

# MONTHLY LETTER

## OCTOBER 2015



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	5.8%	7.3%	19.8%	181.5%
Benchmark (MSCI Pakistan Net (EUR))	7.6%	2.1%	9.8%	105.0%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	8.3%
Pricing	Daily	Standard deviation	22.9%
Manager	Tundra Fonder AB	Standard deviation, benchmark	23.2%
Benchmark index	MSCI Pakistan Net (EUR)	Beta	.92
ISIN	SE0006 789 905	Information ratio	2.75
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	131.2 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 October		Worst performers in October	
	Return (EUR)		Return (EUR)
Noon Pakistan	108.2%	Efu Life Assuran	-8.6%
Crescent Steel	32.1%	Shezan Intl	-5.9%
Mughal Iron & St	30.8%	Meezan Bank Ltd	-6.2%
Hascol Petroleum	30.6%	Hum Network Ltd	-4.7%
Ghani Glass	24.1%	Natl Foods	-4.2%

### Five largest holdings

Holding	Portfolio weight	Country	P/E 2014A	P/E 2015E	Yield	Return 1 month (EUR)
Pak State Oil	5.0%	Pakistan	3.9	9.9	3.4%	19.1%
Mcb Bank Ltd	3.7%	Pakistan	11.1	10.3	6.3%	7.3%
Pak Elektron	3.6%	Pakistan	-	9.1	4.4%	7.4%
Engro Corp	3.5%	Pakistan	19.3	9.9	3.3%	3.0%
Packages Ltd	3.4%	Pakistan	-	13.3	2.2%	2.2%

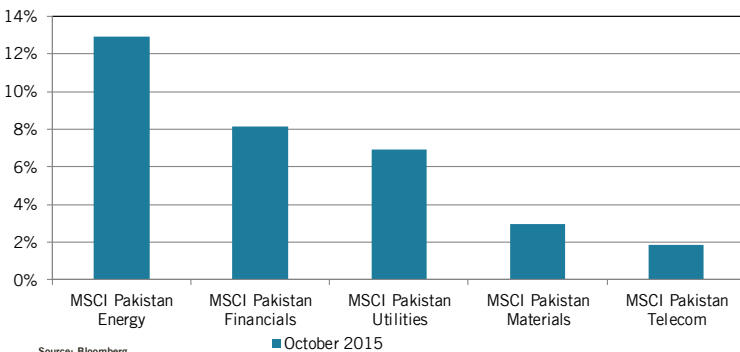
Source: Bloomberg, Tundra Fonder

### 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.

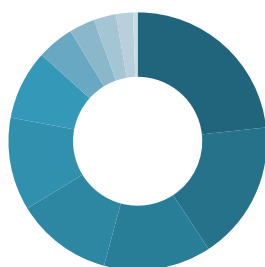
Given the risk profile of the fund the fund management company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

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



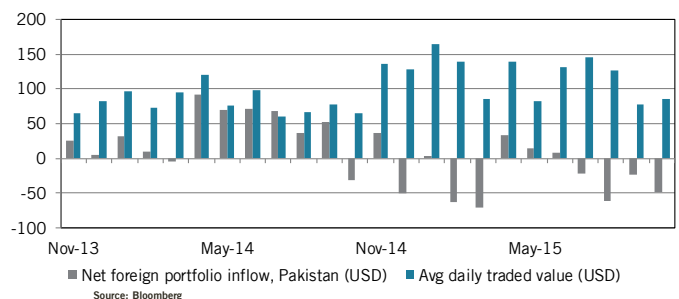
Source: Bloomberg

### Tundra Pakistan Fund: Sector allocation



- Financials 23.3%
- Materials 17.5%
- Consumer Discretionary 13.4%
- Consumer Staples 12.1%
- Energy 11.7%
- Cash and other 8.7%
- Industrials 4.6%
- Information Technology 3.2%
- Utilities 2.8%
- Health Care 2.1%
- Telecommunication Services 0.6%

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



Source: Bloomberg

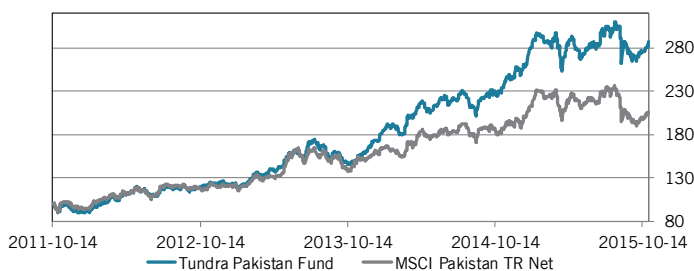
### Monthly Market Comment

MSCI Pakistan Net (EUR) rebounded by 7.6% during October, underperforming the MSCI Emerging Markets Net (SEK) which increased by 8.8%. Daily traded value improved by 11% to USD 86m in October from USD 78m in September. Foreigners remained net sellers worth USD 49.2m in October. A generally quiet month on the politics front, PML-N government rejoiced National Assembly speaker Ayaz Sadiq's re-election from his Lahore constituency, which somewhat negates PTI's rigging allegations in 2013 general elections. Macro-economic indicators continue to be supportive, as September inflation clocked in at 1.3% YoY. Moreover, the current account also registered a surplus of USD 306mn for the month. IMF is in the process of conducting another review of the Pakistan Economy, which after successful completion could result in the inflow of another USD 550mn. Currency weakened by 1% vs the USD during the month, which we believe is a part of the Textile package offered by the government to exporters. There is an MPS announcement scheduled for mid of November, where our view is that the interest rates are unlikely to change. This is due to the risk of an uptick in inflation numbers from November 15 due to the phase out of high base effects. MSCI Pakistan continue to trade at attractive forward P/E and P/B multiples of 8.1x and 1.5x.

### Monthly Fund Comment

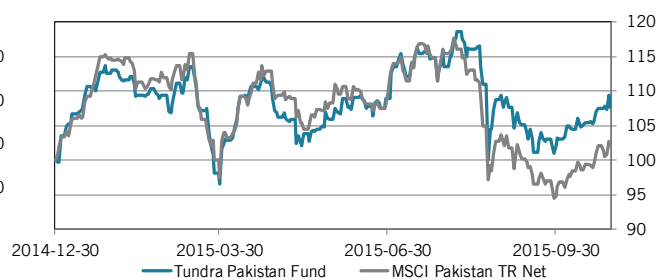
The fund rose 5.8% Net (EUR) during the month, underperforming the benchmark index which gained 7.6% Net (EUR). Our underperformance stemmed from a natural underweight in Energy and Financial stocks. Cheaper valuations and rebound in global oil prices increased investor interest in the energy names. Anticipated bottoming out of interest rates helped banking stocks to rebound after getting hit in last few months. In addition our underweight in index-heavy Materials also added to the underperformance. On the positive front, our off benchmark bets in Consumer Staples and Discretionary boded well for the fund. No new stocks were added 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%			7.3%

Source: Bloomberg

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