

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
AUGUST 2021



STRONG HALF-YEARLY REPORTS DROVE THE FUND TO A NEW ALL-TIME HIGH

In USD the fund rose 1.9% (EUR: +2.5%) during the month, compared to MSCI FMxGCC Net TR (USD) which rose 2.3% (EUR: +2.8%), and MSCI EM Net TR (USD) which rose 2.6% (EUR: +3.2%). About half of the absolute return was generated in Pakistan, where our two largest holdings, the IT company Systems Ltd and Meezan Bank, rose 11% and 21% in USD respectively after strong half-year reports. No single market stood out negatively during the month. Negative contributions during the month were received from our positions in NBP and AGP in Pakistan, which fell 6% and 8% respectively. We also noted a decline in Bangladeshi Active Fine Chemicals which fell 11% during the month.

Good contributions were received from Vietnam, where one of our larger holdings, Vietnam's largest listed company in environmental technology and renewable energy, REE Corporation rose 21% after a period of consolidation. A good positive contribution was also received from the Indonesian media conglomerate Media Nusantara (MNCN), which rose 13% after a strong half-year report. During the month, we increased our position in MNCN from approximately 2% to just over 4% as we believe that the company deserves a revaluation. With its base in the traditional TV industry and as a content provider, the business is gradually being transformed into digital media. Digital revenues amounted to almost 20% of total revenues during the second quarter after growth of about 170% on an annual basis. At the end of August, the company also announced that it will resume the dividend which was cancelled in 2020. Given the growing share of digital revenue where online gaming will be added during the autumn, we believe the market's view of the company will change in the future. MNCN is today valued at just over 5x the annual profit, which in our eyes is a gross underestimation of future potential.

TABLE 1: THE PORTFOLIO COMPANIES' REPORTS FOR THE SECOND QUARTER OF 2021

| Company | Country | Sector | EPS (local fx) | | y-o-y (%) | 1H EPS % of full year est. |
|---------------------------|-------------|------------------------|----------------|----------|-----------|----------------------------|
| | | | 1H21 | 1H20 | | |
| Abbott Laboratories | Pakistan | Health Care | 33,52 | 25,30 | 33% | 56% |
| Adamjee Insurance | Pakistan | Financials | 4,80 | 2,57 | 87% | 80% |
| AGP Pharma | Pakistan | Health Care | 2,76 | 2,69 | 3% | 43% |
| Asiri Hospitals | Sri Lanka | Health Care | 1,21 | -0,30 | -499% | 54% |
| Cargills Ceylon | Sri Lanka | Consumer staples | 8,47 | 4,44 | 91% | 50% |
| Century Pacific | Philippines | Consumer staples | 0,76 | 0,63 | 21% | 56% |
| Col Financials | Philippines | Financials | 0,10 | 0,04 | 142% | 104% |
| FPT Corp | Vietnam | Information Tech. | 2 261,36 | 1 932,10 | 17% | 50% |
| GB Auto | Egypt | Consumer discretionary | 0,58 | 0,13 | 365% | 58% |
| Hemas Holdings | Sri Lanka | Industrials | 2,51 | 1,22 | 105% | 33% |
| Hermina Hospitals | Indonesia | Health Care | 36,50 | 6,93 | 427% | 63% |
| Ibnsina Pharma | Egypt | Health Care | 0,09 | 0,08 | 17% | 24% |
| Kaspi | Kazakhstan | Financials | 2,07 | 1,49 | 39% | 41% |
| Lien Viet Postal Bank | Vietnam | Financials | 1 446,18 | 718,33 | 101% | 67% |
| Masan | Vietnam | Consumer staples | 834,58 | 128,48 | 550% | 31% |
| Media Nusantara | Indonesia | Communication Services | 88,84 | 77,49 | 15% | 55% |
| Meezan Bank | Pakistan | Financials | 9,00 | 8,14 | 11% | 51% |
| Mobile World | Vietnam | Consumer discretionary | 5 463,78 | 4 474,11 | 22% | 74% |
| National Bank of Pakistan | Pakistan | Financials | 7,98 | 7,07 | 13% | 60% |
| Obour Lands | Egypt | Consumer staples | 0,33 | 0,32 | 4% | 44% |
| PureGold | Philippines | Consumer staples | 1,39 | 1,18 | 17% | 47% |
| REE Corp | Vietnam | Industrials | 2 407,68 | 1 986,32 | 21% | 42% |
| Sampath Bank | Sri Lanka | Financials | 6,57 | 3,87 | 70% | 60% |
| Systems Ltd | Pakistan | Information Tech. | 11,28 | 7,67 | 47% | 63% |
| Zenith Bank | Nigeria | Financials | 3,38 | 3,32 | 2% | 44% |

Source: Bloomberg, Company, Tundra Fonder

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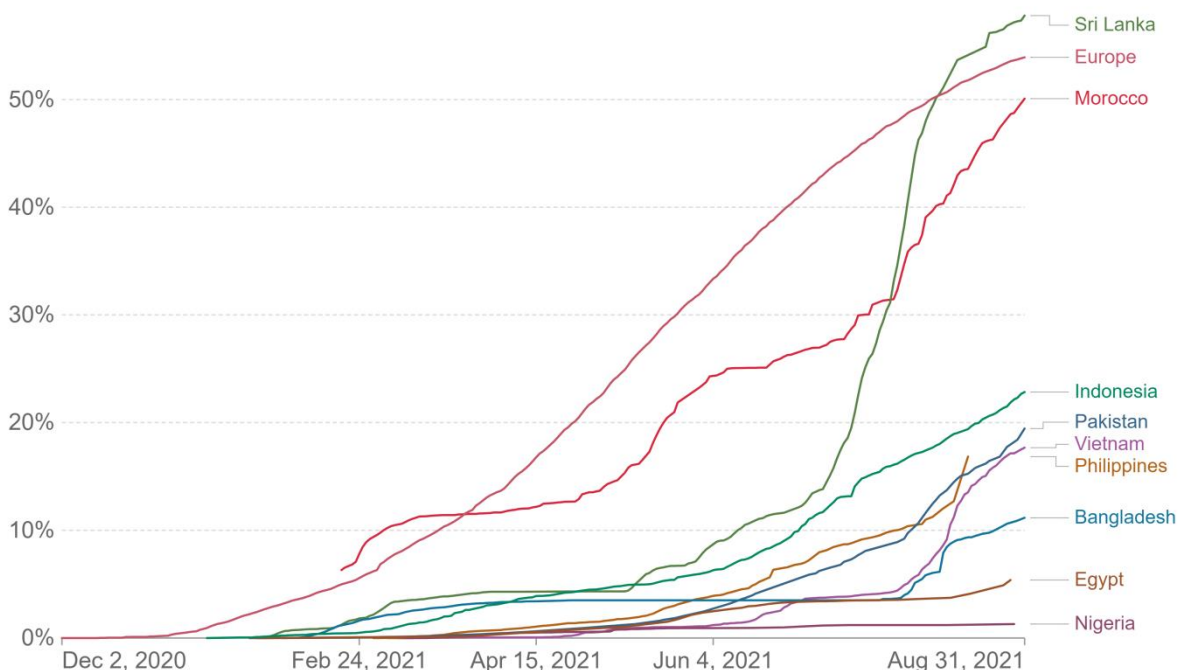
The majority of our portfolio companies (73% of the fund's assets) have now reported their results for the second quarter (calendar year) (see Table 1 on previous page). We note that the reports, just as in the first quarter, indicate that our portfolio companies are slightly ahead of the profit forecasts for the full year (54% of the full-year estimate portfolio weighted). If nothing unexpected happens, we should thus see some upward adjustments in earnings estimates for the coming quarters, something that is normally positive for share prices. The average valuation in the fund (Harmonic P/E) is currently 10.4x for the current year.

With the exception of Sri Lanka, the vaccination rate (defined as the proportion of the population who have received at least one dose of vaccine) is still low in our markets (see graph 1). This means that all our countries continue with selective counter-measures depending on the current rate of infection. Vietnam, which for long managed to keep the proportion of infected people down, has unfortunately been hit the hardest in recent times. Measured in the number of reported deaths (with emphasis on "reported") as a proportion of the population, they have now caught up with several of our other markets (see graph 2). From 23 August, people in Ho Chi Minh City are prohibited from leaving their homes until September 6. Our colleague Chau, who is on-site, says that in her area, the system has worked well so far. She and her neighbours have continuously received the necessary deliveries of food and drink delivered to their homes. The very harsh measures however had very little impact on the equity market which rose 2% during the month.

GRAPH 1 - PROPORTION OF THE POPULATION WHO RECEIVED AT LEAST ONE DOSE OF VACCINE

Share of people who received at least one dose of COVID-19 vaccine

Total number of people who received at least one vaccine dose, divided by the total population of the country.



Source: Official data collated by Our World in Data – Last updated 1 September 2021, 17:30 (London time)
OurWorldInData.org/coronavirus • CC BY

Source: Our World in Data

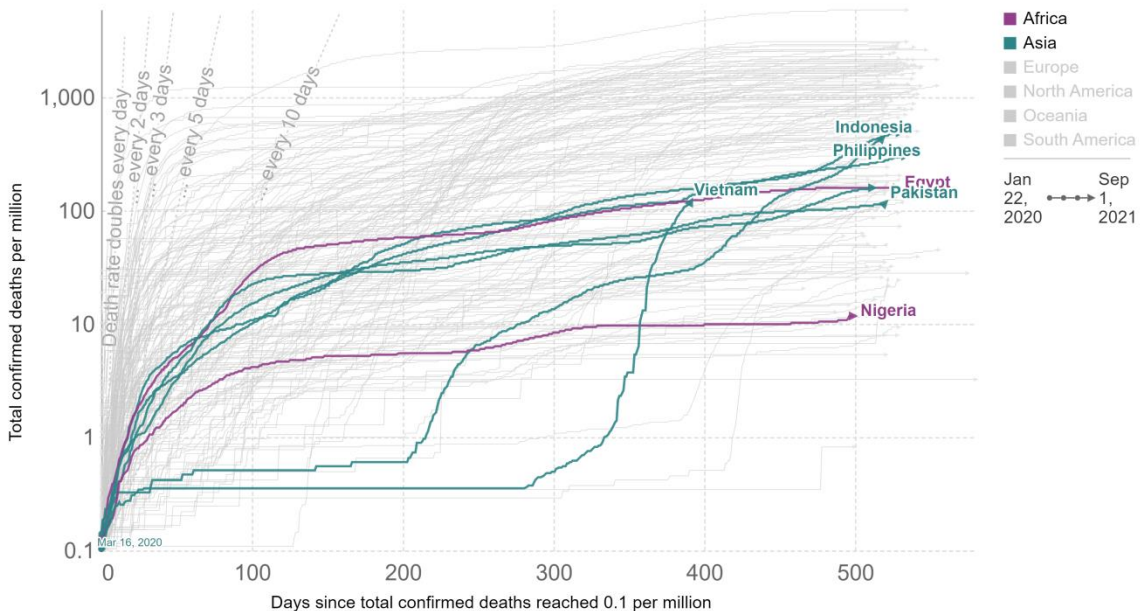
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GRAPH 2 - NUMBER OF REPORTED DEATHS PER 1 MILLION PEOPLE

Total confirmed COVID-19 deaths per million: how rapidly are they increasing?

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.



Source: Johns Hopkins University CSSE COVID-19 Data – Last updated 2 December, 06:06 (London time)

Powered by ourworldindata.org

Source: Our World in Data

After 20 years of war, the Taliban took power in Afghanistan in August. In the comments following the abrupt end, we note a large dose of criticism of the former Afghan regime, which, despite significantly greater military resources, both in number of soldiers and in the arsenal, made only limited resistance. A large dose of criticism, including self-criticism, was levelled at the United States for how the strategy was set up and the limited benefit it ultimately led to. We saw a risk that Pakistan would be blamed, given that the country has historically been accused for not doing enough to help the allies in Afghanistan and also from time to time have been accused of actively supporting the Taliban. We note that this criticism has largely been absent and has instead been replaced by a more nuanced picture that includes a greater understanding of the difficulties of controlling 1.5 million Afghan refugees on Pakistani soil, but also the strong link between 70 million Pashtuns in Afghanistan and Pakistan, with a relatively high share of illiteracy, and who often have stronger ties within their group than the nation whose borders they are currently within. Despite the Taliban's stated commitments to a more equal society, there is every reason to be concerned about women's and girls' rights in Afghanistan in the future and thus for Afghanistan's economy to recover. Furthermore, the question remains whether the Taliban, which consists of a large number of groups, can cooperate now that the external enemy is gone. Nor does the Taliban's takeover mean that the risk of terrorist attacks disappears. Their arch-enemy ISIS showed this quite immediately in the terrible attack on Kabul airport. However, the best way to counter extremism is economic prosperity, not weapons. There is nothing more dangerous than people who have nothing

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to lose and who lack the opportunity (literacy) to take alternative worldviews. Provided there is now peace in Afghanistan it could mean a major boost for all of Central Asia, including Pakistan, which has lost 70,000 people and estimates the cost of its economy at nearly USD 150 billion (50% of current GDP) since the war began in October 2001.

PICTURE 1 - AFGHANISTAN AND NEIGHBOURING COUNTRIES



Source: Google Maps

On September 7, MSCI will announce whether Pakistan will be moved back to the MSCI frontier index. The probability of this happening this time is high and in that case, the change will take place in November. The initial flows are seldom market-influencing and should not be this time either. However, we consider a possible change of category to be positive for the market as Pakistan's low weight in the Emerging Markets index has meant that it has been largely ignored. The initial weight in the MSCI Frontier Index should be just over 2%, but given the market's liquidity and the attractive valuations, we believe active funds will have a higher weight than that. For the MSCI Frontier Index, it would be very positive to bring in the world's fifth-largest country, which also provides a dynamic and liquid stock market.

Frontier markets and smaller emerging markets have received a well-deserved boost over the past twelve months, reminding investors that over time it is worth investing also outside the largest emerging markets. Not least, the positive aspects of diversifying your emerging market portfolio into frontier/smaller emerging markets have appeared in 2021, when the frontier category so far has outperformed the Emerging Markets category. Low valuations and good profit growth indicate that we are still early in a possible revaluation process.

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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.

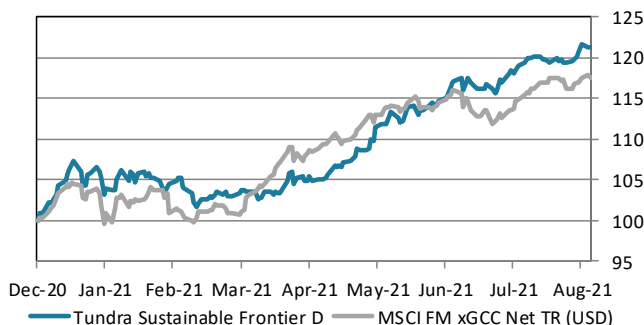
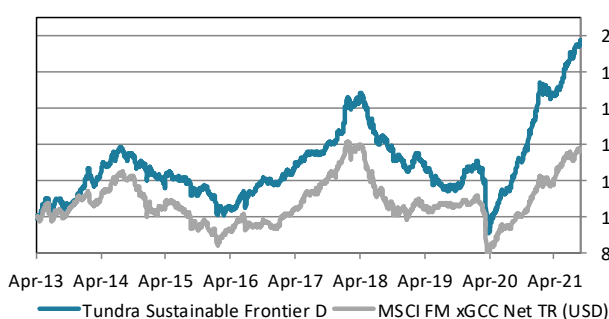
The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental impacts. The fund is registered in Sweden and is fully UCITS compliant. Read more about latest developments [here](#).

| Return* | NAV(USD) | 1 month | YTD | 1 year | 3 year | Inception |
|-------------------------------|----------|---------|-------|--------|--------|-----------|
| Tundra Sustainable Frontier D | 30.41 | 1.9% | 21.3% | 56.0% | 38.6% | 97.1% |
| Benchmark | 853.85 | 2.3% | 17.5% | 36.8% | 28.3% | 37.4% |

* Fund returns calculated on SEK class converted to USD in order to provide the longest possible data set.

The fund vs benchmark (since inception)

The fund vs benchmark (YTD)



Fund monthly performance

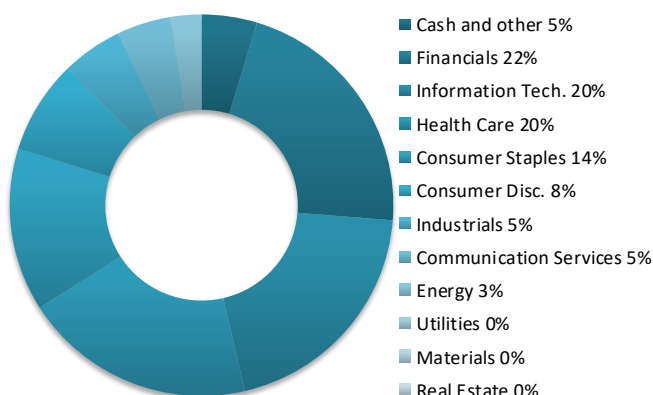
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2013 | | | | 2.8% | 6.6% | -6.2% | 6.2% | -4.6% | 1.7% | 2.3% | 3.9% | 5.5% | 16.9% |
| 2014 | 2.4% | -2.3% | 4.0% | 4.4% | 3.8% | 0.9% | 1.3% | -2.5% | 0.1% | -3.4% | -0.6% | -1.7% | 7.9% |
| 2015 | -3.1% | -0.5% | -2.8% | 4.4% | -1.6% | -0.7% | -1.4% | -3.0% | -3.4% | 4.3% | -2.7% | -1.6% | -11.8% |
| 2016 | -5.8% | -2.3% | 1.7% | 1.1% | 4.5% | -0.2% | 2.8% | 4.1% | 2.0% | -1.3% | -0.7% | 0.4% | 6.3% |
| 2017 | 2.5% | 2.1% | 3.0% | 2.5% | 2.2% | 1.8% | -0.8% | 0.7% | 3.1% | 0.6% | 4.5% | 1.2% | 25.9% |
| 2018 | 10.1% | -1.4% | 2.2% | -0.7% | -8.2% | -2.4% | -2.1% | -1.0% | -2.2% | -4.2% | -2.2% | -3.6% | -15.6% |
| 2019 | 3.5% | 1.6% | -2.0% | -2.6% | -3.7% | -2.8% | -1.0% | 0.0% | -0.4% | 1.7% | 7.9% | -0.4% | 0.9% |
| 2020 | 0.3% | -6.9% | -23.0% | 12.8% | 6.4% | 3.2% | 3.1% | 8.4% | 3.7% | 4.6% | 10.3% | 7.6% | 28.2% |
| 2021 | 4.0% | 0.5% | -0.6% | 1.0% | 6.6% | 4.0% | 2.3% | 1.9% | | | | | 21.3% |

Source: Bloomberg, MSCI, Tundra Fonder

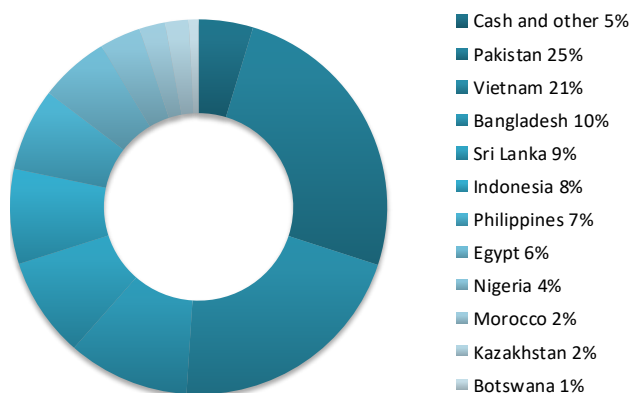
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Sector allocation



Country allocation



| Largest holdings | Portfolio weight | Country | P/E 21E | P/E 22E | Yield | Return 1M (USD) |
|---------------------------|------------------|------------|---------|---------|-------|-----------------|
| Systems Ltd | 9.7% | Pakistan | - | - | - | 10.8% |
| FPT Corp | 8.2% | Vietnam | 20.8 | 17.7 | 2.2% | 0.0% |
| Square Phar Ltd-Ord | 7.1% | Bangladesh | 13.3 | 11.9 | 2.2% | 1.7% |
| Meezan Bank Ltd | 6.3% | Pakistan | 8.7 | 7.8 | 4.2% | 20.7% |
| Media Nusantara | 4.6% | Indonesia | 5.4 | 4.6 | 3.8% | 12.5% |
| Ree | 4.5% | Vietnam | 12.2 | 10.5 | - | 20.9% |
| Masan Group Corp | 3.9% | Vietnam | 49.6 | 28.3 | 0.6% | 1.5% |
| Medikaloka Hermina TBK | 3.6% | Indonesia | 19.8 | 24.1 | 0.4% | 0.7% |
| National Bank of Pakistan | 3.5% | Pakistan | 2.5 | 2.4 | - | -6.8% |
| Airports Corp Of Vietnam | 3.2% | Vietnam | 122.9 | 40.9 | 1.2% | 3.0% |

| Best performers in August | Return (USD) | Worst performers in August | Return (USD) |
|---------------------------|--------------|-------------------------------|--------------|
| Ree | 20.9% | Active Fine Chemicals Ltd | -11.2% |
| Meezan Bank Ltd | 20.7% | Lien Viet Post Bank JSC | -9.0% |
| Media Nusantara | 12.5% | Hemas Holdings Plc | -8.6% |
| Systems Ltd | 10.8% | AGP Limited | -8.2% |
| Ibnsina Pharma SAE | 8.1% | Ceylinco Insurance-Non Voting | -7.8% |

| Facts | | Risks and costs* | |
|--------------------------|---------------------------|-------------------------------|--------------------------------------|
| Inception date | 2013-04-02 | Active risk (Tracking error) | 9.5% |
| Pricing | Daily | Active share | 90.9% |
| Manager | Tundra Fonder AB | Standard deviation | 23.1% |
| Benchmark index | MSCI FM xGCC Net TR (USD) | Standard deviation, benchmark | 20.4% |
| ISIN | SE0005222346 | Beta | 1.04 |
| Bloomberg | TUNDFRU SS | Information ratio | 1.94 |
| IBAN | SE4750000000058648209552 | Holdings | 43 |
| BIC | ESSESESS | Risk level | 5 of 7 (refer to KIID for more info) |
| Custodian | SEB | Management fee/year | 2.5% |
| Auditor | PWC | AuM | 242.5 MUSD |
| Share classes currencies | SEK, USD, EUR, NOK | Dividend | No dividend |

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

Source: Bloomberg, MSCI, Tundra Fonder

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