

MONTHLY LETTER FEBRUARY 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	0.5%	-1.1%	40.3%	261.8%
Benchmark (MSCI Pakistan Net (EUR))	2.2%	-0.3%	53.0%	181.8%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	8.3%
Pricing	Daily	Standard deviation	17.5%
Manager	Tundra Fonder AB	Standard deviation, benchmark	21.0%
Benchmark ind	MSCI Pakistan Net (EUR)	Beta	0.77
ISIN	SE0006 789 905	Information ratio	.6
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	105.8 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 February		Worst performers in February	
	Return (EUR)		Return (EUR)
Century Paper	25.9%	Murree Brewery	-16.3%
Sui Northern	22.6%	Ferozesons Labs	-15.2%
Gharibwal Cem.	17.6%	Habib Sugar	-11.9%
Sui Southern	13.2%	Shezan Intl	-10.1%
Nishat Mills	8.5%	Natl Bk Pakistan	2.0%

Five largest holdings

Holding	Portfolio weight	Country	P/E 16E	P/E 17E	Yield	Return 1 month (EUR)
Habib Bank	6.7%	Pakistan	12.0	11.4	4.9%	6.2%
Pak State Oil	6.0%	Pakistan	11.2	7.7	3.7%	-0.2%
United Bank	5.2%	Pakistan	10.3	9.3	5.3%	5.7%
Mcb Bank Ltd	4.8%	Pakistan	10.8	10.1	6.9%	-3.3%
IBL	4.8%	Pakistan	-	-	-	-

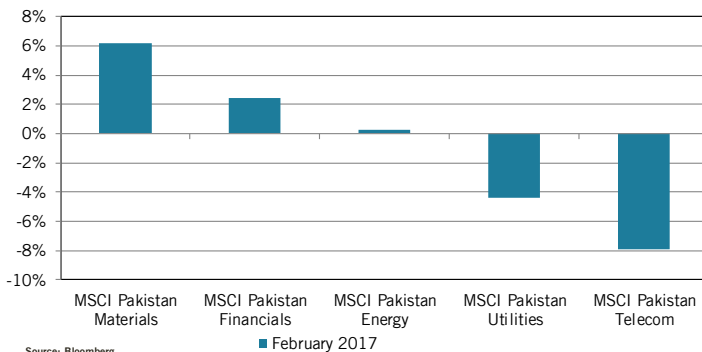
Source: Bloomberg, Tundra Fonder

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.

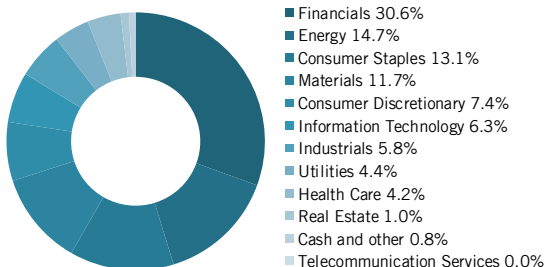
Given the risk profile of the fund the fund management company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

Pakistan sector indices (EUR, total return)

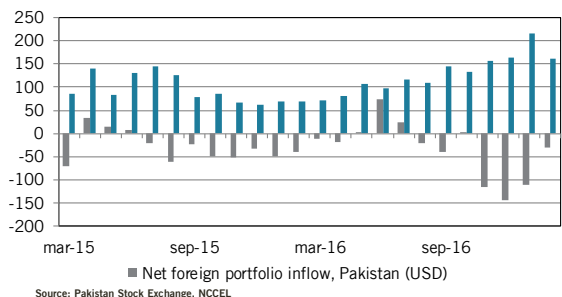


Source: Bloomberg

Tundra Pakistan Fund: Sector allocation



Foreign flows and turnover (Pakistan Stock Exchange)



Source: Pakistan Stock Exchange, NCCEL

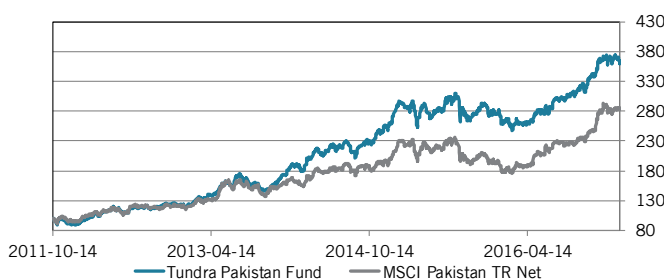
Monthly Market Comment

MSCI Pakistan Net (EUR) increased 2.2% during February compared to MSCI Emerging Markets Net (EUR) which gained 4.8%. SECP's strict stance on in-house margin financing kept local investors at bay and resulted in lower trading activity as depicted by average daily traded value of USD 162m during February. Foreign investors selling eased to USD 30m compared to USD 111m in January. Despite several meetings with the brokers, SECP remained firm to their stance of curbing informal financing. However, SECP is rumoured to be working on a new margin financing facility (MFS) where a majority of the stocks in the market can be financed through official channels. The "Panama gate" case finally concluded hearings with all parties, however the Supreme Court decided to withhold the decision which gave rise to speculation on the potential outcome. In addition, a series of bomb blasts across Pakistan renewed concerns on the security situation. The army reacted immediately and launched new operations targeting the internal hideouts of terrorism. The IPO of Pakistan Stock Exchange is likely to take place in June 2017 when 20% of the stake will be offered to the general public. On the macro front, the balance of payment remains a cause of concern for the Finance Minister as the 7-months current account deficit stood at USD 4.7bn (up 90% Y/Y). Following oil price increases by the government, inflation touched 4.2% in February compared to 3.6% in January. A verdict in the Panama case (likely to be announced in March) and introduction of a new margin financing product will direct the market in the near term.

Monthly Fund Comment

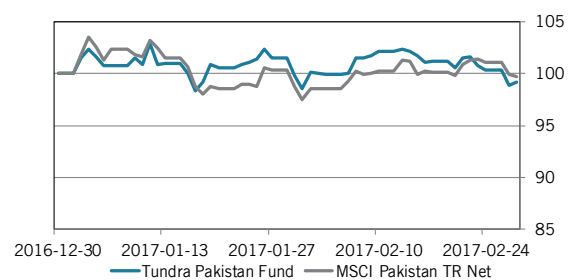
The fund increased 0.5% (EUR) in February compared to MSCI Pakistan Net (EUR) which increased 2.2%. Our off benchmark bets in Consumer Staples and Healthcare did not perform well for the fund. In addition, we saw interest picking up in MSCI stocks (where we are underweight), ahead of Pakistan entering MSCI Emerging Markets Index, in Financials and Materials which added to the negative relative returns. However, overweights in Utilities, Information Technology and Consumer Discretionary were positive contributors. The fund increased exposure in selective stocks in the consumer sectors and Materials 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%	3.1%	1.4%	0.4%	7.9%	8.2%	32.8%
2017	-1.6%	0.5%											-1.1%

Source: Bloomberg

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