

# MONTHLY LETTER

## MAY 2017



TUNDRA  FONDER

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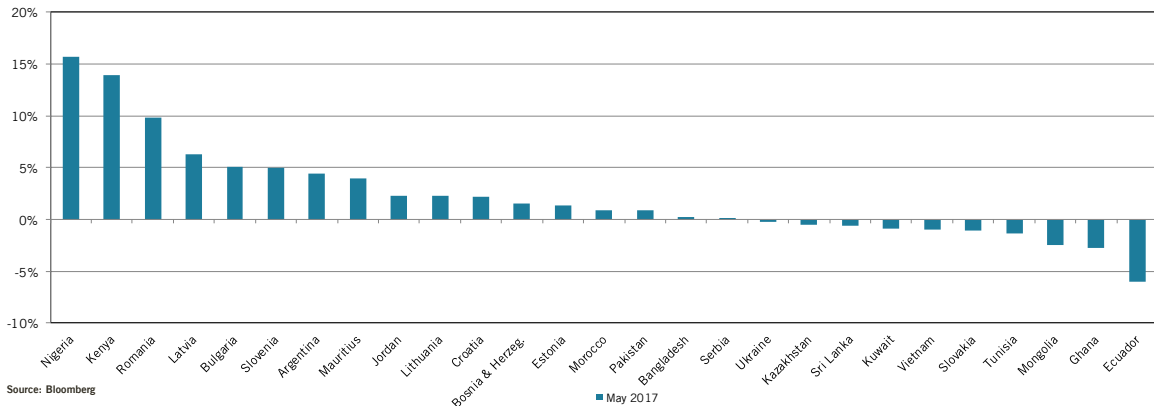
Frontier markets rose 4.1% (in SEK) during May. The asset class hence outperformed emerging (+1.5%) as well as developed markets (+0.7%). It should however be mentioned that the frontier markets return is overestimated by ca 2%-points as MSCI has not yet started applying the new trading mechanism for the Nigerian currency (more on this below). Dominating markets during the month were Nigeria (+15,7%) and Kenya (+13,9%) while several of the Asian frontier markets fell in May. Year-to-date, frontier markets has risen 12.6%.

On a global capital market where most equity as well as commodity markets were lacking big moves in May, frontier markets experienced an eventful month. In Nigeria, the country's central bank implemented a new window for naira trading. A mechanism somewhat similar to a free market was hence reintroduced. In early June, additional steps were taken to improve the mechanism additionally. In Tundra's view, this is a very important step to attract foreign investors back into the country. June 20th MSCI will announce whether Nigeria will remain in the index provider's frontier market index or be downgraded to so called stand alone status. As the new currency mechanism has been introduced, we consider Nigeria's chance of remaining in the index as good. Worth noticing is that MSCI not yet applies prices from the new mechanism in their index calculation (while most asset managers, including Tundra, applies the new prices) As a result, indices currently overestimates the underlying value true.

In Pakistan, the market was dominated by the formal inclusion in the MSCI Emerging Market index and the government budget announcement. After strong return in the index heavy Pakistani stocks since the announcement of the MSCI inclusion a year ago, local investors decided it was time to book profits. A lack of expected foreign inflows resulted in the market ending at a moderate +0,9%. The budget announcement was a disappointment to the stock market as the removal of the tax on bonus shares did not materialize and the CGT level was increased to 15% independent of holding period. Except for this, the budget was a well-balanced mix of fiscal stimulus and fiscal prudence.

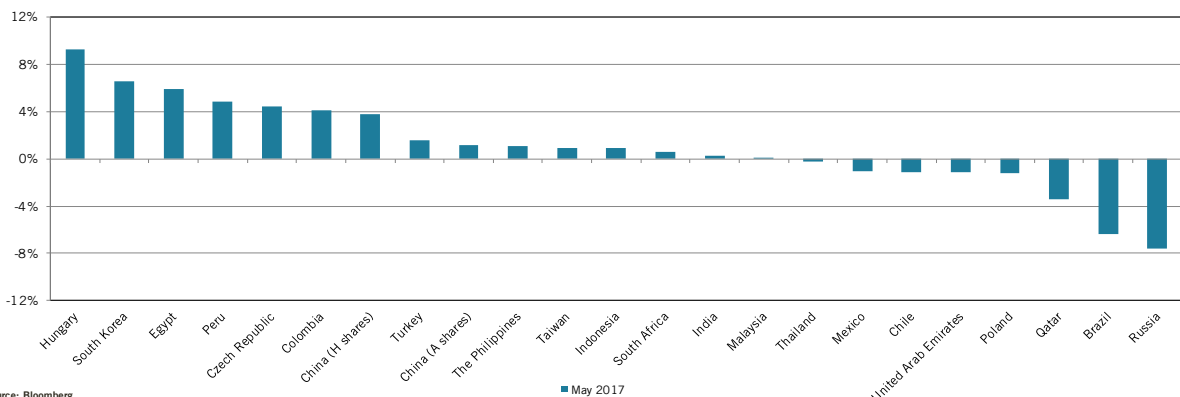
The Vietnamese market fell 1,0%. The initial rise turned into falling share prices as the rising concerns of escalating margin lending dampened the sentiment. Brokers have however not yet showed any signs of reducing the lending activities as the equity market turnover has increased substantially lately.

### Return frontier markets (SEK, total return)



Source: Bloomberg

### Return emerging markets (SEK, total return)



Source: Bloomberg

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Return	NAV (SEK)	1 month	YTD	1 year	Inception
Tundra Frontier Opportunities	179.0	0.7%	8.4%	26.8%	79.0%
Benchmark (MSCI FM xGCC Net (SEK))	6049.8	4.1%	12.6%	19.2%	50.1%

Facts		Risk and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	8.2%
Inception price	100.00	Standard deviation	12.1%
Pricing	Daily	Standard deviation, benchmark	11.4%
Manager	Tundra Fonder AB	Beta	0.80
Benchmark index	MSCI FM xGCC Net (SEK)	Information ratio	0.23
Bank account	SEB 5851-1078355	Risk level	5 of 7 (refer to KIID for more info)
ISIN	SE0004211282	Management fee/year	2.5%
PPM	861229		
Bloomberg	TUNDFRO SS		
AuM	566.2 MSEK		

\*Risk indicators are based on monthly rolling 24 months of return data. Funds with inception date within 24 months use weekly return data since

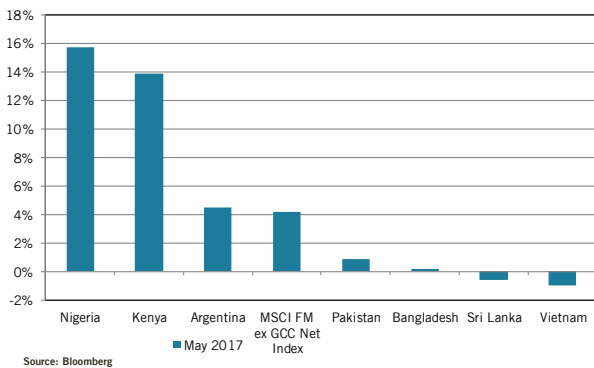
### Best performers in May

	Return (SEK)		Return (SEK)
Fbn Holdings Plc	68.3%	Gb Auto	-13.0%
Obour Land	22.9%	Arabian Cement	-12.4%
United Bank Afr.	22.8%	Ferozesons Labs	-10.0%
Zenith Bank Plc	21.2%	Juhayna Food Ind	-7.9%
Diamond Bank	17.0%	Guinness Ghana	-5.6%

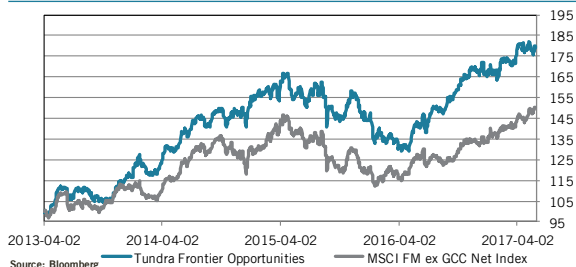
### Five largest holdings

Holding	Portfolio weight	Country	P/E 2016E	P/E 2017E	Yield	Return 1 month (SEK)
Brac Bank Ltd	5.0%	Banglad.	18.6	16.6	1.1%	6.8%
Meezan Bank	4.4%	Pakistan	15.9	12.5	4.4%	1.7%
Active Fine Chem	4.3%	Banglad.	-	-	-	4.7%
Fpt Corp	4.0%	Vietnam	10.6	10.0	4.0%	6.6%
Ferozesons Labs	3.4%	Pakistan	-	17.2	-	-10.0%

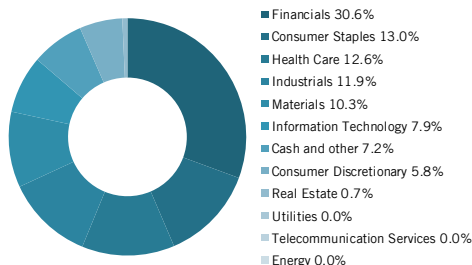
### Major frontier markets (SEK, total return)



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



### Tundra Frontier Opportunities: Sector allocation



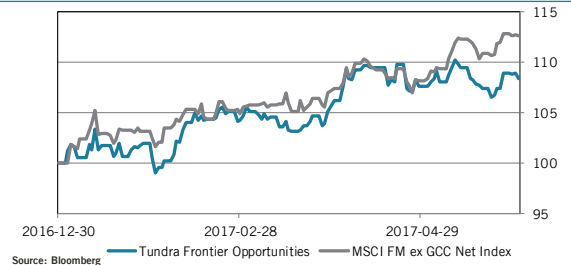
### The market

MSCI Frontier Markets xGCC Net rose 4.1% during the month, compared with MSCI Emerging Markets Net, which rose by 1.5%. The market was driven primarily by Nigeria (+16%) and Kenya (+14%). However, about 2%-points of the rise in MSCI Frontier Markets xGCC Net is an overestimate and should be corrected over the coming period. This is due to the fact that in Nigeria (9% of the benchmark at the official exchange rate), market practice among foreign equity investors is now to use the parallel exchange rate window for naira, where the price is almost 20% lower than the official rate. Tundra for example adjusted the valuation of our Nigerian holdings on May 5 (please refer to our website for more information). However, MSCI has not implemented the corresponding change. The rise in Nigeria during the past month was, in our view, entirely caused by investors' access to cheaper naira via the parallel exchange rate. Given that MSCI has been so late in its response, it is likely that they will wait at least until June 20, when MSCI is supposed to announce Nigeria's future in the frontier index. Given that foreign investors can now again trade the Nigerian naira relatively freely, we consider that the risk of a Nigerian exclusion has decreased.

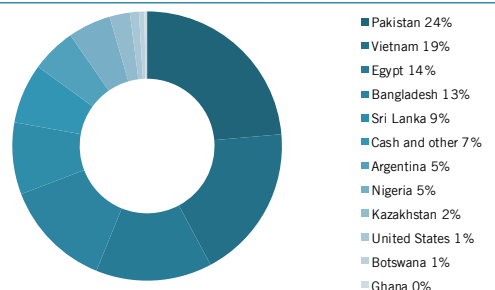
After Pakistan's exit from frontier markets (last trade day in the frontier index was May 31st) and given the likelihood that Argentina and Vietnam will be out of the asset class within a three-year period, it would be a particularly unfortunate decision to exclude Nigeria. The major subject of discussion this month was, of course, Pakistan, which, as of June 1, can now be found in MSCI Emerging Markets. Local investors have for a long time pushed up the prices of the prospective MSCI index shares, believing that they could sell them expensive to foreigners. However, it turned out that the foreigners did not buy that trap. Instead of an expected USD 500m inflow on the last day of the month, an outflow of just over USD 80m occurred. This caused panic among local investors who dumped their positions. The last trading days of May and the first in June, the MSCI Emerging Market constituents (Habib Bank, United Bank, MCB Bank, Lucky Cement, Engro and OGDC) all fell between 10-20%.

*Text continues on page 9*

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



### Tundra Frontier Opportunities: Country allocation



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Return	NAV (SEK)	1 month	YTD	1 year	Inception
Tundra Frontier Africa Fund	56.4	-1.7%	4.7%	-17.6%	-43.6%
Benchmark (MSCI EFM Africa xSAfr Net TR Index (SEK))	5607.6	11.7%	15.5%	-2.9%	-13.5%

\* The fund changed benchmark index on May 29th 2017. Data prior to this refers to S&P Africa Frontier BMI TR Gross.

Facts		Risk and costs*	
Inception date	2013-05-20	Active risk (Tracking error)	11.4%
Inception price	100	Standard deviation	18.8%
Pricing	Daily	Standard deviation, benchmark	17.9%
Manager	Tundra Fonder AB	Beta	0.85
Benchmark index	MSCI EFM Africa xSAfr Net TR Index (SEK)	Information ratio	-0.89
Bank account	SEB 5851-1101667	Risk level	6 of 7 (refer to KIID for more info)
ISIN	SE0005188091	Management fee/year	2.5%
PPM	878223		
Bloomberg	TUNDNIG SS		
AuM	33.8 MSEK		

\* Risk indicators are based on monthly rolling 24 months of return data. Funds with inception date within 24 months use weekly return data since inception.

### Best performers in May

	Return (SEK)
Fbn Holdings	68.3%
Kcb Group Ltd	23.7%
Obour Land	22.9%
United Bank Afr.	22.8%
Co-Op. Bank	22.0%

### Worst performers in May

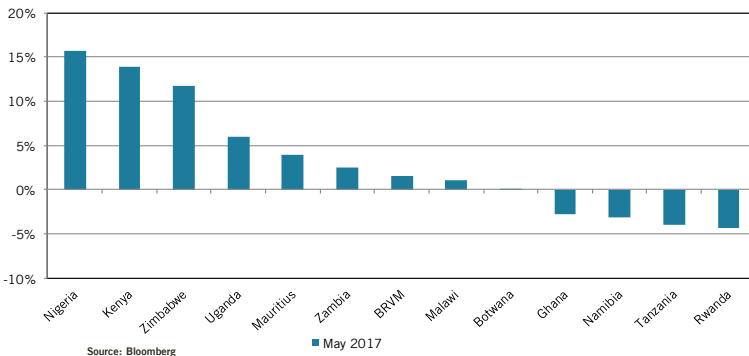
	Return (SEK)
Seplat Petrol	-18.2%
Umeme Ltd	-17.3%
Gb Auto	-13.0%
Arabian Cement	-12.4%
Cleopatra Hosp.	-9.6%

### Five largest holdings

Holding	Portfolio weight	Country	P/E 2016E	P/E 2017E	Yield	Return 1 month (SEK)
Guaranty Trust	8.7%	Nigeria	7.5	8.0	6.0%	21.7%
Zenith Bank Plc	8.5%	Nigeria	5.3	5.1	9.1%	21.2%
United Bank Afr.	7.8%	Nigeria	4.1	4.0	7.7%	22.8%
Ghana Com. Ba.	5.6%	Ghana	4.9	4.2	10.3%	2.7%
Gb Auto	4.0%	Egypt	4.1	15.8	0.0%	-13.0%

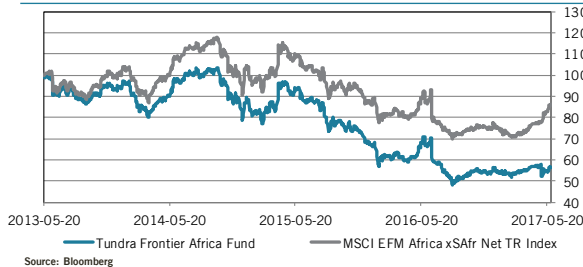
Source: Bloomberg, Tundra Fonder

### African markets (SEK, total return)



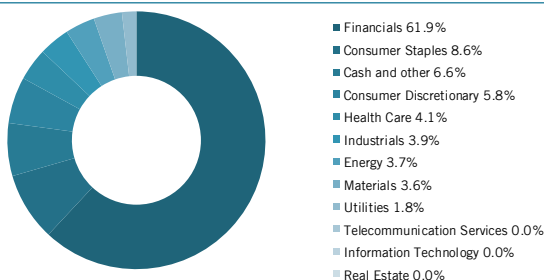
Source: Bloomberg

### Tundra Frontier Africa Fund vs index (since inception)



Source: Bloomberg

### Tundra Frontier Africa Fund: Sector allocation



### The market

S&P Africa Frontier Total Return Index rose 11.3% in May while MSCI EFM Africa ex South Africa Net Total Return Index rose 7.8%, better than other frontier markets (MSCI Frontier Markets xGCC Net +4.1%). Nigeria rose 15.2%, Kenya rose 13.4% and Egypt finished the month at +5.4%. The best African market in May was Zimbabwe rising 20.9%, followed by Nigeria and Kenya. Namibia was the worst performer (-3.2%) followed by Ghana -2.7%. (All changes in SEK)

Nigeria's Central Bank introduced a new FX window where foreign investors will be able to trade naira. The new window was first met with scepticism, but as time passed and more information reached the market, the level of acceptance rose significantly. As a result, among May's best performers in the fund were several of our Nigerian banks. Additional improvements were introduced in early June and we are as a consequence more optimistic on the outlook for Nigeria compared to two months ago. We have longed argued that a functional FX market is key to regaining foreign investors' confidence in Nigeria, and by the looks of it we are getting there, but there's still some way to go. MSCI is expected to announce whether Nigeria stays or will be removed from the MSCI Frontier Markets index on June 20th, and we believe that the measures taken are enough to stay in the index.

The beginning of June has been strong and the prospects for continued gains are good due to the much-improved outlook in Nigeria combined with our positive view on Egypt.

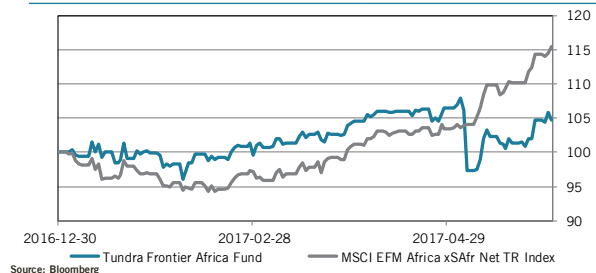
### The fund

Two major changes occurred in the fund in May. 1) The fund has changed its name, fund rules and benchmark as of May 29th. Read more [here](#). 2) We also decided to use the newly introduced "Investor & Exporter FX Window". This change led to a one time negative effect on May 5th, when the fund fell 8.4% as the change was implemented. Read more [here](#).

The reallocation started on May 29th, and at the end of the month approximately 30% of assets were invested in Egypt, while Nigeria had decreased to just over 40%. We have so far invested in 13 Egyptian companies where we see great

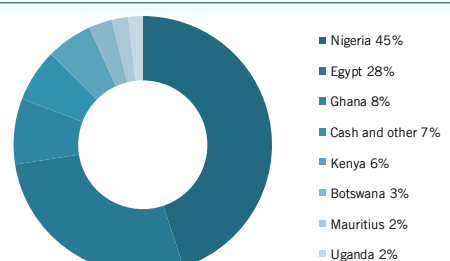
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### Tundra Frontier Africa Fund vs index (year-to-date)



Source: Bloomberg

### Tundra Frontier Africa Fund: Country allocation



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Return	NAV (SEK)	1 month	YTD	1 year	Inception
Tundra Pakistan Fund	379.2	-0.1%	-0.7%	35.5%	279.2%
Benchmark (MSCI Pakistan Net (SEK))	8414.9	0.9%	-2.0%	39.2%	188.7%

Facts		Risk and costs*	
Inception date	2011-10-14	Active risk (Tracking error)	8.8%
Inception price	100.00	Standard deviation	13.3%
Pricing	Daily	Standard deviation, benchmark	18.8%
Manager	Tundra Fonder AB	Beta	0.64
Benchmark index	MSCI Pakistan Net (SEK)	Information ratio	0.23
Bank account	SEB 5851-1076190	Risk level	5 of 7 (refer to KIID for more info)
ISIN	SE0004211308	Management fee/year	2.5%
PPM	705806		
Bloomberg	TUNDPK SS		
AuM	828.3 MSEK		

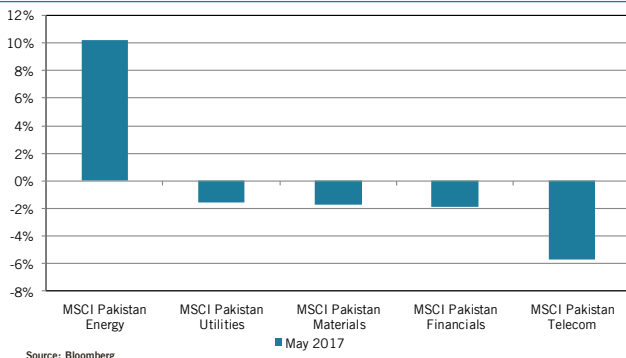
\*Risk indicators are based on monthly rolling 24 months of return data. Funds with inception date within 24 months use weekly return data.

Best performers in May		Worst performers in May	
	Return (SEK)		Return (SEK)
Century Paper	43.4%	Habib Sugar	-14.5%
Faysal Bank Ltd	18.1%	Gharibwal Cem.	-12.9%
Bank Alfalah Ltd	14.3%	Hum Network Ltd	-12.5%
Sui Northern	13.6%	Shezan Intl	0.0%
Efu Life Assuran.	12.3%	Natl Bk Pakistan	0.5%

Five largest holdings					
Holding	Portfolio weight	Country	P/E 2016E	P/E 2017E	Yield
IBL	5.6%	Pakistan	-	-	-
Pak State Oil	5.3%	Pakistan	11.8	7.4	4.2%
Meezan Bank Ltd	5.1%	Pakistan	15.9	12.5	4.4%
Mcb Bank Ltd	4.6%	Pakistan	10.4	10.5	7.7%
Systems Ltd	4.5%	Pakistan	18.9	13.9	-

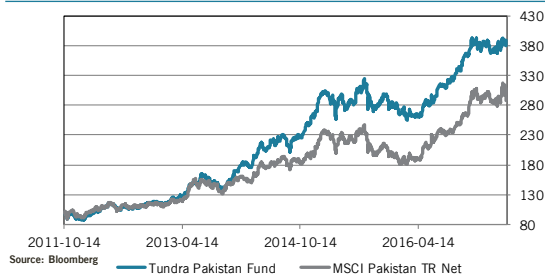
Source: Bloomberg, Tundra Fonder

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



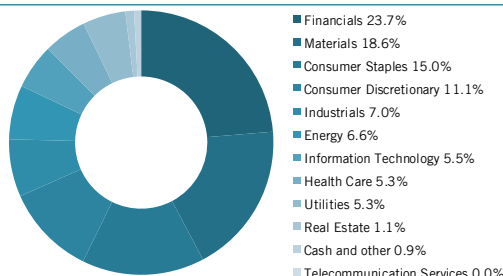
Source: Bloomberg

### Tundra Pakistan Fund vs index (since inception)



Source: Bloomberg

### Tundra Pakistan Fund: Sector allocation



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### The market

The month was dominated by two key events – the MSCI Emerging Market upgrade and the last federal budget of the current government. Surprisingly, both surprised the market. The rally over the last year or so in stocks which are now part of the MSCI Emerging Market Index has already re-rated the valuation of the companies and it was just a matter of time before investors booked gains. Perchance, the expected exuberance of passive flows was not countered by the active fund managers. The active funds, on the other hand, saw a terrific opportunity to have “ready buyers” for the stocks they have been carrying for long. Thus, the outflows disappointed the masses expecting unrealistic inflows and the stocks corrected sharply later on.

Additionally, the budget announcement seemed to be a continuation of fiscal prudence on a development-oriented theme. With Public Sector Development Program (PSDP) touching a PKR 1 trillion mark, the government continued to focus of rebuilding the economic infrastructure of the country and thereby creating a ripple economic effect post-infrastructure splurge. Our understanding is that the government avoided imprudence primarily with an assumption that any mess would be cleared by the government themselves if they are re-elected in the general elections next year; a highly probable scenario based on projections. What may have disappointed investors the most is the lack of removal of taxes on bonus shares and an increase in the capital gain tax to 15% for filers regardless of the holding period. The government seems to be counting on revenue-enhancing measures now that Pakistan is back into the MSCI Emerging Market Index.

On a positive note, the government has allocated a much higher amount for the PSDP, continued the economic growth projection of 6% and fiscal deficit target of 4.2%. An optimum mix of growth and fiscal prudence witnessed in the budget is commendable contrary to expectations of large splurge of wealth for pro-election campaigns.

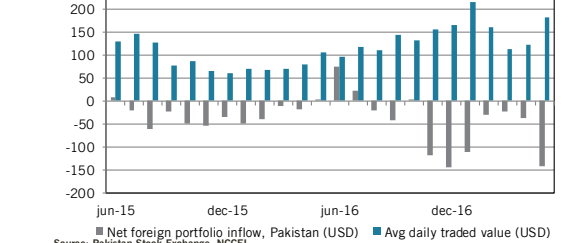
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### Tundra Pakistan Fund vs index (year-to-date)



Source: Bloomberg

### Foreign flows and daily turnover on the Pakistan Stock Exchange



Source: Pakistan Stock Exchange, NCCEL



# Monthly Letter May 2017

## Tundra Sustainable Frontier Fund (class A, SEK)

Return	NAV (SEK)	1 month	YTD	1 year	Inception
Tundra Sustainable Frontier Fund	113.0	0.6%	7.5%	26.5%	13.0%
Benchmark (MSCI FM xGCC Net (SEK))	6049.8	4.1%	12.6%	19.2%	12.4%

Facts		Risk and costs*	
Inception date	2015-08-03	Active risk (Tracking error)	-
Inception price	100.00	Standard deviation	-
Pricing	Daily	Standard deviation, benchmark	-
Manager	Tundra Fonder AB	Beta	-
Benchmark index	MSCI FM xGCC Net (SEK)	Information ratio	-
Bank account	SEB 5851-1107312	Risk level	5 of 7 (refer to KIID for more info)
ISIN	SE0005797206	Management fee/year	2.5%
PPM	-		
Bloomberg	TUNDSUS SS		
AuM	270.8 MSEK		

\*Risk indicators are based on monthly rolling 24 months of return data. Funds with inception date within 24 months use weekly return data.

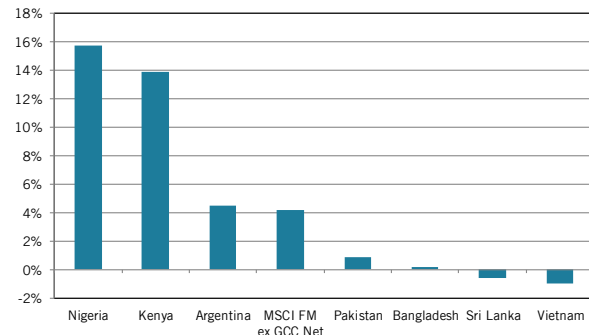
### Best performers in May

Return (SEK)	Worst performers in May	Return (SEK)
Century Paper	Gb Auto	-13.0%
Obour Land	Hum Network Ltd	-12.5%
United Bank Afr.	Arabian Cement	-12.4%
Zenith Bank Plc	Ferozsons Labs	-10.0%
Military Com.	Bim Son Cement	-7.9%

### Five largest holdings

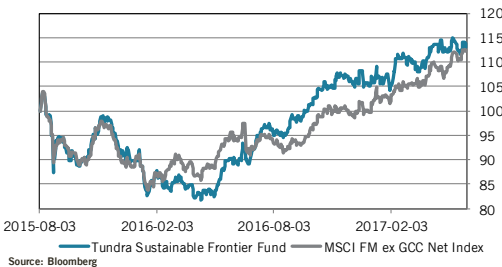
Holding	Portfolio weight	Country	P/E 2016E	P/E 2017E	Yield	month (SEK)
Masan Group	5.0%	Vietnam	18.8	15.4	-	-4.6%
Grupo Galicia-B	4.1%	Argentina	16.1	13.5	1.2%	11.4%
Meezan Bank	3.9%	Pakistan	15.9	12.5	4.4%	1.7%
Ferozsons Labs	3.5%	Pakistan	-	17.2	-	-10.0%
Fpt Corp	3.5%	Vietnam	10.6	10.0	4.0%	6.6%

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



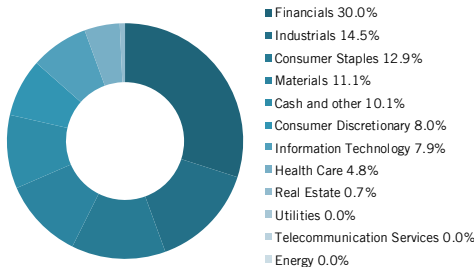
Source: Bloomberg

### Tundra Sustainable Frontier Fund vs index (since inception)



Source: Bloomberg

### Tundra Sustainable Frontier Fund: Sector allocation



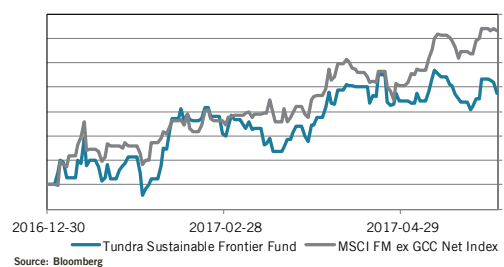
### The market

MSCI Frontier Markets xGCC Net rose 4.1% during the month, compared with MSCI Emerging Markets Net, which rose by 1.5%. The market was driven primarily by Nigeria (+16%) and Kenya (+14%). However, about 2%-points of the rise in MSCI Frontier Markets xGCC Net is an overestimate and should be corrected over the coming period. This is due to the fact that in Nigeria (9% of the benchmark at the official exchange rate), market practice among foreign equity investors is now to use the parallel exchange rate window for naira, where the price is almost 20% lower than the official rate. Tundra for example adjusted the valuation of our Nigerian holdings on May 5 (please refer to our website for more information). However, MSCI has not implemented the corresponding change. The rise in Nigeria during the past month was, in our view, entirely caused by investors' access to cheaper naira via the parallel exchange rate. Given that MSCI has been so late in its response, it is likely that they will wait at least until June 20, when MSCI is supposed to announce Nigeria's future in the frontier index. Given that foreign investors can now again trade the Nigerian naira relatively freely, we consider that the risk of a Nigerian exclusion has decreased.

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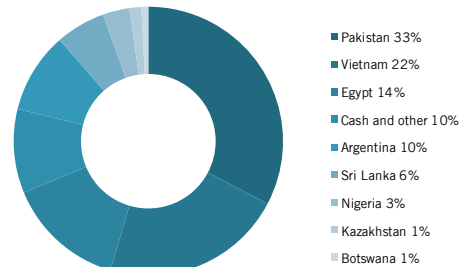
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### Tundra Sustainable Frontier Fund vs index (year-to-date)



Source: Bloomberg

### Tundra Sustainable Frontier Fund: Country allocation



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Return	NAV (SEK)	1 month	YTD	1 year	Inception
Tundra Vietnam Fund	162.9	2.9%	8.2%	20.0%	62.9%
Benchmark (FTSE Vietnam Index Net (SEK))	2329.7	-1.0%	3.5%	8.5%	27.0%

Facts		Risk and costs*	
Inception date	2014-05-06	Active risk (Tracking error)	5.4%
Inception price	100,00	Standard deviation	15.1%
Pricing	Dagligen	Standard deviation, benchmark	16.6%
Manager	Tundra Fonder AB	Beta	0.86
Benchmark index	FTSE Vietnam Index TR (SEK)	Information ratio	1.89
Bank account	SEB 5851-1103805	Risk level	5 of 7 (refer to KIID for more info)
ISIN	SE0005797099	Management fee/year	2.5%
PPM	762823		
Bloomberg	TUNDVIE SS		
AuM	487.5 MSEK		

\*Risk indicators are based on monthly rolling 24 months of return data. Funds with inception date within 24 months use weekly return data sinc

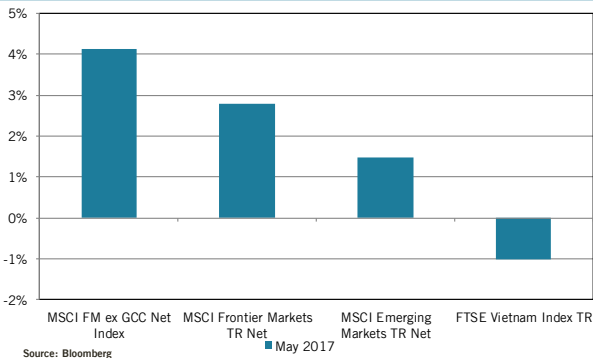
Best performers in May		Worst performers in May	
	Return (SEK)		Return (SEK)
Vndirect Sec.	21.4%	Petroviet. Drilling	-13.5%
Thanh Cong Text.	21.3%	Hatien 1 Cement	-11.2%
Nam Kim Steel Js	17.8%	Dat Xanh Real Es.	-10.3%
Military Commc	17.1%	No Va Land Inv.	-7.0%
Hoa Sen Group	16.6%	Cadivi	-6.3%

### Five largest holdings

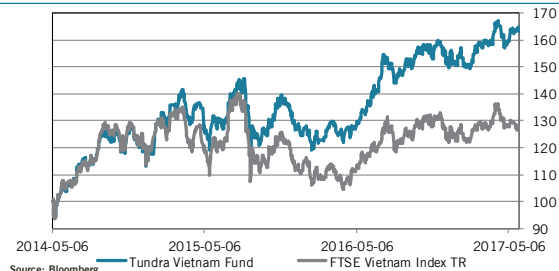
Holding	Portfolio weight	Country	P/E 2016E	P/E 2017E	Yield month (SEK)	Return 1
Masan Group	7.2%	Vietnam	18.8	15.4	-	-4.6%
Hoa Phat Grp Jsc	6.9%	Vietnam	6.7	5.8	3.8%	1.5%
Viet Nam Dairy	6.3%	Vietnam	24.5	22.9	3.6%	0.6%
Fpt Corp	6.2%	Vietnam	10.6	10.0	4.0%	6.6%
Vingroup Jsc	5.3%	Vietnam	30.6	28.8	-	-3.4%

Source: Bloomberg, Tundra Fonder

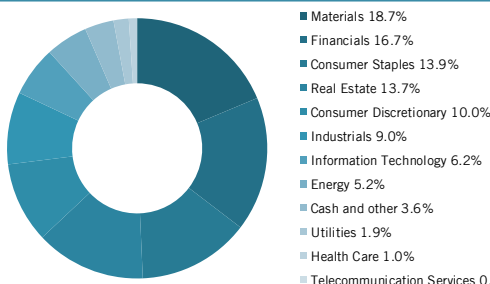
### Various frontier market indices (SEK, total return)



### Tundra Vietnam Fund vs index (since inception)



### Tundra Vietnam Fund: Sector allocation



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 value of invested capital may vary substantially due to the composition of the fund and the investment process used by the fund manager. The Full Prospectus, KIID etc. are available on our homepage. You can also contact us to receive the documents free of charge. Please contact us if you require any further information: +46 8-55 11 45 70.

### The market

The Vietnamese market performed well during the first half of May, but concern over high margin borrowing balance by local investors put pressure on the market toward the end of the month and erased most of the gain. Due to the currency effect, FTSE Vietnam Net fell 1.0% in SEK, compared to a 4.1% gain in MSCI Frontier Market xGCC Net and a 1.5% increase in MSCI Emerging Market Net. Margin borrowing positions are at an all-time high level. However, brokers have not mentioned a reduction in loans to investors as liquidity has improved substantially recently. Average daily trading value rose to USD 250.1m (+24% m.o.m.). Foreign investors continued to buy with an encouraging net value of USD 52.3m.

The government officially put out an anti-dumping tax to galvanized steel sheets from China, and is considering doing the same for fertilizers. This provided a good trigger for stocks in those two sectors as competition will be more favorable.

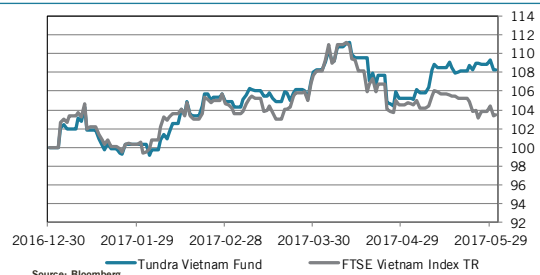
Reports from Savills and CBRE showed early signals that the property market is cooling down. Number of new supply and successful transactions dropped significantly during the last quarter. Land price in Ho Chi Minh City as well as several other cities fell by 5%-10% from the peak.

The Prime Minister of Vietnam has visited the US bringing in top Vietnamese companies with the target to sign USD 15-17bn worth of trade agreements. The US president also plans to visit Vietnam this November. Investors can thus be relieved that trade and investments between the two countries will continue to be good regardless of TPP withdrawal by the US.

Macro wise, most indicators are stable. PMI in May reduced to 51.6 but still means an expansion in manufacturing. 5M committed FDI surged to USD 12.1bn (+10.4%). May CPI dropped by 0.53% due to the fall of food and oil prices. 5M trade deficit stayed almost the same at USD 2.7bn.

*Text continues on page 9*

### Tundra Vietnam Fund vs index (year-to-date)



### Daily turnover on the Ho Chi Minh Stock Exchange





### **Tundra Frontier Opportunities Fund (cont. from page 4)**

#### **The fund**

The fund rose 0.7% during the month, which was significantly lower than MSCI Frontier Markets xGCC Net, rising 4.1% and worse than MSCI Emerging Markets Net, which rose 1.5%. As we explained in the section on the market, we believe that MSCI Frontier Markets xGCC Net's increase was overestimated by about 2%-points during the month as MSCI continues to use the official exchange rate for their valuation. We expect to get this relative return back after MSCI has adjusted its valuation, provided of course that Nigeria is not thrown out of the frontier index before. The fund also lost relative returns on its overweights in Pakistan and Egypt, as well as its underweight in Kenya and Romania. Good stock selection in mainly Bangladesh and Vietnam compensated slightly. During the month, the fund increased its weight in Vietnam just under 4%-points, adding to the holding in Vietnam Electric (subcontractor to the power industry) and re-entering the steel company Hoa Phat Group in its portfolio. The fund also added Kido Frozen Foods, which in July is making its stock market debut on the Upcom exchange in Vietnam. The fund also bought the Pakistani mid-cap Bank Allied Bank, whose valuation of about 7 times earnings and 8% yield is now too low given expected growth over the next few years.

### **Tundra Frontier Africa Fund (cont. from page 5)**

potential when the economy recovers from the chock of the devaluation in November last year. Our main scenario is that as the economy adjusts to the new price levels, investments will pick up after years of pent up demand which couldn't be met due to FX scarcity. Consumer companies, which have seen sales volumes half in some cases, will increase sales again as consumers adapt. International interest is still picking up and with continued strong net inflow into both the bond and equity markets.

The fund fell 1.7% in May, underperforming its benchmark which rose 11.8%. Please note that the fund changed its benchmark on May 29th, and that neither index have started using the FX rate from the new window. We expect the MSCI EFM Africa x SA index to change source in the near future. (All changes in SEK)

### **Tundra Pakistan Fund (cont. from page 6)**

#### **The fund**

During the month, the fund fell 0.1% underperforming MSCI Pakistan Net by 1%. The month of May began with hopes of MSCI related inflows only to be faded post inclusion of Pakistan into the MSCI Emerging Market index. The fund was underweight in Banks, Cements and Energy - blue chips of which sectors saw the highest price movement upwards in anticipation of the passive flows. The fund has increased exposure in the cement sector marginally owing to expectations of improved local demand stemming from housing and infrastructure driven demand.

### **Tundra Sustainable Frontier Fund (cont. from page 7)**

#### **The fund**

The fund rose 0.6% during the month, which was significantly lower than MSCI Frontier Markets xGCC Net, rising 4.1% and even worse than MSCI Emerging Markets Net, which rose 1.5%. As we explained in the section on the market, we believe that MSCI Frontier Markets xGCC Net's increase was overestimated by about 2%-points during the month as MSCI continues to use the official exchange rate for their valuation. We expect to get this relative return back after MSCI has adjusted its valuation, provided of course that Nigeria is not thrown out of the frontier index before. The fund also lost relative returns on its overweights in Pakistan and Egypt, as well as its underweight in Kenya and Romania. Good stock selection in mainly Sri Lanka and Vietnam compensated slightly. During the month, the fund increased its weight in Vietnam just under 4%-points, adding to the holding in Vietnam Electric (subcontractor to the power industry) and re-entering the steel company Hoa Phat Group in its portfolio. The fund also added Kido Frozen Foods, which in July is making its stock market debut on the Upcom exchange in Vietnam. The fund also bought the Pakistani mid-cap Bank Allied Bank, whose valuation of about 7 times earnings and 8% yield is now too low given expected growth over the next few years.

### **Tundra Vietnam Fund (cont. from page 8)**

#### **The fund**

The fund gained 2.9% (SEK) during the past month compared to the benchmark index which lost 1%. The fund's overweights in off-benchmark bets in Financials (VND, MBB), Energy (PVT) and Information Technology (FPT) were the key drivers of positive relative performance. In addition, our underweight in the real estate sector also bode well for the fund. On the negative side, lower exposure in Consumer Staples were the negative contributors. No major changes were made in the fund during the month.

	Return SEK (%)			
	May	3 months	Year to date	12 months
<b>Emerging Markets</b>				
MSCI Emerging Markets TR Net	15	3,9	12,6	33,3
Brazil	-6,4	-12,6	0,6	48,8
Chile	-11	2,8	10,4	28,5
Colombia	4,2	5,6	6,0	26,9
The Philippines	11	5,9	10,5	3,9
India	0,3	5,9	16,7	25,5
Indonesia	0,9	6,4	8,6	30,8
China (A shares)	12	-1,8	3,2	11,4
China (H shares)	3,8	6,4	17,2	36,6
Malaysia	0,0	4,8	9,6	12,3
Egypt	5,9	-5,0	-3,4	-10
Mexico	-11	7,1	12,8	11,9
Peru	4,8	-15	4,9	31,5
Poland	-12	9,1	26,3	42,7
Russia	-7,6	-8,0	-14,3	22,8
South Africa	0,6	3,4	7,8	29,0
South Korea	6,5	10,7	22,5	45,5
Taiwan	10	2,5	12,2	39,6
Thailand	-0,2	14	5,6	23,5
Czech Republic	4,4	6,8	11,7	13,0
Turkey	16	12,1	22,1	10,8
Hungary	9,3	9,5	10,8	41,7
United Arab Emirates	-11	-2,6	-1,3	16,5
Qatar	-3,4	-8,0	-5,3	15,0
Latin America	-3,8	-5,4	5,1	33,2
Asia	2,9	6,1	16,1	34,0
EMEA	-13	12	3,1	24,9
<b>Frontier Markets</b>				
MSCI Frontier Markets 100 TR Net	2,8	4,1	10,3	19,6
MSCI Frontier Markets xGCC Net	4,1	7,3	12,6	19,2
Argentina	4,5	18,2	40,8	42,4
Bangladesh	0,2	-5,5	-11	13,8
Bosnia & Herzeg.	16	-13	-8,0	-6,6
Bulgaria	5,1	9,2	10,5	63,9
Ecuador	-6,0	-0,3	4,7	9,9
Morocco	0,9	-4,3	-2,7	24,2
Estonia	14	10	4,7	6,7
Tunisia	-14	-8,7	-5,4	0,0
Ghana	-2,7	9,8	8,7	4,0
Kazakhstan	-0,5	-4,5	22,1	40,7
Kenya	13,9	25,9	14,0	18,0
Croatia	2,2	-5,1	8,2	34,5
Kuwait	-0,9	-5,6	4,2	23,5
Latvia	6,3	17,4	19,1	39,6
Lithuania	2,3	2,8	6,3	10,4
Mauritius	3,9	3,7	6,0	20,0
Mongolia	-2,5	-1,3	0,6	0,8
Nigeria	15,7	26,3	16,8	-19,6
Pakistan	0,9	-2,3	-2,0	39,2
Jordan	2,3	-0,7	2,4	12,4
Romania	9,8	14,3	28,0	53,8
Serbia	0,2	3,4	6,0	34,2
Slovakia	-10	0,2	-2,0	0,6
Slovenia	5,0	5,6	6,8	3,7
Sri Lanka	-0,6	6,5	4,8	21,7
Ukraine	-0,3	-2,6	16,5	35,6
Vietnam	-10	-1,1	3,5	8,5
<b>Developed Markets</b>				
MSCI World TR Net	0,7	0,9	5,9	21,8
Hong Kong	19	5,9	16,0	29,9
Nasdaq	10	2,5	10,6	31,1
Nikkei 225	15	-0,1	4,4	20,3
OMX Stockholm 30	16	7,5	13,2	25,6
S&P 500	-0,3	-1,7	3,4	20,3
Singapore	2,3	2,5	13,4	24,0
STOXX Europe 600	3,4	8,8	12,0	22,4
<b>Sectors (Emerging Markets)</b>				
Financials	0,3	0,9	9,6	36,0
Industrials	2,7	5,4	14,4	24,3
Consumer Staples	3,1	4,2	10,0	14,3
Energy	-4,2	-3,6	-1,7	30,3
IT	3,3	10,7	23,2	51,8
Utilities	-2,2	-3,5	3,8	12,3
Healthcare	-0,5	-3,1	2,6	6,8
Materials	-15	-4,1	6,9	41,1
Consumer Discretionary	5,2	9,6	19,5	31,1
Telecom	0,5	2,4	6,2	15,5

	Return in USD (%)			
	May	3 months	Year to date	12 months
<b>Soft commodities</b>				
Coffe	-1,3	-8,1	-5,6	6,4
Cocoa	11,1	5,4	-3,7	-33,1
Corn	1,5	-2,4	2,1	-11,7
Palm oil	3,2	-1,8	-10,7	-0,1
Rice	21,9	19,9	19,0	1,7
Soya	-4,2	-12,3	-10,1	-10,9
Wheat	-0,7	-6,4	-1,2	-18,7
<b>Energy</b>				
Coal (cooking coal, China)	0,6	5,9	7,3	96,3
Coal (steam coal, South Africa)	-0,8	-9,5	-9,4	37,9
Natural Gas (Henry Hub)	-6,3	10,7	-17,5	34,2
Oil (Arabian Light)	-2,1	-9,5	-10,2	8,3
Oil (Brent)	-2,7	-9,5	-11,5	1,2
Oil (WTI)	-2,0	-10,5	-10,1	-1,6
<b>Fertilizers</b>				
Ammonia	-21,2	-21,2	4,0	-17,5
Phosphorus	-4,8	-4,8	-4,8	-21,9
Potash	0,0	0,0	0,0	15,2
Sulfur	0,0	-6,7	0,0	0,0
Urea	-3,8	-29,4	-32,4	-10,0
<b>Metals</b>				
Aluminum	0,9	0,2	13,9	23,9
Gold	0,1	1,1	10,7	4,5
Copper	-0,9	-4,9	2,6	21,6
Nickel	-5,1	-18,3	-10,5	6,3
Palladium	-0,8	6,4	20,4	50,0
Platinum	0,2	-7,9	5,0	-3,1
Silver	1,0	-5,6	9,1	8,5
Steel	5,5	-15,3	-10,8	23,7
Zinc	-0,9	-8,0	0,9	35,2

	SEK per 1 local currency				Change (%)			
	2017-05-31	2017-02-28	2016-12-30	2016-05-31	May	3 months	Year to date	12 months
Argentina (Peso)	0,5401	0,5831	0,5702	0,5942	-5,7	-7,4	-5,3	-9,1
Bangladesh (Taka)	0,1076	0,1137	0,1147	0,1061	-0,3	-5,3	-6,2	1,5
Bosnia Hercegovina (Mark)	4,9959	4,9005	4,8738	4,7313	1,7	1,9	2,5	5,6
Brazil (Real)	2,6947	2,9019	2,7819	2,3011	-3,0	-7,1	-3,1	17,1
Bulgaria (Lev)	4,8959	4,8968	4,8730	4,7334	1,7	2,0	2,5	5,5
Chile (Peso) X100	0,0129	0,0189	0,0185	0,0120	-2,2	-6,9	-4,3	7,5
Colombia (Peso) x100	0,0030	0,0031	0,0030	0,0027	-0,5	-3,3	-1,2	10,9
Egypt (Pound)	0,4795	0,5711	0,4992	0,9413	-1,9	-16,0	-3,9	-49,1
Euro	9,7636	9,5682	9,5751	9,2790	1,2	2,0	2,0	5,2
Philippines (Peso)	0,1745	0,1796	0,1826	0,1777	-0,9	-2,8	-4,4	-1,8
United Arab Emirates (Dirham)	2,3675	2,4577	2,4654	2,2630	-1,4	-3,7	-4,0	4,6
Hong Kong (Dollar)	1,1159	1,1628	1,1676	1,0698	-1,6	-4,0	-4,4	4,3
India (Rupee)	0,1348	0,1353	0,1333	0,1236	-1,8	-0,4	1,1	9,1
Indonesia (Rupia) X100	0,0007	0,0007	0,0007	0,0006	-1,4	-3,6	-2,9	7,2
Japan (Yen) X100	0,0786	0,0806	0,0774	0,0751	-0,7	-2,6	1,5	4,6
Kazakistan (Tenge)	0,0278	0,0285	0,0271	0,0247	-0,8	-2,5	2,6	12,6
Kenya (Shilling)	0,0841	0,0877	0,0883	0,0824	-1,7	-4,1	-4,8	2,0
China (Renminbi)	12,754	13,144	13,039	12,622	-0,3	-3,0	-2,2	1,0
Croatia (Kuna)	13,176	12,876	12,618	12,357	2,3	2,3	4,4	6,6
Kuwait (Dinar)	28,6442	29,5611	29,6144	27,4946	-1,2	-3,1	-3,3	4,2
Latvia (Lati)	13,9033	13,6220	13,5535	13,1740	1,6	2,1	2,6	5,5
Malaysia (Ringgit)	2,0311	2,0327	2,0165	2,0132	-0,1	-0,1	0,6	0,9
Morocco (Dirham)	0,8932	0,8956	0,8942	0,8522	0,5	-0,3	-0,1	4,8
Mexico (Peso)	0,4661	0,4499	0,4369	0,4513	-0,6	3,6	6,7	3,3
Mongolia (Togrog)	0,0036	0,0037	0,0036	0,0042	-0,7	-0,9	-0,4	-13,0
Nigeria (Naira)	0,0273	0,0286	0,0287	0,0418	-4,0	-4,6	-4,9	-34,6
Pakistan (Rupee)	0,0830	0,0861	0,0868	0,0793	-1,5	-3,7	-4,4	4,6
Peru (new Sol)	2,6595	2,7624	2,6983	2,4615	-2,3	-3,7	-1,4	8,0
Polan (Zloty)	2,3361	2,2229	2,1626	2,1117	2,7	5,1	8,0	10,6
Qatar (Rial)	2,3879	2,4788	2,4868	2,2834	-1,4	-3,7	-4,0	4,6
Romania (Lei)	2,1396	2,1151	2,0998	2,0494	1,0	1,2	1,9	4,4
Russia (Rubel)	0,1533	0,1544	0,1472	0,1259	-1,1	-0,7	4,2	21,8
Serbia (Dinar)	0,0798	0,0773	0,0772	0,0753	2,1	3,1	3,3	5,9
Singapore (Dollar)	6,2867	6,4524	6,2590	6,0380	-0,4	-2,6	0,4	4,1
Sri Lanka (Rupee)	0,0569	0,0595	0,0605	0,0562	-1,6	-4,4	-5,9	1,3
Sydafrika (rand)	0,6611	0,6885	0,6591	0,5301	0,2	-4,0	0,3	24,7
South Korea (Won)	0,0078	0,0080	0,0075	0,0070	0,2	-2,7	3,4	11,4
Taiwan (Dollar)	0,2887	0,2942	0,2801	0,2548	-1,1	-1,9	3,0	13,3
Thailand (Bhat)	0,2554	0,2586	0,2527	0,2326	0,2	-1,2	1,1	9,8
Czech (Koruny)	0,3708	0,3543	0,3524	0,3426	3,5	4,7	5,2	8,2
Turkey (Lira)	2,4636	2,4835	2,5700	2,8207	-0,8	-0,8	-4,1	-12,7
Ukraine (Hryvnia)	0,3300	0,3319	0,3317	0,3315	-0,7	-0,6	-0,5	-0,5
Hungary (Forint)	0,0317	0,0311	0,0308	0,0295	3,1	2,0	3,0	7,3
USD	8,6958	9,0262	9,0555	8,3119	-1,4	-3,7	-4,0	4,6
Vietnam (Dong) X1000	0,0004	0,0004	0,0004	0,0004	-1,3	-3,5	-3,8	3,1

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