

# MONTHLY LETTER DECEMBER 2015



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	-1.1%	4.8%	4.8%	175.5%
Benchmark (MSCI Pakistan Net (EUR))	-1.0%	-3.3%	-3.3%	94.3%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	7.8%
Pricing	Daily	Standard deviation	22.1%
Manager	Tundra Fonder AB	Standard deviation, benchmark	23.4%
Benchmark index	MSCI Pakistan Net (EUR)	Beta	0.89
ISIN	SE0006 789 905	Information ratio	2.11
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	132.3 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 December		Worst performers in December	
	Return (EUR)		Return (EUR)
Netsol Technology	34.6%	Pak Oilfields	-11.7%
Ferrosesons Labs	16.6%	Noon Pakistan	-11.6%
Tariq Glass	12.3%	Mughal Iron & St	-10.7%
Dg Khan Cement	12.0%	Engro Polymer	-10.5%
Maple Leaf Ceme	10.0%	Hascol Petroleum	-10.5%

### Five largest holdings

Holding	Portfolio weight	Country	P/E 15E	P/E 16E	Yield	Return 1 month (EUR)
Pak State Oil	5.0%	Pakistan	9.7	6.3	4.0%	3.4%
Mcb Bank Ltd	4.7%	Pakistan	-	-	7.5%	2.3%
United Bank Ltd	4.5%	Pakistan	7.3	7.1	8.5%	-3.5%
Packages Ltd	3.8%	Pakistan	14.5	13.0	2.2%	-4.0%
Meezan Bank Ltd	3.4%	Pakistan	9.0	-	-	-3.2%

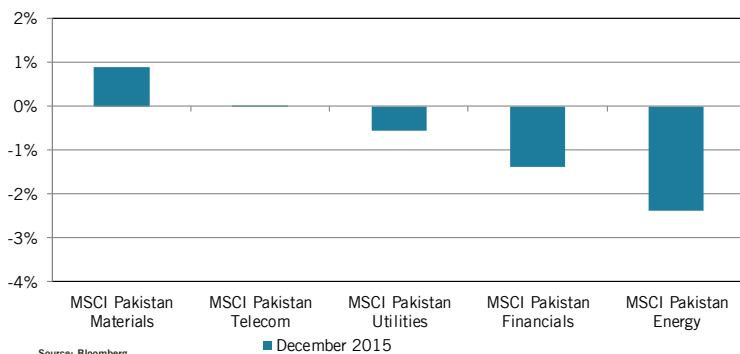
Source: Bloomberg, Tundra Fonder

### 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.

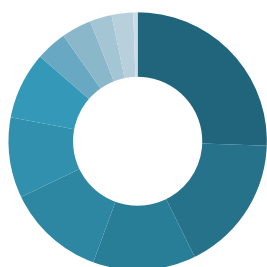
Given the risk profile of the fund the fund management company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

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



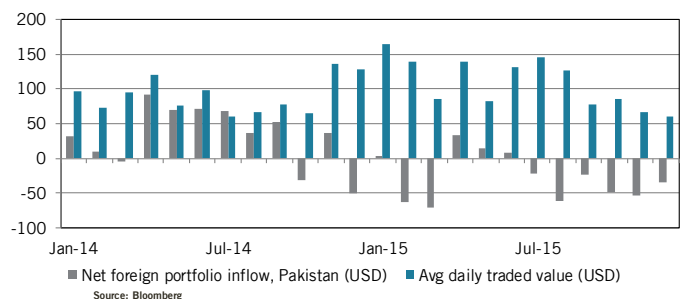
Source: Bloomberg

### Tundra Pakistan Fund: Sector allocation



- Financials 25.5%
- Materials 17.2%
- Consumer Discretionary 12.9%
- Energy 12.3%
- Consumer Staples 10.1%
- Cash and other 8.4%
- Industrials 3.9%
- Information Technology 3.7%
- Utilities 2.8%
- Health Care 2.7%
- Telecommunication Services 0.6%

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



Source: Bloomberg

Fund return is for time periods starting prior to June 12th 2013 based on the A share class in SEK converted to EUR using Bloomberg currency data in order to provide maximum performance history. The value of money invested in a fund can increase or decrease and there is no guarantee that all of your invested capital can be redeemed. Past performance is no guarantee for future returns. The value of invested capital may vary substantially due to the composition of the fund and the investment process used by the fund manager. The Full Prospectus, KIID etc. are available on our homepage ([www.tundrafonder.se](http://www.tundrafonder.se)). You can also contact us to receive the documents free of charge.

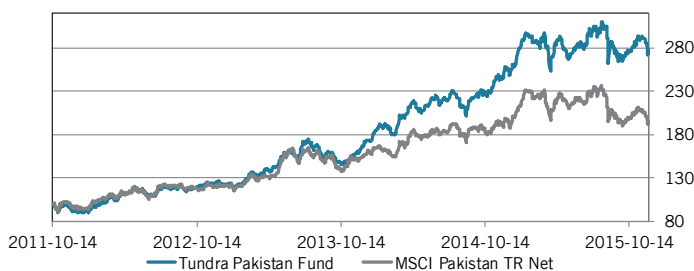
### Monthly Market Comment

MSCI Pakistan Net (EUR) fell by 1.0% during December compared to MSCI Emerging Markets Net (EUR) which fell by 5.7%. Foreigners remained net sellers to the tune of USD 34m while average daily value traded declined to USD 61m compared to USD 66m during the month of November. Inflation number revealed was in-line with estimates at 2.7% and depicted an increase due to the phase-out of the high base effect from last year. Oil prices continued to slide further during the month, which led to a correction in oil sector stocks. Towards the end of the month, Prime Minister announced a relief package for the industrial sector in the shape of a power tariff cut, which is anticipated to help primarily the textile exporters, as Pakistan's textile exports continue to dwindle. The IMF Board approved the 10th tranche of USD 500m, which was received towards the end of the month, taking total foreign exchange reserves to over USD 21bn (4.5x import cover). 2016 looks promising for Pakistan with a positive macro back drop, considerable reduction in the political noise, potential transition from frontier to the emerging market classification, expected initiation of power and infrastructure projects and the port city development at Gwadar under the China Pakistan Economic Corridor. The market is currently trading at 7.9x CY16 earnings, a discount to MSCI Frontier Markets P/E of 9.0x.

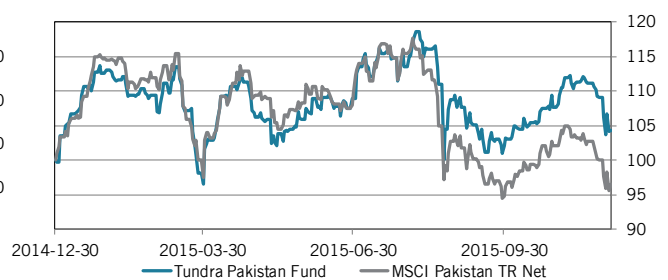
### Monthly Fund Comment

The fund declined 1.1% during the month, performing in-line with the benchmark index. However during 2015, fund was up 4.8% Net (EUR) largely outperforming the index which declined 3.3%. Positive performance during the year is mainly attributed to our overweight in off benchmark bets in Healthcare (Feroz and Searle) and Consumer (EFoods and Noon Pak) while our underweight in index heavy Energy and Financials added to the outperformance. Underweights in Utilities (HUBC) and Materials (FFC), however, contributed negatively for the fund's relative performance. The fund added exposure to the refinery sector during December.

### 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%	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%	-1.3%	-1.1%	4.8%

Source: Bloomberg

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