

# MONTHLY LETTER NOVEMBER 2016



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Frontier Opportunities	2.8%	9.2%	3.9%	42.4%
Benchmark (MSCI FM xGCC Net (EUR))	-0.1%	3.9%	0.4%	13.0%

Facts		Risk and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	8.8%
Pricing	Daily	Standard deviation	11.7%
Manager	Tundra Fonder AB	Standard deviation, benchm:	11.7%
Benchmark index	MSCI FM xGCC Net (EUR)	Beta	0.72
ISIN	SE0006 789 897	Information ratio	0.52
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	44.5 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 November

	Return (EUR)		Return (EUR)
Tpl Trakker Ltd	42.9%	Arabian Cement	-22.9%
Millat Tractors	31.0%	Juhayna Food Ind	-22.4%
Gul Ahmed Tex	21.7%	Tpl Properties	-15.0%
Avanceon Ltd	19.5%	Diamond Bank	-8.6%
Adamjee Ins.	19.4%	Shifa In Hosp.	-8.3%

### Five largest holdings

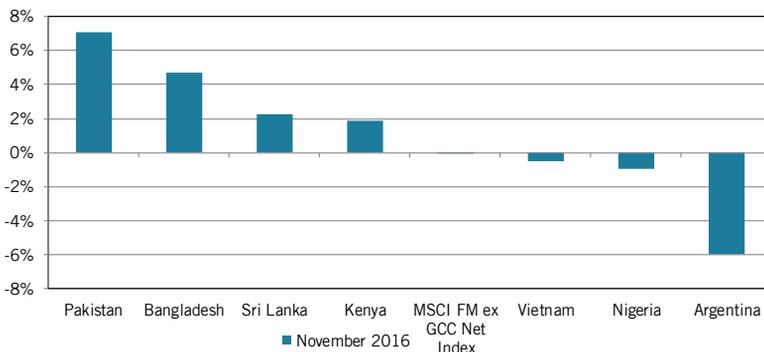
Holding	Portfolio weight	Country	P/E 15E	P/E 16E	Yield	Return 1 month (EUR)
Brac Bank Ltd	4.9%	Banglad.	19.5	15.0	2.3%	12.4%
Fpt Corp	4.8%	Vietnam	10.8	9.6	4.7%	1.5%
Active Fine Chem	4.7%	Banglad.	-	-	-	12.2%
IBL	4.6%	Pakistan	-	-	-	-
Meezan Bank	4.2%	Pakistan	11.2	11.2	4.6%	13.1%

Source: Bloomberg, Tundra Fonder

### Fund Objective

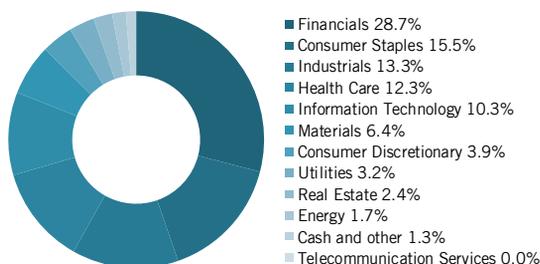
The Fund intends to give financial exposure to economic development in emerging markets and frontier markets through equities. The Fund Management Company particularly focuses on those markets that have large population and low GDP. Therefore countries which are part of the MSCI Frontier Markets index (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)

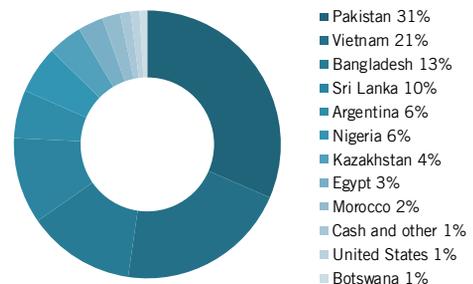


Source: Bloomberg

### Tundra Frontier Opportunities: Sector allocation



### Tundra Frontier Opportunities: Country allocation



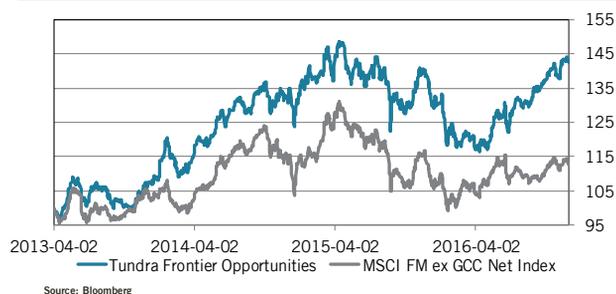
### Monthly Market Comment

MSCI Frontier Markets xGCC Net (EUR) fell 0.1% during the month (MSCI Emerging Markets Net (EUR) -1.3%). While Trump's unexpected election victory was received with relative calm on Asian markets, Argentina (-6%) fell in line with other Latin American markets. Noteworthy was that despite large outflows even from the Asian markets, the foreign selling was this time picked up by local investors. Pakistan actually turned out to be one of the best performing markets during the month with a gain of 7%. Pakistan is obviously primarily a domestically driven economy but even Vietnam, which in theory is the most sensitive frontier market given that exports make up 90% of GDP, closed down only 2%. After the initial shock of the election results, focus has been centered on how our markets will actually be affected in the short and medium term. It should be emphasized that most of the investments in a market like Vietnam comes from South Korea, Taiwan and Japan and China plays an increasingly important role as an investor. We believe that any negative effects will take time to crystallize, if noticeable at all. In addition, the last couple of years of weak relative performance versus developed equity markets indicates that a certain risk aversion has already taken its toll on frontier markets. When even the short-term sales flows are absorbed by local investors, it is difficult not to breathe some optimism for 2017.

### Monthly Fund Comment

The fund rose 2.8% during the month (the benchmark index -0.1%). The main reason for the outperformance was overweights and good stock picking in Pakistan and Bangladesh. In Pakistan "Google maps of Pakistan", TPL Trakker, and the largest tractor manufacturer, Millat Tractors, outperformed. In Vietnam, our sub-portfolio rose in a falling market Egyptian holdings now have entered the fund. With nearly 90 million people and GDP/capita of less than USD 3000 the country fits well into our theme of investing in highly populated countries coming from a low economic base. After the Egyptian pound was devalued from 9 to 18 per USD, we made our first investment in three companies – two cement companies, whose installed capacity now are valued at 70-90% discount relative to other frontier markets, and a leading milk producer. After adding to our positions in December, total exposure is limited to 5%, which is a sign that we believe that the risks remains high.

### 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%	1.3%	2.8%		9.2%

Source: Bloomberg

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