

# MONTHLY LETTER SEPTEMBER 2016



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Frontier Opportunities	1.4%	4.9%	7.0%	37.2%
Benchmark (MSCI FM xGCC Net (EUR))	2.2%	2.2%	4.4%	11.1%

Facts		Risk and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	9.0%
Pricing	Daily	Standard deviation	11.9%
Manager	Tundra Fonder AB	Standard deviation, benchmark	12.2%
Benchmark index	MSCI FM xGCC Net (EUR)	Beta	0.70
ISIN	SE0006 789 897	Information ratio	0.61
IBAN	SE445000000058648209218	Risk level 6 of 7 (refer to KIID for more info)	
BIC	ESSESESS	Management fee/year (all inclusive)**	2.5%
Custodian	SEB	AuM	43.3 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 September		Worst performers in September	
	Return (EUR)		Return (EUR)
Letshego Holding	27.0%	Tpl Properties L	-17.0%
Millat Tractors	21.4%	Viet Nam Dairy P	-10.8%
Saigon General	15.2%	Guaranty Trust	-9.4%
Diamond Bank	13.3%	Vietnam Electric	-4.9%
Vingroup Jsc	12.7%	Ferozesons Labs	-3.6%

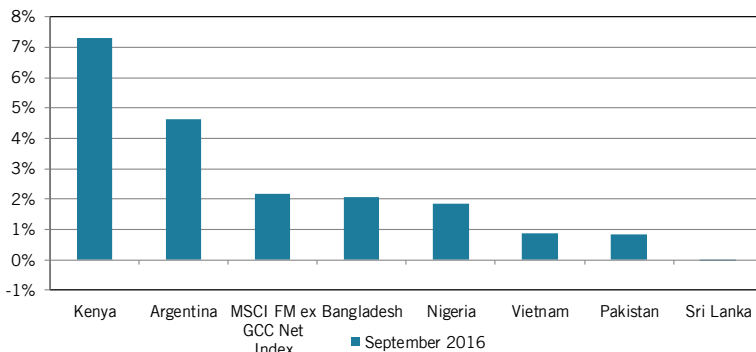
Five largest holdings						
Holding	Portfolio weight	Country	P/E 15E	P/E 16E	Yield	Return 1 month (EUR)
Fpt Corp	5.2%	Vietnam	11.7	10.8	4.4%	5.6%
IBL	4.5%	Pakistan	-	-	-	0.2%
Brac Bank Ltd	4.4%	Bangl.	-	-	2.5%	-2.2%
Meezan Bank Ltd	3.9%	Pakistan	10.8	10.8	5.5%	6.9%
Viet Nam Dairy P	3.9%	Vietnam	27.7	27.7	3.5%	-10.8%

Source: Bloomberg, Tundra Fonder

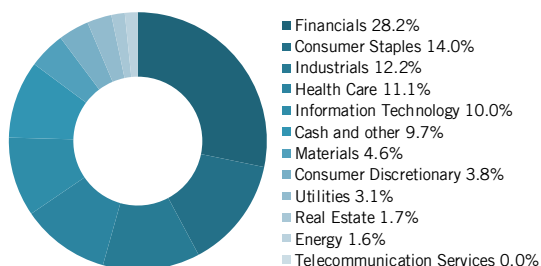
### Fund Objective

The Fund intends to give financial exposure to economic development in emerging markets and frontier markets through equities. The Fund Management Company particularly focuses on those markets that have large population and low GDP. Therefore countries which are part of the MSCI Frontier Markets index (such as for example Kuwait) but that have an important weight are less likely to be considered for an investment. The Benchmark of the Fund is MSCI Frontier Markets ex GCC Index. At least 80 percent of the net asset value of the fund must be invested in equities and equity-related transferable securities issued by companies that have their registered office in emerging markets and/or frontier markets, or that conduct their principal operating activities in emerging markets and/or frontier markets. Up to 20 percent of the net asset value of the fund may be invested in equities and equity-related transferable securities issued by companies that are classified by MSCI as Developed Markets. 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. 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.

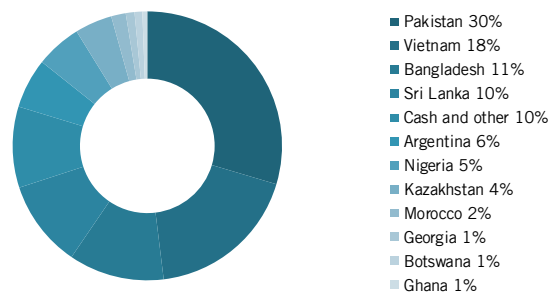
### Major frontier markets (EUR, total return)



### Tundra Frontier Opportunities: Sector allocation



### Tundra Frontier Opportunities: Country allocation



### Monthly Market Comment

MSCI Frontier Markets xGCC Net (EUR) increased 2.2% during the month, compared with MSCI Emerging Markets Net (EUR), which rose 0.6%. Most frontier markets rose during the month. A decision by MSCI about whether Nigeria would be allowed to stay in the frontier indices did not materialize. The most likely scenario is that a definitive answer will be given only in the spring of 2017. The wording from MSCI's side leaves scope for an early decision however. Nigeria rose 1.9% during the month. Vinamilk, which was recently included in the MSCI Frontier indices, fell during the month and was a big reason why Vietnam (+0.9%) rose less than the asset class as a whole. In terms of global events, positive US election polls, which largely go Clinton's way, were ignored instead giving greater scope for discussions of stagnant corporate profits in developed markets. The ideal climate for frontier markets is in our eyes a climate in which developed equity markets are considered "boring" (+/- 10%) and where investors thus have the time to look around for higher growth elsewhere. The recent stock market climate has thus suited our markets well. In our view, the largest element of risk in the short term is a sudden price movement in global equity markets.

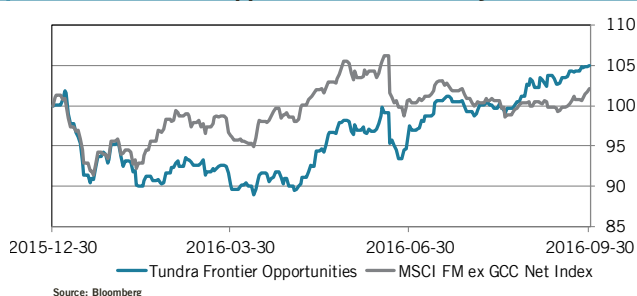
### Monthly Fund Comment

The fund rose 1.4% during the month, which was slightly below the benchmark (+2.2%). At the country level, we lost some relative performance given the absence of Kenyan holdings and our underweight in Argentina. Good stock selection in Pakistan, Vietnam and Morocco however partially compensated. A lot of reallocations were made during the month. The fund sold its entire holding in Pakistani Murree Brewery and Argentinean Cresud after sharp price increases. The Fund increased its positions in Pakistani pharmaceutical company Feroz, Vietnamese dairy Vinamilk, Bangladeshi Active Fine, Pakistani textile company Gul Ahmed, Pakistani tractor manufacturer Millat Tractors and Vietnamese IT company FPT. Three new holdings were added to the portfolio: Bangladeshi pharmaceutical company Square Pharma, Vietnamese infrastructure company Ho Chi Minh City Infrastructure and the Pakistani logistics company (passenger) Daewoo Express. The latter company is a so-called pre-IPO, which is due for listing within 12 months. Just under 2% of the fund's assets were placed in the company, which is expected to be listed on the Pakistan Stock Exchange in the first half of 2017.

### Tundra Frontier Opportunities vs index (since inception)



### Tundra Frontier Opportunities vs index (year-to-date)



### Tundra Frontier Opportunities Fund – Monthly return (EUR)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.4%	7.8%	-5.8%	4.8%	-4.5%	-0.5%	1.4%	3.9%	2.2%	9.1%
2014	6.4%	-4.5%	4.0%	3.8%	5.5%	0.6%	3.5%	-0.9%	4.7%	-2.5%	-0.3%	0.7%	22.5%
2015	4.3%	0.5%	1.3%	0.6%	0.2%	-2.4%	-0.7%	-4.2%	-2.9%	5.5%	1.7%	-4.9%	-1.5%
2016	-5.0%	-2.8%	-2.8%	0.8%	7.0%	0.3%	2.3%	4.2%	1.4%				4.9%

Source: Bloomberg

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