

TUNDRA SUSTAINABLE FRONTIER FUND

MONTHLY UPDATE
MARCH 2025



WEAK PERFORMANCE IN MARCH

In USD the fund declined by 1.5% in March (EUR: -5.2%), compared with a 3.4% rise for the MSCI FMxGCC Net TR (USD) (EUR: -0.4%) and a 2.4% (EUR: -1.4%) rise for the MSCI EM Net TR (USD). In absolute terms, measured in USD, the largest positive contributions came from Pakistan (+0.7% contribution to absolute portfolio returns), and Egypt (+0.7%), while Vietnam (-1.4%), and Indonesia (-0.6%) were the main detractors.

Relative to the index, the main positive contributions came from our position in Egypt (+0.7% relative contribution), and our overweight in Pakistan (+0.4%). On the negative side, the key detractors were our stock selection in Vietnam (-1.9%), underweight position in Morocco (-1.4%), overweight in Indonesia (-0.7%), and underweight position in Romania (-0.5%) .



Cairo, Egypt. Source: Unsplash

On individual stock level our position in Egyptian fintech/industrial conglomerate GB Corp (6% of the portfolio) rose 20% after releasing better-than-expected full-year results. The second best contributor was Pakistani Meezan Bank (6% of the portfolio) which rose 5%, after a period of underperformance vs the general market. The largest negative contribution came from Vietnamese IT-company FPT Corp (5% of the portfolio) which fell 12% during the month. Vietnam continues to experience net foreign outflows, and FPT Corp is one of the most common holding among international investors. The second-largest detractor was Indonesian Hermina Hospitals (3% of the portfolio), which declined 23% following a Q4 report that showed slightly lower-than-expected margins (more on this below).

WHAT ARE THE MAIN REASONS FOR THE WEAK START TO THE YEAR?

Following a strong 2024, during which the fund rose 25% (USD)—16% ahead of its benchmark—2025 has begun on a weaker note relative to the index. In USD the fund is down 3% year-to-date, underperforming the benchmark by 12 percentage points. While our high active share means deviations from the index are to be expected, this is nonetheless an unusually large underperformance. We thus want to outline the key reasons behind it and share our thoughts on recent market developments:

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- **Sharp weakening of the US dollar** – So far this year, the dollar has weakened by approximately 4% against the euro. About 45% of our benchmark, the MSCI FMxGCC Net TR (SEK), is composed of countries with currencies more closely tied to the euro than the dollar (e.g., Morocco 14%, Romania 12%, Slovenia 7%, Iceland 6%, Croatia 4%, Estonia 0.8%, Lithuania 0.8%). These countries have been among the best-performing markets in the benchmark this year. In contrast, our largest markets—Pakistan (26%), Vietnam (20%), Sri Lanka (11%), Egypt (10%), Bangladesh (9%), the Philippines (7%), and Indonesia (4%)—the currencies of these markets tend to be more closely aligned with the US dollar in the short term, as the dollar is the primary currency for FX trading. A weaker dollar typically leads to market rallies, driven both by improved competitiveness in export markets outside the US, by the fact that their foreign currency debts are primarily denominated in dollars, as well as by higher asset values on their balance sheets.



Hanoi, Vietnam. Source: Unsplash

- **Underweight in Morocco** – Our underweight in Morocco (14% of the benchmark), where we only own payment solutions company HPS (2% of the fund), has hurt particularly hard in the beginning of the year. In USD the equity market is up 27% so far in 2025. Although Morocco has been a resilient outperformer on a top-down level, helped by its proximity to major European markets, we have a hard time finding value in the equity market. Supported by a significant local institutional investor base the general valuation of 20x earnings is too high in our view, especially as most larger companies are relatively mature businesses. A warning sign in terms of the local sentiment is the two largest cement companies which are trading at P/E 30x, and P/S of 5-6x. This is 4-5x higher than in most frontier markets. To be fair, the high valuation in Morocco is not a new phenomenon and we are the first to acknowledge that the macro and political stability the market has shown over the years are supportive of a premium. It is still not for us.

- **Weak relative performance in our Vietnam sub-portfolio** (20% of the fund) – Through the end of March, our Vietnam sub-portfolio declined by 10% (USD), while the Vietnamese market has risen by 6%. As noted in our January letter, Vietnam was the single largest positive contributor in 2024, with our holdings rising 49% compared to 5% decrease in the broader Vietnamese market. A portfolio that outperforms by over 50 percentage points in a year will, inevitably, underperform at times. This is a natural and expected fluctuation.

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- Weak performance in the Philippines and Indonesia** – Currently, we have approximately 11% of the fund allocated to these two markets (7% in the Philippines, 4% in Indonesia), both of which have come under pressure in recent months, especially the smaller companies where the fund is positioned. Our Philippines portfolio is down 9% year-to-date, and Indonesian portfolio 29%. Indonesia’s decline appears to be an overreaction to concerns about a slowing economy and discontent with the new president. The Indonesian rupiah has been Asia’s weakest currency this year, falling 6% against the dollar. The Philippines has faced its own political headlines, including the legal proceedings against former President Duterte, but its weakness is likely more a sympathy reaction to Indonesia’s underperformance, as they share a similar foreign investor base. Some moves have been extreme. As an example, our Indonesian healthcare holding, Hermina Hospitals, is down 29% so far this year. We met with the company at the ASEAN Conference in Bangkok in the beginning of March, and we left the meeting more positive than before. Hermina is now raising its growth ambitions on the back of strong demand from local doctors to open more hospital, as well as favourable reforms in Indonesia’s healthcare sector.



Rice terraces in Banaue, Philippines. Source: Unsplash

- Consolidation in Pakistan and Sri Lanka** (27% and 11% of the portfolio) – Our Pakistan sub-portfolio rose 68% last year, while our Sri Lankan holdings gained 53%. Both markets are down slightly this year. Nevertheless, we see this as a consolidation phase with underlying strength. Despite substantial foreign outflows, local investors have stepped in to absorb selling pressure, and prices have held relatively firm. We view Sri Lanka as a relatively stable market going forward, with the potential to deliver acceptable returns at lower risk compared to most frontier markets. Pakistan remains the market where we expect another significant upward movement before transitioning into a phase where stock selection becomes the primary driver of returns.

To summarise the start of the year, we can conclude that all parts of the portfolio have moved against us in the short term, but the reasons for this are relatively easy to understand. We are currently facing a unique global situation, where factors other than developments in our countries and portfolio companies have been the dominant drivers. While this may continue to impact us in the short term, with a bit of perspective, it tends to present good buying opportunities.

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TRUMP STARTS HIS CHICKEN RACE

On Wednesday evening, April 2nd, Trump proudly announced his retaliatory tariffs, and the door is now open for negotiations until 9 April. As such, there is a significant risk that what we are writing here may soon become outdated, or at least by the time of the next monthly report. Based on a subjective calculation of how countries have disadvantaged the United States in their trade policies the United States has come up with what they refer to as reciprocal tariffs, the original proposal is outlined below. It is important to note that, in the case of China, the increase is in addition to the 20% tariff that was introduced just over a month ago. The table also includes an estimate of the most recent trade surplus figures, as well as the share of exports that go to the US. The countries in which Tundra invests on behalf of the fund are highlighted in bold. Sources are provided in the table.

TABLE 1: US RECIPROCAL TARIFFS BY COUNTRY AND EXPORT SHARE TO THE US

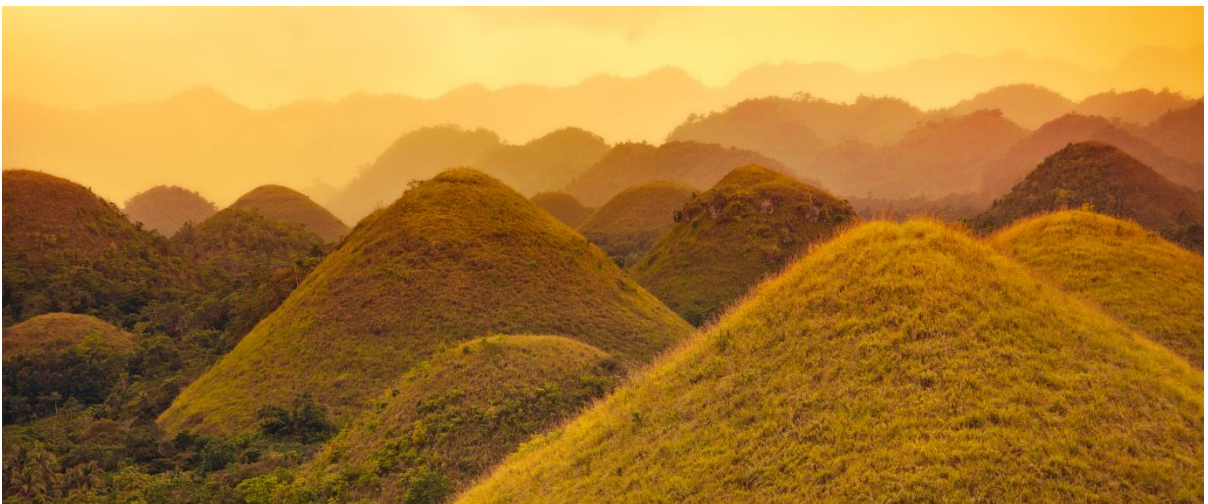
Country	Reciprocal Tariff	Trade surplus	U.S. Share of Total Exports	Source
China	34%	400	14%	tradingeconomics.com
European Union	20%	180	17%	statista.com
Vietnam	46%	107	28%	ustr.gov
Japan	24%	75	18%	ustr.gov
South Korea	25%	47	15%	ustr.gov
India	26%	45	17%	ustr.gov
Taiwan	32%	45	15%	ustr.gov
Thailand	36%	45	12%	ustr.gov
Singapore	10%	25	6%	wto.org
United Kingdom	10%	25	11%	gov.uk
Switzerland	31%	23	11%	wto.org
UAE	10%	22	5%	tradingeconomics.com
Malaysia	24%	21	12%	ustr.gov
Chile	10%	20	15%	ustr.gov
Indonesia	32%	17	11%	ustr.gov
Australia	10%	10	5%	dfat.gov.au
Brazil	10%	10	13%	tradingeconomics.com
Cambodia	49%	9	28%	ustr.gov
South Africa	30%	9	9%	tradingeconomics.com
Argentina	10%	8	7%	ustr.gov
Philippines	17%	8	15%	ustr.gov
Colombia	10%	8	30%	ustr.gov
Bangladesh	37%	7	20%	ustr.gov
Israel	17%	6	30%	ustr.gov
Norway	15%	6	4%	wto.org
Peru	10%	6	17%	ustr.gov
Turkey	10%	6	6%	ustr.gov
Jordan	20%	6	58%	ustr.gov
Dominican Republic	10%	4	51%	ustr.gov
New Zealand	10%	4	10%	tradingeconomics.com
Pakistan	29%	3	18%	ustr.gov
Guatemala	10%	3	39%	ustr.gov
Honduras	10%	2	38%	ustr.gov
Sri Lanka	44%	2	24%	ustr.gov
Nigera	14%	2	9%	ustr.gov
Costa Rica	10%	1	42%	ustr.gov
Ecuador	10%	1	18%	ustr.gov
Egypt	10%	1	7%	ustr.gov
Nicaragua	18%	1	55%	ustr.gov

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Country	Reciprocal Tariff	Trade surplus	U.S. Share of Total Exports	Source
El Salvador	10%	1	39%	ustr.gov
Tunisia	28%	1	8%	tradingeconomics.com
Ivory Coast	21%	0	4%	tradingeconomics.com
Trinidad and Tobago	10%	0	37%	ustr.gov
Botswana	37%	0	5%	tradingeconomics.com
Madagascar	47%	0	20%	ustr.gov
Myanmar	44%	0	13%	ustr.gov
Laos	48%	0	9%	ustr.gov
Kazakhstan	27%	0	2%	wto.org
Saudi Arabia	10%	0	4%	ustr.gov
Serbia	37%	0	3%	wto.org
Morocco	10%	-3	11%	ustr.gov

Based on the original proposal, Vietnam is expected to be hit the hardest. Vietnam has an extremely high level of trade as a percentage of GDP, nearly 200%. From a trade balance perspective, it is important to note that Vietnam's imports constitute nearly 95% of its exports, meaning the effect on the trade balance is less significant. However, should the proposal remain in place, it would initially have a severe impact on the country's economy. Sri Lanka faces the next highest tariffs, but its trade with the US is currently relatively limited. Pakistan and Bangladesh both have large textile industries that will be affected by the tariffs. However, their main competitor remains China, which, including the previously announced 20% tariffs, will see its products become 54% more expensive. Higher import prices for American consumers should reduce demand, but people will still need to buy clothes. Egypt fares the best, as it is only affected by the standard 10% tariff.



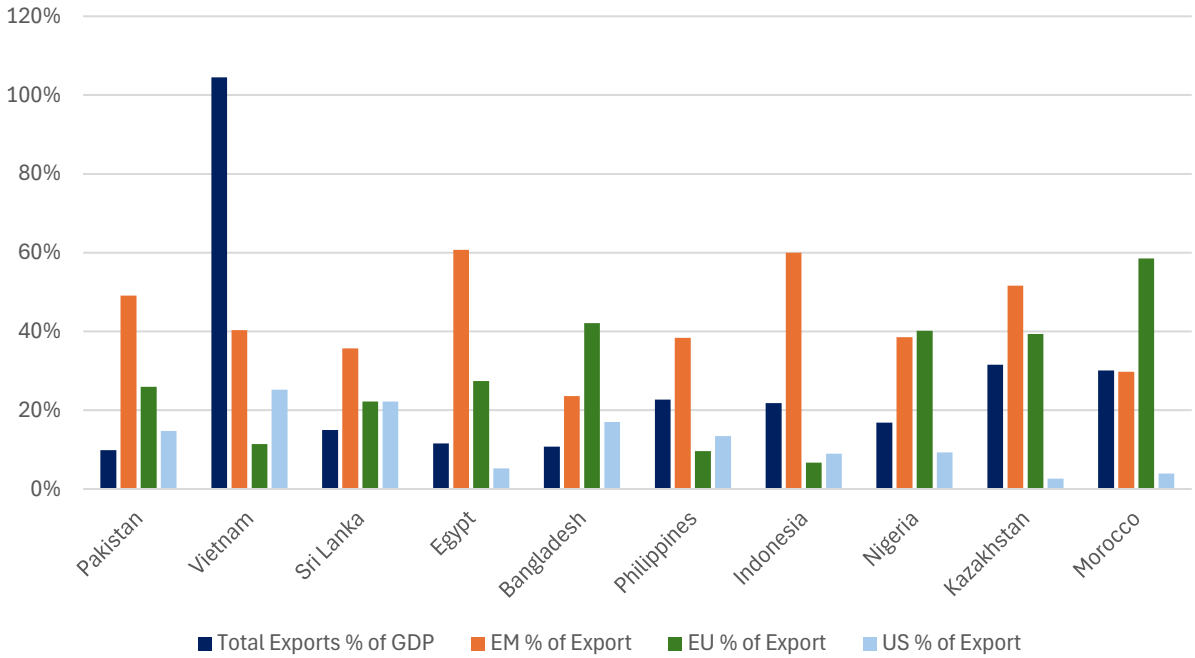
Chocolate Hills, Bohol, Philippines. Source: Unsplash

As mentioned, we expect significant changes relative to the proposal put forward on Wednesday evening, and it is premature to draw any long-term conclusions at this stage. We consider the risks to be greatest for the US economy, given the potential for delays, increased cost or the loss of access to critical goods for domestic consumption and production. A worst-case scenario, of course, is that this escalates into a full-scale trade war. We still believe the likelihood of this is very low, but we will have to live with uncertainty for a while longer. It is also important to remember that this is only impacting US trade vs the rest of the world, not the trade between other countries. As can be seen in the graph below, the intra-trade between emerging and frontier markets are significantly more important than their trade with the U.S.

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FIGURE 1: COUNTRY EXPORTS TO GDP VS % SHARE OF EXPORTS



Source: IMF, World Bank, Bloomberg, Tundra Fonder

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ABOUT THE FUND

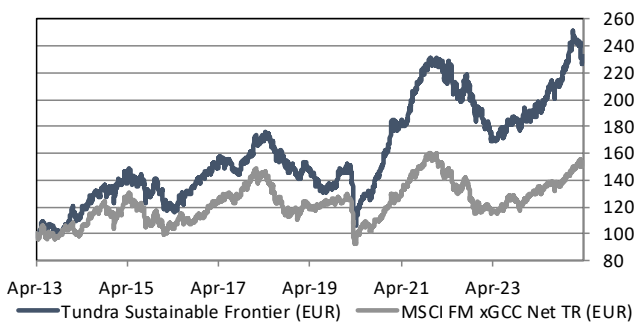
Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments, a vast majority of international investors are yet to discover these markets.

The fund is managed according to Tundra's active stock picking philosophy and backed by local research offices in Asia. Investments are based on an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental impacts. The fund is registered in Sweden and is fully UCITS compliant. Read more about latest developments [here](#).

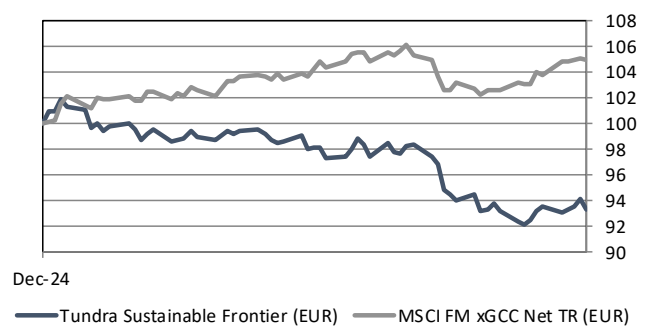
RETURN*	NAV(EUR)	1M	YTD	1Y	3Y	Inception
Tundra Sustainable Frontier (EUR)	27.63	-5.2%	-6.7%	15.8%	6.8%	129.7%
Benchmark	743.59	-0.4%	4.9%	13.8%	6.5%	53.4%

* Fund returns calculated on SEK class converted to EUR in order to provide the longest possible data set.

THE FUND VS BENCHMARK (SINCE INCEPTION)



THE FUND VS BENCHMARK (YTD)



FUND MONTHLY PERFORMANCE

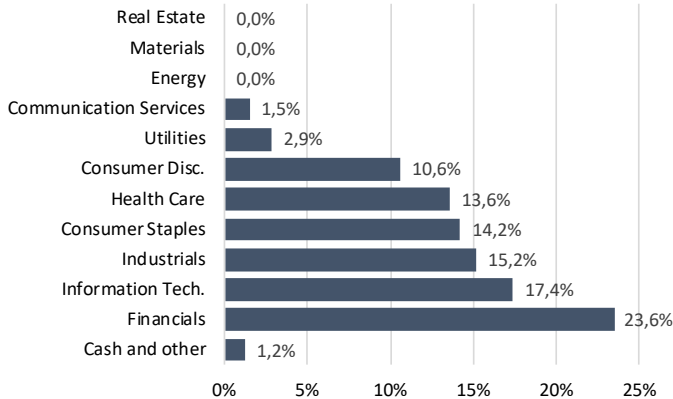
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				0.3%	7.9%	-6.5%	4.6%	-4.6%	-0.7%	1.7%	4.0%	4.1%	8.7%
2014	4.6%	-4.5%	4.0%	4.0%	5.6%	0.6%	3.4%	-0.9%	4.5%	-2.6%	-0.2%	0.6%	22.3%
2015	4.3%	0.5%	1.3%	0.6%	-0.3%	-2.5%	-0.5%	-4.1%	-3.0%	5.6%	1.6%	-4.7%	-1.7%
2016	-5.1%	-2.8%	-2.8%	0.9%	7.1%	0.3%	2.4%	4.3%	1.4%	1.1%	2.6%	0.9%	10.1%
2017	0.2%	3.9%	2.2%	0.4%	-0.7%	0.2%	-3.6%	-0.2%	3.6%	1.9%	2.2%	0.4%	10.7%
2018	6.0%	0.6%	1.2%	1.3%	-4.9%	-2.3%	-2.6%	-0.4%	-1.8%	-1.9%	-2.4%	-4.6%	-11.6%
2019	3.2%	2.4%	-0.7%	-2.5%	-3.1%	-4.7%	1.1%	0.8%	0.9%	-0.6%	9.3%	-2.2%	3.2%
2020	1.6%	-6.1%	-22.9%	13.8%	4.0%	2.3%	-2.2%	7.4%	5.7%	4.6%	7.6%	5.0%	16.8%
2021	5.2%	0.7%	2.6%	-1.8%	5.5%	6.9%	2.2%	2.5%	3.9%	1.4%	1.4%	0.1%	34.7%
2022	-0.1%	-1.8%	-4.1%	5.4%	-6.7%	-4.1%	-1.2%	8.4%	-5.6%	-3.4%	-2.1%	-2.6%	-17.4%
2023	-4.5%	-0.1%	-5.4%	0.3%	3.4%	-1.7%	6.8%	-1.5%	0.6%	-3.8%	5.2%	-0.8%	-2.3%
2024	-0.3%	4.1%	3.6%	-2.8%	4.4%	3.4%	0.8%	2.2%	-1.1%	4.8%	5.2%	5.4%	33.5%
2025	-0.5%	-1.1%	-5.2%										-6.7%

Source: Bloomberg, MSCI, Tundra Fonder

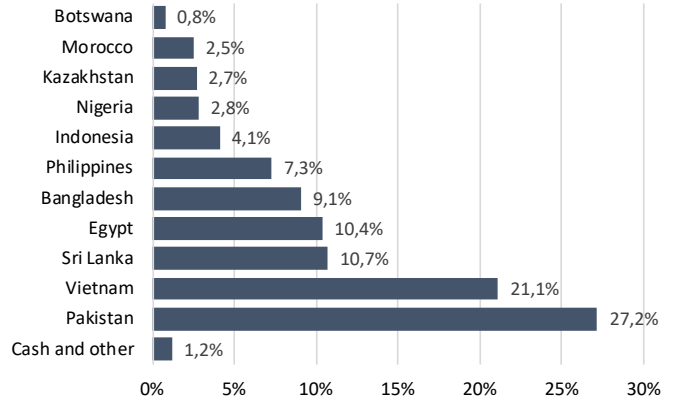
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SECTOR ALLOCATION



COUNTRY ALLOCATION



LARGEST HOLDINGS

	WEIGHT	COUNTRY	P/E 25E	P/E 26E	YIELD	RETURN 1M (EUR)
Systems Ltd	8.2%	Pakistan	15.3	12.3	1.8%	-3.3%
Ree	7.7%	Vietnam	14.2	13.0	1.5%	-6.0%
Meezan Bank Ltd	6.1%	Pakistan	5.9	5.9	10.3%	1.2%
GB Corp	6.0%	Egypt	6.5	5.0	2.7%	15.5%
Square Phar Ltd-Ord	5.8%	Bangladesh	7.8	7.1	5.2%	-1.9%
FPT Corp	5.5%	Vietnam	19.5	15.7	2.0%	-15.1%
National Bank of Pakistan	4.2%	Pakistan	3.3	3.4	11.9%	1.7%
Century Pacific Food	4.1%	Philippines	17.7	15.8	1.6%	-9.7%
Airports Corp Of Vietnam	3.4%	Vietnam	18.9	16.5	0.0%	-9.5%
Interloop Ltd	3.2%	Pakistan	6.7	4.9	4.6%	0.2%

BEST PERFORMERS

GB Corp	15.5%
Guaranty Trust Holding	5.4%
Media Nusantara	2.6%
Abbott Laboratories Ltd	2.1%
National Bank of Pakistan	1.7%

WORST PERFORMERS

Medikaloka Hermina TBK	-25.4%
Access Bank Plc	-18.2%
FPT Corp	-15.1%
Jsc Kaspi.Kz	-13.7%
Letshego Holdings Ltd	-11.2%

FACTS

Inception date	2013-04-02
Pricing	Daily
Manager	Tundra Fonder AB
Benchmark index	MSCI FM xGCC Net TR (EUR)
ISIN	SE0006789897
Bloomberg	TUNDFRF SS
IBAN	SE445000000058648209218
BIC	ESSESESS
Custodian	SEB
Auditor	PWC
EU SFDR Classification	Article 8

RISKS AND COSTS*

Active risk (Tracking error)	8.6%
Active share	88.4%
Standard deviation	11.3%
Standard deviation, benchmark	8.6%
Beta	0.87
Information ratio	0.23
Holdings	37
Risk level	5 of 7 (refer to KIID for more info)
Management fee/year (all inclusive **)	2.5%
AuM	192.5 MEUR

* Risk indicators are based on monthly rolling 24 months of return data.

** The management fee includes variable custody fees, audit, legal and marketing expenses.

Source: Bloomberg, MSCI, Tundra Fonder

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