

MONTHLY LETTER JANUARY 2017



TUNDRA  FONDER

Capital invested in a fund may either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. The state of the origin of the Fund is Sweden. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3,3bis and 3ter CISA. The representative in Switzerland is ACOLIN Fund Service AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is Bank Vontobel Ltd, Gotthardstrasse 43, CH-8022 Zurich. The Basic documents of the fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative.

Return (EUR)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	-1.6%	-1.6%	35.5%	259.6%
Benchmark (MSCI Pakistan Net (EUR))	-2.5%	-2.5%	52.6%	175.7%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	9.6%
Pricing	Daily	Standard deviation	14.2%
Manager	Tundra Fonder AB	Standard deviation, benchmark	20.3%
Benchmark ind	MSCI Pakistan Net (EUR)	Beta	0.63
ISIN	SE0006 789 905	Information ratio	.9
IBAN	SE925000000058648288185	Risk level	5 of 7 (refer to KIID for more info)
BIC	ESSESESS	Management fee/year (all inclusive)**	2.5%
Custodian	SEB	AuM	107.4 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 January		Worst performers in January	
	Return (EUR)		Return (EUR)
Aisha Steel M.	39.8%	Tpl Trakker Ltd	-16.1%
Avanceon Ltd	34.2%	Hum Network Ltd	-12.2%
Netsol Techn.	33.6%	Shifa In Hospita	-12.1%
Fauji Foods Ltd	26.2%	Shezan Intl	-7.8%
Habib Sugar	23.6%	Natl Bk Pakistan	-2.8%

Five largest holdings

Holding	Portfolio weight	Country	P/E 16E	P/E 17E	Yield	Return 1 month (EUR)
Habib Bank Ltd	6.3%	Pakistan	11.5	10.8	5.4%	-7.0%
Pak State Oil	5.9%	Pakistan	11.4	8.0	3.3%	0.6%
Mcb Bank Ltd	5.0%	Pakistan	11.5	10.8	6.5%	-0.9%
United Bank Lt	4.9%	Pakistan	9.8	9.2	5.7%	-5.4%
IBL	4.6%	Pakistan	-	-	-	-

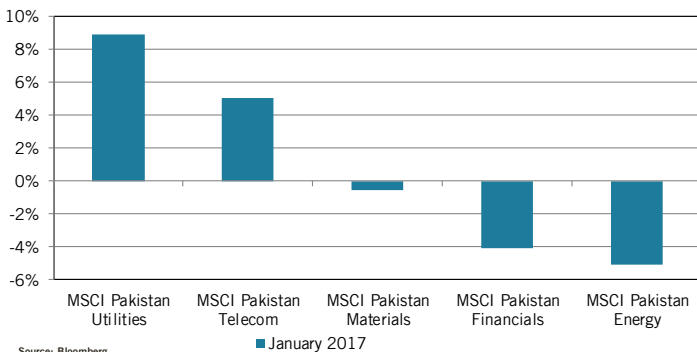
Source: Bloomberg, Tundra Fonder

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.

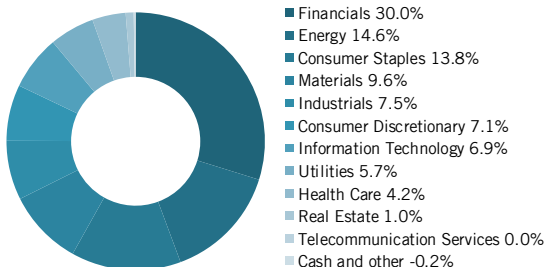
Given the risk profile of the fund the fund management company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

Pakistan sector indices (EUR, total return)

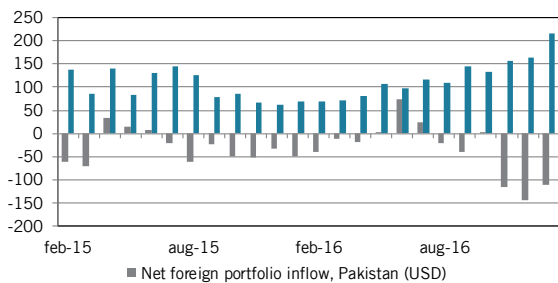


Source: Bloomberg

Tundra Pakistan Fund: Sector allocation



Foreign flows and turnover (Pakistan Stock Exchange)



Source: Pakistan Stock Exchange, NCCEL

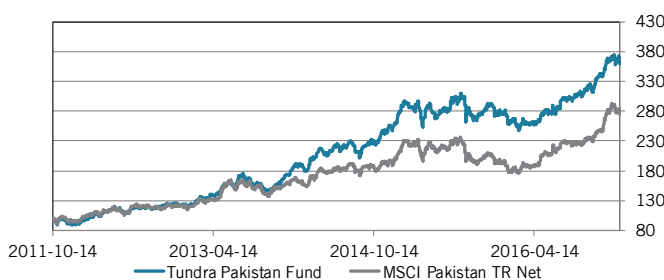
Monthly Market Comment

MSCI Pakistan Net (EUR) lost 2.5% during January compared to MSCI Emerging Markets Net (EUR) which gained 2.9%. Almost the entire negative return is represented by the strengthening Euro against the US dollar, otherwise the market would have posted flattish returns. Foreign investors continued to be on the selling side, with USD 111m net outflow during January. However, buying from local investors managed to easily absorb the foreign selling amid increased daily traded value of USD 216m. The broader index, KSE100, touched its all time high of 50 192 in January on encouraging economic data. Inflation remained subdued at 3.7% which resulted in unchanged interest rate by the State Bank. The much awaited export package finally turned into reality, offering several incentives and rebates to the textile and other export oriented sectors. Market however retreated towards the end of the month on Trump's travel ban on Muslim countries and expected extreme vetting for Pakistani nationals applying for a US visa. In addition, advice of the regulator for retail investors to remain cautious at current market levels along with stern actions to reduce in-house margin lending further fueled the correction. Pakistan's valuation is still at a discount to regional peers. However going forward the market direction depends on 1) foreign flows, 2) aftermath of SECP's action on in-house margin lending, 3) the Panama case proceedings and 4) corporate result announcements.

Monthly Fund Comment

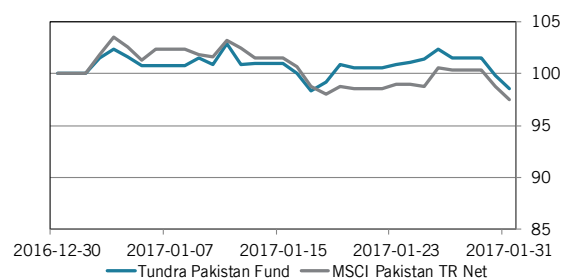
The fund lost 1.6% (EUR) during January compared to MSCI Pakistan Net (EUR) which lost 2.5%. Interest in Financials and Energy remained subdued in the absence of triggers amid continuous outflow from the foreigners. Our underweight in the abovementioned sectors provided positive relative returns. Our off benchmark bets in IT and Consumer Staples also added to the relative performance. On the negative side, our stock selection in Consumer Discretionary and Healthcare did not perform according to the expectations. Fauji Foods was added in the fund during the month. The company recently increased its capacity to 600k liters/day from 200k liters/day. The company now has a capacity of close to 1/3 of Engro Foods but is trading at 1/10 in terms of market cap.

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%	3.1%	1.4%	0.4%	7.9%	8.2%	32.8%
2017	-1.6%												-1.6%

Source: Bloomberg

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Risks

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