

# MONTHLY LETTER MARCH 2017



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	-1.5%	-2.6%	38.0%	255.9%
Benchmark (MSCI Pakistan Net (EUR))	-3.1%	-3.4%	47.9%	173.1%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	9.6%
Pricing	Daily	Standard deviation	12.8%
Manager	Tundra Fonder AB	Standard deviation, benchmark	19.3%
Benchmark ind	MSCI Pakistan Net (EUR)	Beta	0.60
ISIN	SE0006 789 905	Information ratio	.8
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	97.1 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 March		Worst performers in March	
	Return (EUR)		Return (EUR)
Sui Northern	18.4%	Askari Bank Ltd	-10.4%
Power Cement	16.6%	Hum Network Ltd	-9.3%
Efu Life Assur.	14.9%	Systems Ltd	-9.0%
Meezan Bank	13.0%	Shezan Intl	-3.2%
Mari Petroleum	12.5%	Natl Bk Pakistan	-1.3%

### Five largest holdings

Holding	Portfolio weight	Country	P/E 16E	P/E 17E	Yield	Return 1 month (EUR)
Pak State Oil	5.7%	Pakistan	10.7	7.2	3.8%	-4.6%
United Bank	5.3%	Pakistan	9.6	9.5	5.5%	-6.2%
Mcb Bank Ltd	5.2%	Pakistan	10.8	10.3	7.3%	1.0%
IBL	5.1%	Pakistan	-	-	-	-
Meezan Bank	4.9%	Pakistan	13.7	11.0	4.8%	12.8%

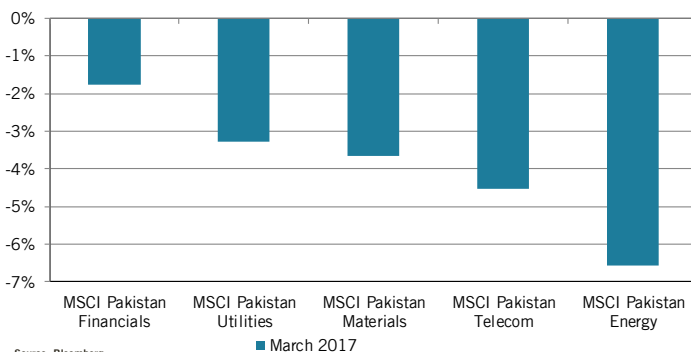
Source: Bloomberg, Tundra Fonder

### 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.

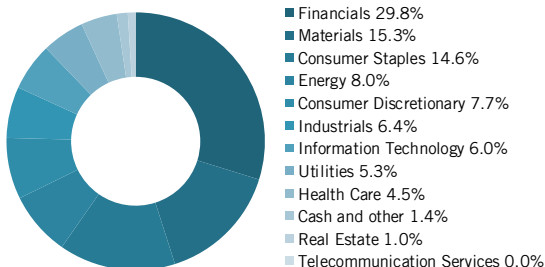
Given the risk profile of the fund the fund management company wishes to particularly emphasize the importance of investing only capital that can be tied up for a very long period in this fund.

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

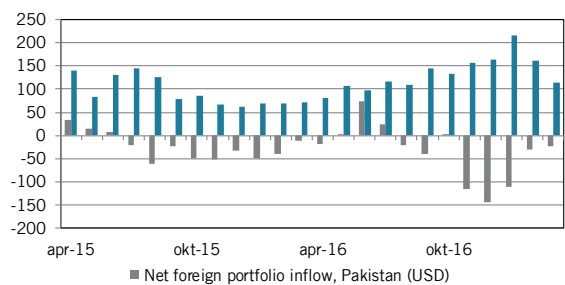


Source: Bloomberg

### Tundra Pakistan Fund: Sector allocation



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



Source: Pakistan Stock Exchange, NCCEL

### Monthly Market Comment

In a fairly quantitative world of numbers dictating the life of portfolio manager, the not-so-objective politics can act as “an invisible hand” deferring the expected game plan. Students go to universities and individuals look upto the role models all in attempt to play the game of political chess. The intricacies and surrounding ambiguities take a toll on stock market also.

To start, numerous permutations have been charted to predict the impending outcome of Panama Case - the naming of ruling political party’s family members in owning off-shore companies Admittedly, finding the trail of source of income is a mired quagmire which definitely would have some loopholes but instead of colliding heads-on with the government – which is a year away from general elections – the Supreme Court’s detailed verdict may perhaps act as a broader framework to enhance governance and take stern actions on anti-corruption drive. This, we believe, is a material positive factor for an otherwise less reactive population that a precedent is being set to eventually keep the politicians, bureaucrats, businessmen and common masses on their toes from an accountability point of view.

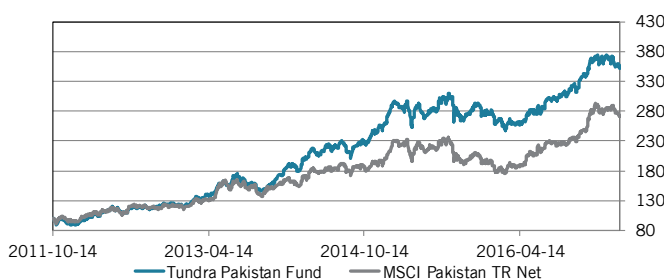
MSCI Pakistan Net (EUR) declined 3.1% during the month, as compared to MSCI Emerging Markets Net (EUR) which rose 2.1% and MSCI Frontier Markets xGCC Net (EUR) which rose 3.0%. The broader KSE 100 Index, amidst all that, declined 0.8% in local currency month-on-month (MoM) and the Average Daily Traded Value (ADTV) also bottomed to USD 114m.

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### Monthly Fund Comment

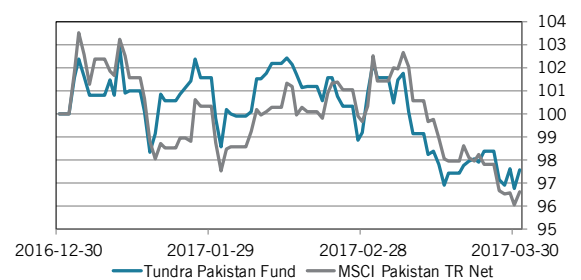
The fund fell 1.5% during the month, compared to MSCI Pakistan Net (EUR) which fell 3.1%. Operating in a flattish market, the Fund outperformed the blue chips heavy MSCI Pakistan index but moved pretty much in tandem with the broader market. Our alpha-bets – aimed at capturing the bullish Pakistan story – generally respond in markets with higher investor participation. The out-going month, marred with political stalemate, saw neither higher participation nor eye-catching price movements. Your fund’s investment strategy has tilted its alignment towards consumption oriented theme. We’re inching towards the target shape of the portfolio, although the lower volumes have prolonged the re-alignment of the strategy. Our positions in Utilities, Materials and Financials added positively to relative performance during the month while our positions in primarily the IT sector contributed negatively. During the month the fund significantly decreased its weight in Energy and instead increased in Materials.

### 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%	-1.5%										-2.6%

Source: Bloomberg

### Monthly Market Comment

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Seemingly, the investors are at bay – not letting go of the market nor increasing stakes either. Some importantly highlights were a notable reduction in the Multi-year tariff provided to K-Electric (KEL) that has dismayed the potential buyers – Shanghai Electric – who then called on to the Prime Minister to resolve the matter. What also is heartening to see is that after a very (rightful) rigid attitude by the Securities and Exchange Commission of Pakistan (SECP) against misuse to clients' assets by the brokers, the committee was formed to introduce a structured leveraged product for the investors, with strongly secured risk-management practices. This, once introduced, can conveniently increase ADTV to USD 300-400m and provide much needed impetus to the stock market participants.

While the FX reserves of the government continued to slide downwards from USD 24bn to USD 21.5bn (as we go for publishing), we believe the foreign loan commitments from lenders and CPEC related projects inflows would deny abrupt and uncontrollable depreciation of the local currency.

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