

# MONTHLY LETTER

## JULY 2016



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	4.3%	8.5%	0.4%	198.6%
Benchmark (MSCI Pakistan Net (EUR))	4.7%	17.0%	-1.9%	127.2%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	8.5%
Pricing	Daily	Standard deviation	20.3%
Manager	Tundra Fonder AB	Standard deviation, benchmark	22.4%
Benchmark index	MSCI Pakistan Net (EUR)	Beta	0.84
ISIN	SE0006 789 905	Information ratio	.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	115.9 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 July		Worst performers in July	
	Return (EUR)		Return (EUR)
Gul Ahmed Text.	21.2%	Natl Foods	-4.9%
Nishat Chunian	20.5%	Bata Pakistan	-4.5%
Murree Brewery	17.2%	Tpi Trakker Ltd	-4.0%
Shifa In Hosp.	16.3%	Century Paper	-3.8%
Lucky Cement	13.5%	OGDC	-2.0%

### Five largest holdings

Holding	Portfolio weight	Country	P/E 15E	P/E 16E	Yield	Return 1 month (EUR)
Habib Bank Ltd	6.7%	Pakistan	9.1	9.6	6.4%	9.2%
United Bank Ltd	5.2%	Pakistan	8.7	8.5	6.9%	3.9%
K-Electric Ltd	5.1%	Pakistan	9.8	6.8	0.8%	1.2%
Nishat Mills Ltd	4.5%	Pakistan	-	8.5	3.7%	11.1%
Pak Elektron	4.4%	Pakistan	9.2	7.6	2.9%	9.9%

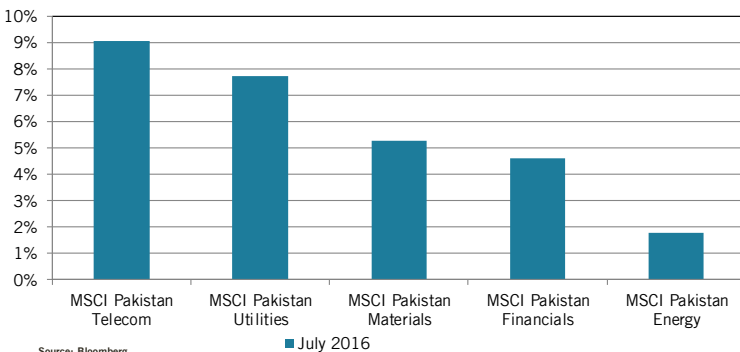
Source: Bloomberg, Tundra Fonder

### 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.

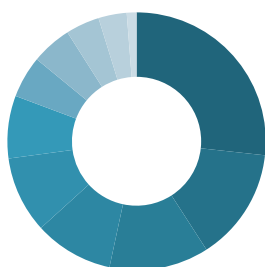
Given the risk profile of the fund the fund management company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

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



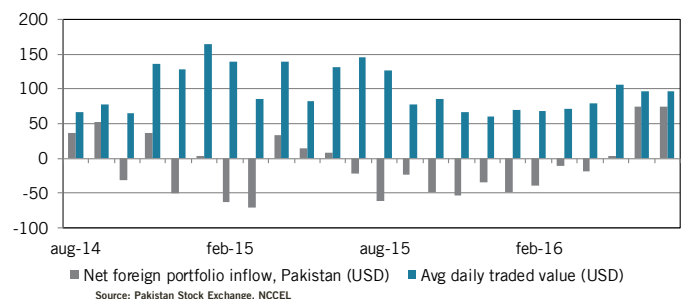
Source: Bloomberg

### Tundra Pakistan Fund: Sector allocation



- Financials 26.7%
- Materials 14.2%
- Energy 12.5%
- Consumer Staples 9.9%
- Consumer Discretionary 9.6%
- Cash and other 7.9%
- Industrials 5.3%
- Utilities 5.1%
- Health Care 4.2%
- Information Technology 3.5%
- Telecommunication Services 1.2%

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



Source: Pakistan Stock Exchange, NCCEL

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.

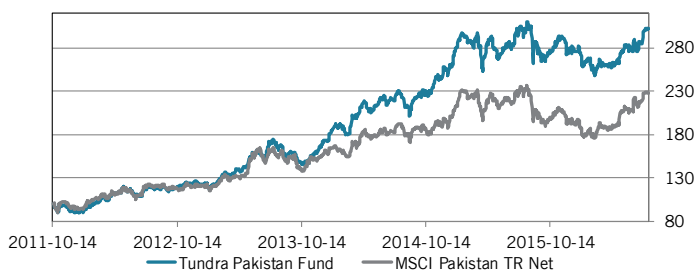
### Monthly Market Comment

MSCI Pakistan Net (EUR) gained 4.7% during July, compared to MSCI Frontier Markets xGCC Net (EUR) which rose 0.2%. Foreign investors continued their buying streak and poured in USD 23m in the market, resulting in considerable improvement in daily traded value to USD 117m. Improving political situation after ruling party won elections in AJK, high expectations from the upcoming result season and foreign buying kept market upbeat. On the macro front, Pakistan has been gradually moving towards stability with increasing production, lower energy prices and improving FDI. CPEC related activities are also kicking off as Foreign Direct Investment increased by 39% to USD 1.3bn during the first 11 months of FY16, with China's share at ~USD 600m. The government on the other hand is pushing hard to pursue the privatization agenda and has allowed the Privatization Commission to expedite with the divestment of Pakistan Steel Mills, PIA, KAPCO and power sector entities, likely to add significant contributions to the government's treasury. The pick-up in economic activities has resulted in July inflation to reach 4.1% and M2 growth of ~14%. Given inflationary pressures ahead, the State Bank maintained status quo in the latest monetary policy which makes us believe that the interest cycle is near its bottom. We expect market to hold up its performance as June-end result are made public. However, volatility in global markets amid receding international oil prices is a short term risk.

### Monthly Fund Comment

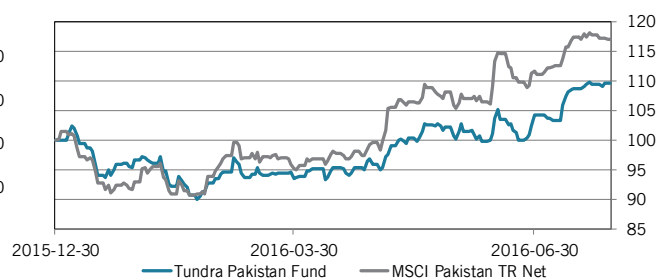
The fund gained 4.3% (EUR) during the month compared to the benchmark index return of 4.7% (EUR). Our off benchmark bets in Consumer Discretionary (NML, NCL, HUM), Consumer Staples (MUREB), Information Technology (SYS, Netsol) and Industrials (PAEL) performed well for the fund. Our underweights in some of the index heavy stocks in Materials, Utilities and Financials were the main drag on relative performance. No major changes in the fund were made 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%	-1.3%	-1.1%	4.8%
2016	-3.6%	-2.9%	0.2%	2.9%	4.0%	3.7%	4.3%						8.5%

Source: Bloomberg

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