

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
OCTOBER 2021



TUNDRA
FONDER

SLOW MONTH ACROSS THE PORTFOLIO

In USD the fund rose 1.7% during the month (EUR: +1.4%), compared to MSCI FMxGCC Net TR (USD) which rose 4.1% (EUR: +3.8%) and MSCI EM Net TR (USD) which rose 1.0% (EUR: +0.7%). Performance was dragged down by corrections in several of our larger, and best, positions so far this year. Measured in absolute return, it was primarily our holdings in Bangladesh and Pakistan that had a negative impact during the month. Our two largest holdings in Pakistan, Systems Ltd and Meezan Bank, fell 6% and 4% respectively during the month, resulting in negative portfolio-level contributions of 0.5% and 0.2%, respectively. Our largest position in Bangladesh, Square Pharmaceuticals, fell 10% during the month, making a negative contribution at the portfolio level of 0.8%. All three companies reported their results during the month which were in line with, or slightly above, market expectations (see summary of the quarterly reports below). In the case of Systems and Meezan, the declines should be seen against the background that both shares have been significantly stronger than their home market so far this year (Systems +69%, Meezan +41% vs MSCI Pakistan IMI Net TR (USD) -4.0%) and thus affected by profit-taking. In Square Pharmaceuticals' case, we observed a major institutional seller during the month who gradually pushed the stock downwards. We increased our position in Square Pharma following the quarterly results, which was slightly better than our expectations.

A rather weak month was alleviated by our position in the Kazakh fintech company Kaspi, which rose 37% and thus made a positive contribution of just over 1% at portfolio level. Our increase in the position at the end of September thus proved successful in the short term. Another positive contribution during the month was Indonesian Media Nusantara, which rose 8% and made a positive contribution of 0.4% at portfolio level. During the month, we sold our marginal remaining position in Vietnamese Lien Viet Postal Bank (0.3%), where the majority of the holding was sold earlier this year.

TABLE 1: EARNINGS REPORTS FOR JANUARY-SEPTEMBER 2021 VS CORRESPONDING PERIOD 2020

COMPANY	COUNTRY	SECTOR	EPS 9M'21	EPS 9M'20	YOY (%)	% OF FULL YEAR EST.
Abbott Laboratories	Pakistan	Healthcare	45,88	31,72	45%	76%
Access Bank	Nigeria	Financials	3,46	2,81	23%	89%
Adamjee Insurance	Pakistan	Financials	6,88	3,76	83%	98%
AGP Pharma	Pakistan	Healthcare	3,98	2,70	48%	61%
Asiri Hospitals	Sri Lanka	Healthcare	2,08	0,20	960%	92%
Cargills Ceylon	Sri Lanka	Consumer staples	10,63	7,49	42%	71%
Century Pacific	Philippines	Consumer staples	1,12	0,93	21%	81%
FPT Corp	Vietnam	Technology	3 340,07	2 815,20	19%	70%
Guaranty Bank	Nigeria	Financials	5,16	5,69	-9%	81%
Hermia Hospitals	Indonesia	Healthcare	52,67	17,82	195%	87%
Kaspi	Kazakhstan	Financials	1 541,73	950,61	62%	69%
Masan	Vietnam	Consumer staples	1 800,94	820,61	119%	62%
Meezan Bank	Pakistan	Financials	12,14	11,24	8%	79%
Mobile World	Vietnam	Consumer discretionary	4 679,98	4 174,42	12%	65%
National Bank of Paki	Pakistan	Financials	11,53	12,28	-6%	86%
REE Corp	Vietnam	Industrials	3 439,99	3 160,14	9%	61%
Shezan	Pakistan	Consumer staples	11,88	11,61	2%	79%
Stanbic	Nigeria	Financials	3,42	5,80	-41%	80%
Systems Ltd	Pakistan	Technology	18,81	11,82	59%	80%
Zenith Bank	Nigeria	Financials	5,11	5,07	1%	70%

Source: Bloomberg, Companies, Tundra Fonder

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

Measured as share of the portfolio, 55% of our holdings have now reported third quarter earnings for (calendar year) 2021. The reports show that the earnings estimates for the portfolio as a whole are well substantiated, with a probable need for certain upwards adjustments. It should be pointed out that differences in fiscal years mean that the full-year estimates for some of the companies do not coincide with the calendar year 2021. Overall, however, the trend is strong.

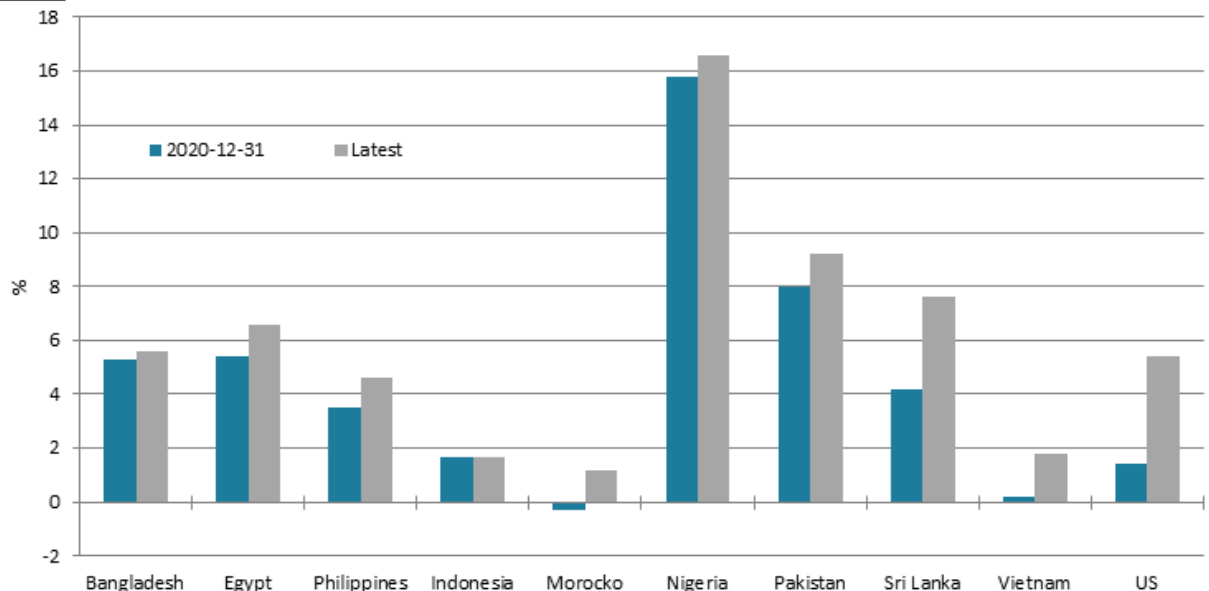
Some of the companies, e.g. REE Corp (Renewable Energy in Vietnam) and AGP Pharma (Pharmaceuticals in Pakistan) have been hit by what we consider to be short-term, but explanatory, disruptions. In AGP's case, it is about canceled exports to Afghanistan and a negative impact from the weaker rupee. In the case of REE Corp., it was affected by the shutdowns in Vietnam during the third quarter as well as certain short-term disruptions in power operations. In two of our five largest holdings, Systems and Meezan, we see probably upwards earnings adjustments ahead. In one case, Sri Lankan Asiri Hospitals, a rather significant upward adjustment is needed. In Asiri's case, however, it should be added that the company's results during the third quarter were positively impacted by COVID-related revenue.

For the consolidated portfolio, we see upward adjustments in estimated earnings for the current year but also some spillover to next year. On this backdrop, the portfolio's P/ E-ratio (harmonic P/E-method) of 10.1x for the current year and 8.5x for next year remains conservative. As we usually point out, the stable growth that characterizes our holdings and the lack of traditional cyclical industries means that the probability of an external impact on results is generally low. Instead, it is about the companies succeeding in maintaining a continued high level of their delivery, which is more about the long-term strategy and its execution.

Regarding the general investment climate, it is worth noting that our markets are also affected by the global inflation discussion. We have seen clearly higher inflation over several of our markets in the wake of rising commodity prices and as a consequence of inadequate logistics. However, it is also worth noting that the upward jump has been more modest, and less of the shock we found in e.g. the US (see Figure 1). Less impact of rising shipping prices may be one reason. Another reason



FIGURE 1: ANNUAL INFLATION IN TUNDRA'S MARKETS VS US



Source: Bloomberg, Tundra Fonder

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

may be lower purchasing power and greater focus on simpler basic goods that are to a greater extent manufactured locally.

We also note that several of our countries' central banks have already begun to act on the higher inflationary pressure. In fact, none of our investment countries at present (Nigeria, in reality, however the same) has a larger gap between inflation and the current policy rate than the United States (see Table 2).

TABLE 2: CURRENT CENTRAL BANK POLICY RATE, CHANGE IN 2021 & LATEST INFLATION FIGURE

COUNTRY	CB POLICY/MID RATE (%)	CHG 2021 (%)	CPI (LATEST MONTHLY, YOY, %)
Bangladesh	4,75	0,00	5,6
Egypt	8,75	0,00	6,6
Indonesia	3,50	-0,25	1,7
Morocco	1,50	0,00	1,2
Nigeria	11,50	0,00	16,6
Pakistan	7,25	0,25	9,2
Philippines	1,75	0,00	4,6
Sri Lanka	5,50	0,50	7,6
Vietnam	3,25	0,00	1,8
US	0,125	0,00	5,4

Source: Bloomberg, Tundra Fonder

If it turns out that the world is facing a period of more persistently higher inflation, then our thesis is that this outcome will have less impact on our markets, than e.g. the US. Combined with the currently low valuations, it is a good argument for investors who see a risk of longer-term higher inflation.

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.



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.

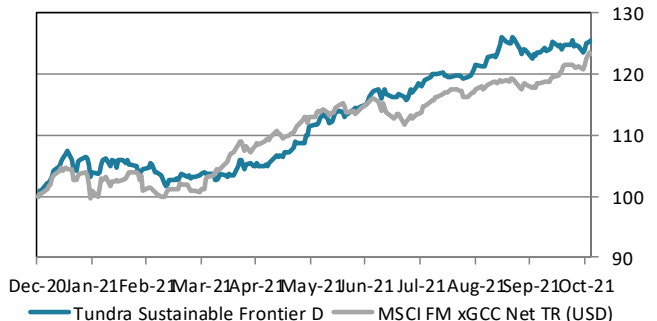
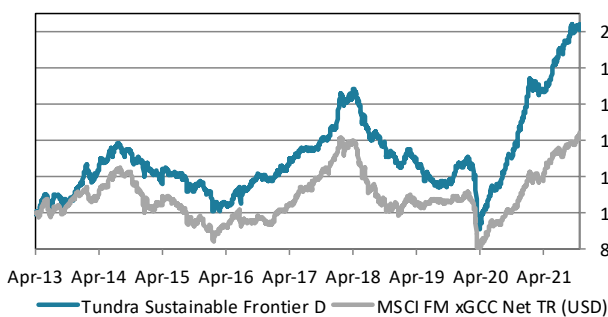
The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental 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	31.49	1.7%	25.6%	48.3%	53.2%	104.1%
Benchmark	895.70	4.1%	23.2%	39.8%	41.2%	44.1%

* 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

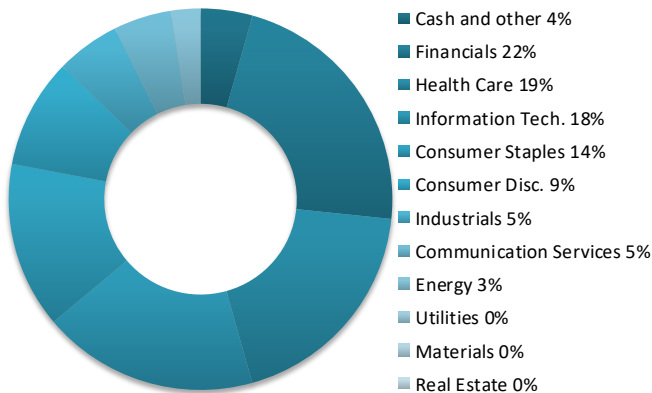
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				2.8%	6.6%	-6.2%	6.2%	-4.6%	1.7%	2.3%	3.9%	5.5%	16.9%
2014	2.4%	-2.3%	4.0%	4.4%	3.8%	0.9%	1.3%	-2.5%	0.1%	-3.4%	-0.6%	-1.7%	7.9%
2015	-3.1%	-0.5%	-2.8%	4.4%	-1.6%	-0.7%	-1.4%	-3.0%	-3.4%	4.3%	-2.7%	-1.6%	-11.8%
2016	-5.8%	-2.3%	1.7%	1.1%	4.5%	-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%	1.8%	1.7%			25.6%

Source: Bloomberg, MSCI, Tundra Fonder

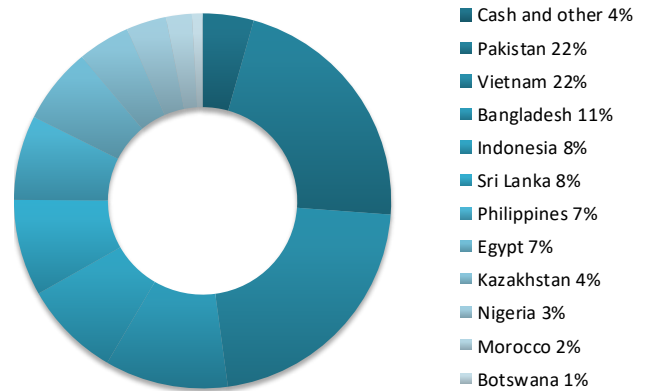
DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

Sector allocation



Country allocation



Largest holdings	Portfolio weight	Country	P/E 21E	P/E 22E	Yield	Return 1M (USD)
FPT Corp	8.4%	Vietnam	21.6	18.1	2.1%	4.2%
Systems Ltd	7.7%	Pakistan	32.0	21.1	0.7%	-5.8%
Square Phar Ltd-Ord	7.4%	Bangladesh	12.4	11.4	2.5%	-10.3%
Meezan Bank Ltd	5.6%	Pakistan	8.6	7.6	4.1%	-4.2%
Media Nusantara	4.9%	Indonesia	5.3	4.7	3.4%	8.4%
Ree	4.8%	Vietnam	14.1	11.8	-	14.8%
Jsc Kaspi.Kz	4.5%	Kazakhstan	27.9	19.3	1.8%	36.5%
Masan Group Corp	4.1%	Vietnam	51.8	30.5	0.0%	5.9%
Medikaloka Hermina TBK	3.5%	Indonesia	19.4	23.8	0.3%	1.0%
Airports Corp Of Vietnam	3.3%	Vietnam	120.7	46.0	1.0%	4.9%

Best performers in October	Return (USD)	Worst performers in October	Return (USD)
Jsc Kaspi.Kz	36.5%	Active Fine Chemicals Ltd	-19.3%
Ree	14.8%	Beximco Pharmaceutical	-11.7%
Adamjee Insurance Co Ltd	10.1%	Square Phar Ltd-Ord	-10.3%
Interloop Ltd	9.7%	Egyptian Intl Pharma	-7.5%
Ceylinco Insurance-Non Voting	9.2%	Systems Ltd	-5.8%

Facts		Risks and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	9.7%
Pricing	Daily	Active share	87.9%
Manager	Tundra Fonder AB	Standard deviation	23.0%
Benchmark index	MSCI FM xGCC Net TR (USD)	Standard deviation, benchmark	20.4%
ISIN	SE0005222346	Beta	1.02
Bloomberg	TUNDFRU SS	Information ratio	1.85
IBAN	SE4750000000058648209552	Holdings	42
BIC	ESSESESS	Risk level	5 of 7 (refer to KIID for more info)
Custodian	SEB	Management fee/year	2.5%
Auditor	PWC	AuM	258.2 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

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.

DISCLAIMER

Capital invested in a fund may either increase or decrease in value and it is not certain that you 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 OpenFunds Investment Services AG, Seefeldstrasse 35, 8008 Zurich, whilst the Paying Agent is Società Bancaria Ticinese, Piazza Collegiata 3, 6501 Bellinzona, Switzerland. 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.

The publication is issued by Tundra Fonder AB ("Tundra") and 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 presentation – as well as all or parts of its content – may not be duplicated or distributed under any circumstances without the written permission of Tundra.

The information in this presentation 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 presentation.

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.

DISCLAIMER:

Capital invested in a fund may either increase or decrease in value and it is not certain that you be able to recover all of your investment. Historical return is no guarantee of future return.