

MONTHLY LETTER

JUNE 2017



TUNDRA  FONDER

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Return (EUR)	1 month	YTD	1 year	Inception
Tundra Frontier Opportunities	0.2%	6.1%	20.5%	52.7%
Benchmark (MSCI FM xGCC Net (EUR))	-0.1%	9.6%	16.5%	27.6%

Facts		Risk and costs*	
Inception date	2013-04-02	Active risk (Tracking error)	7.8%
Pricing	Daily	Standard deviation	11.1%
Manager	Tundra Fonder AB	Standard deviation, benchmark	11.7%
Benchmark index	MSCI FM xGCC Net (EUR)	Beta	0.73
ISIN	SE0006 789 897	Information ratio	0.31
IBAN	SE445000000058648209218	Risk level	5 of 7 (refer to KIID for more info)
BIC	ESSESESS	Management fee/year (all inclusive)**	2.5%
Custodian	SEB	AuM	64.8 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 June

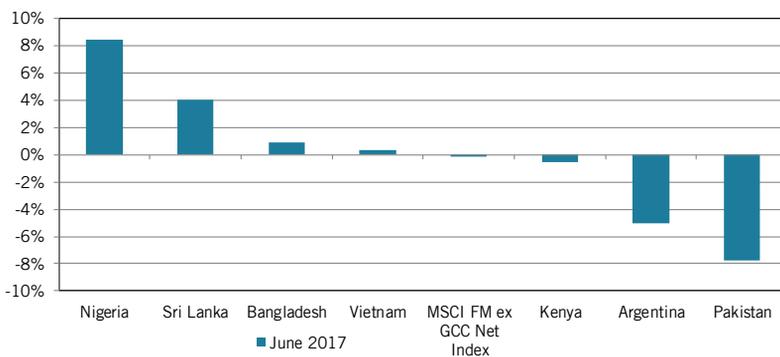
	Return (EUR)		Return (EUR)
Diamond Bank	25.9%	Ferozesons Labs	-23.3%
Hemas Holdings	22.5%	Aisha Steel Mill	-20.1%
Tpl Properties	19.6%	Systems Ltd	-16.0%
Fbn Holdings	18.5%	Gul Ahmed Tex.	-15.0%
Halyk Savings	16.9%	Adamjee Insur.	-13.2%

Five largest holdings

Holding	Portfolio weight	Country	P/E 16E	P/E 17E	Yield	Return 1 month (EUR)
Brac Bank Ltd	5.1%	Banglad.	19.3	17.3	1.0%	2.2%
Active Fine Chem	4.2%	Banglad.	-	-	-	-1.7%
Square Pharmace	3.9%	Banglad.	23.5	20.1	0.9%	1.1%
Fpt Corp	3.8%	Vietnam	11.5	10.8	3.9%	7.2%
Meezan Bank	3.7%	Pakistan	15.1	11.9	4.8%	-6.3%

Source: Bloomberg, Tundra Fonder

Major frontier markets (EUR, total return)

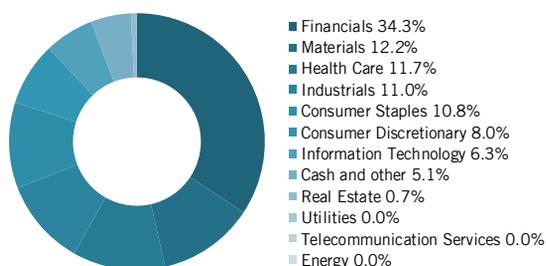


Source: Bloomberg

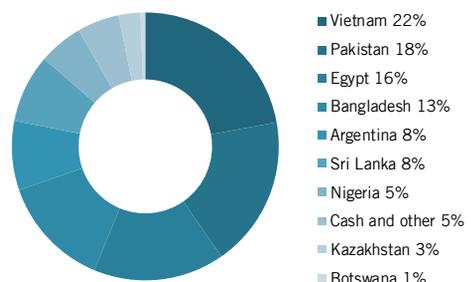
Fund Objective

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.

Tundra Frontier Opportunities: Sector allocation



Tundra Frontier Opportunities: Country allocation



Monthly Market Comment

MSCI Frontier Markets xGCC Net (EUR) fell 0.1% and MSCI Emerging Markets Net (EUR) fell 0.7% during the month. Best markets during the month were Nigeria (+8%) and Sri Lanka (+4%).

In Nigeria, foreigners continued their net purchases in the light of improved currency trading. However, we noted that MSCI still does not price its index according to the parallel exchange rate. The gap has however continued to narrow towards the official naira rate. The NAFEX rate strengthened from about 380 to 366 during the month while the official naira rate weakened from just over 318 to 322. Perhaps MSCI hopes markets will correct their embarrassing late decision on this issue? In its annual review, MSCI decided that Nigeria, as expected, retains its status as a frontier market for now. Evaluation will continue however and a new decision will be taken in November.

Pakistan's first month as emerging market ended with a decline of almost 8%. The disappointingly low foreign inflows and new concerns for political turmoil ahead were the main reasons. The independent investigation of Prime Minister Sharif regarding the Panama leaks is approaching its end. The Joint Investigation Team (JIT) is expected to submit its findings to the Supreme Court (SC) on July 10th. How long it will then take for the SC to announce its verdict is unknown at this stage.

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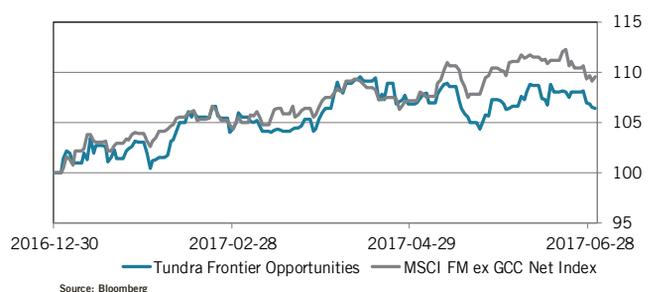
Monthly Fund Comment

The fund rose marginally during the month (+0.2 in EUR) hence slightly outperforming the benchmark index. It also performed slightly better than MSCI Emerging Markets Net during the month. This despite the fact that two of the fund's largest markets, Pakistan and Egypt, fell 8% and 4% respectively. Above all, it was our stock selection that worked well in most markets. Our underweights in Argentina and Romania also contributed positively to relative performance. During the month, the fund increased its exposure to Vietnam. A new holding - Kido Frozen Foods - was added. The company is due for a listing during the summer and we expect interest to be high. The fund also increased its position in Egypt, where we added to our holdings in the Egyptian car manufacturer GB Auto. We also added a new Egyptian holding, the steel company Ezz Steel, which we consider attractively valued as the Egyptian economy is expected to pick up pace towards the end of the year.

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%	0.9%	10.2%
2017	0.3%	3.7%	2.2%	0.4%	-0.8%	0.2%							6.1%

Source: Bloomberg

Monthly Market Comment

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It can be anything from a couple of weeks to several months and it is entirely possible a decision is then appealed by either side. In case of an adverse decision against the PM, there is also a risk of early elections. As we don't see Pakistan's investment case being dependent on any single person or party, gradually removing uncertainty, provided a transparent process is followed (and thereby making it hard for either the incumbent government or the opposition to agitate their supporters), will gradually bring focus back to fundamentals. At least another volatile month is to be expected, and an overshoot to the downside can obviously not be excluded, but with the broader market now trading at around 10x earnings we believe the political turbulence that has plagued this year is already well discounted by the market.

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