)



Tundra Pakistan Fund: Sector allocation



Foreign flows and turnover (Pakistan Stock Exchange)



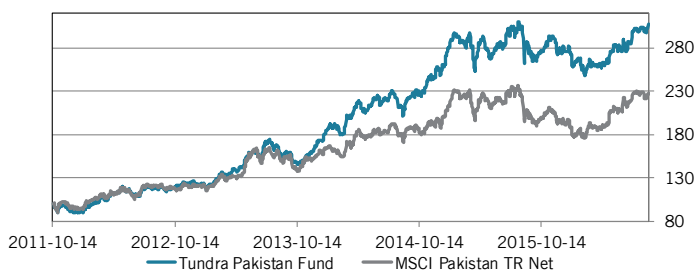
Monthly Market Comment

MSCI Pakistan Net (EUR) lost 0.6% during August compared to MSCI Emerging Markets Net which gained 2.6%. Foreign investors turned into net sellers in the market to the tune of USD 20m while daily traded value amounted to USD 110m. Quarterly results released in August met expectations, except for Pharmaceuticals and Fertilizers. In Consumer and Energy stocks, dividends came in above expectation. Cement companies' results were accompanied with massive expansion plans, resulting in an expected capacity increase of 50-60% in Pakistan by 2018-19. Back of the envelope calculation suggests that a 15%+ growth in local demand is required just to cover fixed costs (depreciation and interest expense), which was a cause of concern among investors. On the political end, opposition parties have started street protests to raise pressure on the government to clarify the source of funds of the Prime minister's family assets abroad. It is too early to predict the effect of these demonstrations and determine whether the opposition would be able to attract a large crowd but still the event will most likely keep investors nervous. The economic numbers for August remained distressed with trade deficit widening and remittances declining. Despite this, foreign reserves are close to an all time high at USD 23bn. However, repayments are scheduled to start next year which, in combination with an increasing current account deficit, presents a risk for currency devaluation.

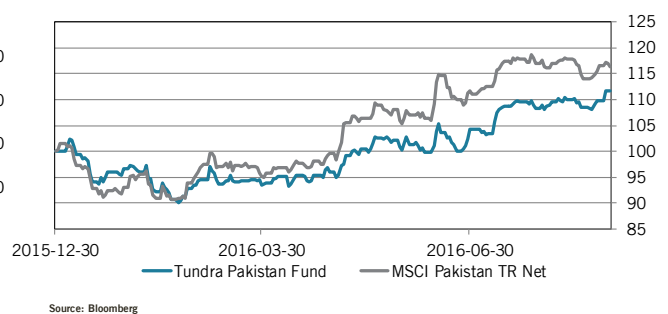
Monthly Fund Comment

The fund gained 3.1% during the month compared to the negative return of 0.6% posted by the benchmark index. Our off benchmark bets in Consumer Staples (in particular Murree Brewery which rose more than 60%), Utilities (KEL), Financials (Meezan Bank) along with our underweight in Materials (Lucky Cement and Engro) added performance during the month. On the other hand, Healthcare (Feroz) contributed negatively to the fund. The fund continued to increase its position in Financials and IT while maintaining a significant underweight in Materials. Both sectors (along with Textiles, Energy and Utilities) will benefit significantly in the case of a weaker currency period ahead while at the same time valuations are relatively attractive even in the case of a status quo.

Tundra Pakistan Fund vs index (since inception)



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



Tundra Pakistan Fund – Monthly return (EUR)

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011													
2012	7.3%	6.5%	6.6%	3.6%	0.7%	-4.8%	9.1%	2.1%	-3.3%	-4.9%	-1.8%	-3.9%	-10.2%
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%	3.7%	4.3%	3.1%					11.8%

Source: Bloomberg

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