Frontaura Performance for a Reference Investor

Official Frontaura returns are that of a reference investor, and represent what an investor would earn, net of the management fee, fund expenses, and incentive allocation applicable during each respective period. This reference investor invested in Frontaura at our 1 November 2007 inception, made no further contributions, made no withdrawals, and (once we created Series B) converted from the Legacy Series to Series B in 2021 Q2 (the quarter in which they next reached their high water mark, such that they incurred no incentive allocation once Series B existed).

Investors joining on other dates, making additional contributions, making withdrawals, or being in a series other than Series B after 2021 Q2 may have different results.

Series B, which has no incentive allocation, has been available to all investors from January 2020 onward. We describe it and the process to convert to it more fully in the Terms and Series Conversion sections below.

Series B investors will always have returns identical to our reference investor. This is because our reference investor was under their high water mark when we created Series B, and the reference investor converted to Series B to avoid incentive allocation prior to reaching their high water mark. Thus, the reference investor paid no incentive allocation during the life of Series B. The management fee and fund expenses were identical for the reference investor and Series B investors when the reference investor was still in the Legacy Series before converting to Series B.

Under certain conditions, an investor who began in Series A and is now in Series B could also have the same returns as our reference investor. Specifically, Series A investors who first invested when the reference investor was at their high water mark, made no further contributions, made no withdrawals, and (once we created Series B) converted from Series A to Series B in 2021 Q2 (the quarter in which they next reached their high water mark, such that they incurred no incentive allocation once Series B existed), will have a return series that matches our reference investor.

While the Legacy Series and Series A now have different incentive allocation amounts, these incentive allocation amounts were identical before we created Series B. This is what allows Series A investors converting to Series B as described above to potentially have the same historical returns as our reference investor.

Series A investors whose historical returns differed from the reference investor will match those of the reference investor from the creation of Series B onward, provided they convert to Series B before reaching their high water mark.

An investor's actual return will be the return that our administrator publishes on the individual's account statement, regardless of what we write here and what Frontaura returns we state in various group communications.

Terms

This section is a summary and does not explain fully all terms provisions that may apply. For full details, please see the Frontaura Global Frontier Fund LLC Amended and Restated Operating Agreement that governs the fund. We will resolve any inconsistency between this section and the Operating Agreement in favor of the Operating Agreement. Note that in our offshore fund, Frontaura Global Frontier Fund Offshore Limited, we refer to series as tranches. For example, Series A is Tranche A. For simplicity, we use the series nomenclature throughout this document.

Investors can choose between the following series:

- **Series A**: 2% management fee, 10% incentive allocation, 4-quarter exit.
- **Series B**: 2% management fee, 0% incentive allocation, 8-quarter exit.
- **Relative Performance Series**: 1.75% management fee, 20% incentive allocation with a hurdle against the FM ETF total return, 8-quarter exit. Availability of this series depends on a lead investor as we discuss in the minimum investment section below.
- **Absolute Performance Series**: 1.50% management fee or 30% incentive allocation with a hurdle of 5% compounded annually, 8-quarter exit. Availability of this series depends on a lead investor as we discuss in the minimum investment section below.

- **Legacy Series**: This series is only for investors who joined before October 2015 and is not open to new investors. 2% management fee, 20% incentive allocation, 1-quarter exit.

Additional redemption restrictions may exist, as we describe in the Redemptions section below.

Management fee reductions. For each series above other than the Legacy Series, the management fee will drop 25 basis points if real, fee-paying AUM reaches $200 million and a further 25 basis points if real, fee-paying AUM reaches $400 million. For example, at $200 million real, the management fee would be 1.75%, 1.75%, 1.50%, and 1.25%, respectively, for Series A, Series B, the Relative Performance Series, and the Absolute Performance Series. At $400 million real, the management fee would be 1.50%, 1.50%, 1.25%, and 1.00%, respectively, for Series A, Series B, the Relative Performance Series, and the Absolute Performance Series. We index the $200 million and $400 million levels to US inflation from the December 2019 US price level, so that the fee declines are due to actual real increases in fee-paying AUM, not a money illusion. For 2022, the inflation-adjusted AUM levels are approximately $217 million and $434 million, respectively. We adjust these levels annually each January once the government reports the year-end percentage change in the US non-seasonally adjusted CPI-U index level for the year just completed.

Minimum investment. The minimum investment for all these series is $250,000. As there is significant administrative overhead for us to create the Relative Performance Series and the Absolute Performance Series, we require the first investor in each of these two series to be $5 million or more. Once this occurs, the minimum will then be $250,000. We will create each performance series once we have a lead investor for each.

Series Conversions

Please request a conversion form if you want to convert series. Legacy Series investors may convert to either Series A or Series B. Series A investors may convert to Series B. The Legacy Series is not open to new investors, so Series A and Series B investors may not convert to it. Finally, Series B investors may not convert to Series A.

If we receive a signed conversion form 10 or more calendar days prior to the end of a quarter, the investor will be eligible for conversion in the next quarter. We will make the actual conversion at the quarter-end where the investor is next at their high water mark.

For example, if we receive a signed conversion form on or before March 21, the investor is eligible for conversion in Q2. If the investor is at a high water mark at the end of Q2, we will convert their investment to the requested series and we will calculate Q2 incentive allocation based upon the converted series. If the investor is not at a high water mark at the end of Q2, they will remain in their pre-conversion series for Q2. The other conversion form deadlines are June 20 for Q3, September 20 for Q4, and December 21 for Q1.

We manage conversions in this manner to provide the maximum advantage to investors. We only convert investors when they would benefit by receiving a reduced or eliminated incentive allocation percentage. We do not convert before this so that the longer exit terms of the converted series do not apply to investors until they receive this benefit. For this reason, investors who know they want to convert should sign a conversion form now rather than waiting until after they reach their high water mark.

Redemptions

This section is a summary and does not explain fully all redemption provisions that may apply. For full details, please see the Frontaura Global Frontier Fund LLC Amended and Restated Operating Agreement that governs the fund. We will resolve any inconsistency between this section and the Operating Agreement in favor of the Operating Agreement. Note that in our offshore fund, Frontaura Global Frontier Fund Offshore Limited, we refer to series as tranches. For example, Series A is Tranche A. For simplicity, we use the series nomenclature throughout this document.

For all series, investors must provide three months' advance notice before a redemption begins. Depending on the series, the redemption will occur over one, four, or eight quarters, as we presented in the terms section above. For example, if we receive a redemption request on or before 30 September 2021, we will redeem the funds as follows:

- 1-quarter redemption. Fully on 31 December 2021.
- 4-quarter redemption. 1/4 of the balance on 31 December 2021, 1/3 of the remaining balance on 31 March 2022, 1/2 of the remaining balance on 30 June 2022, and all the remaining balance on 30 September 2022.
- 8-quarter redemption. 1/8 of the balance on 31 December 2021, 1/7 of the remaining balance on 31 March 2022, 1/6 of the remaining balance on 30 June 2022, 1/5 of the remaining balance on 30 September 2022, 1/4 of the remaining balance on 31 December 2022, 1/3 of the remaining balance on 31 March 2023, 1/2 of the remaining balance on 30 June 2023, and all the remaining balance on 30 September 2023.

Payment. Note that the dates above are the last day the redeemed amount stays invested in the fund (i.e., the last day the redeemed amount is subject to the fund's gain or loss). We pay redeemed funds once our administrator completes fund accounting for the month, typically in the middle of the following month. Note that we hold back 10% of full redemption proceeds in a calendar year until after our auditor completes the fiscal year audit. We must pay this holdback within 90 days of year-end, but typically we pay the holdback in February. During the time between the redemption date and the payment date, the redeemed amount has exited the fund and thus the amount does not change.

Large investor gate. We limit all investors, regardless of series or when they joined, to a maximum quarterly redemption amount, such that the most a specific investor can redeem per quarter is the greater of a) 2.5% of Frontaura's AUM or b) $2.5 million. In applying the maximum quarterly redemption amount, we will aggregate the combined redemption requests of entities under common control into a single redemption request. When fund inflows exceed fund outflows, redemption amounts may exceed the maximum quarterly redemption amount.

Fund gate. Finally, we may restrict total fund redemptions for everyone when redemptions in the prior six months exceed 20% of AUM.

Index Descriptions

The S&P 500 Index is a broad-based index of 500 leading US companies. The MSCI EAFE Index measures the equity market performance of 21 developed markets outside North America, while the MSCI Emerging Markets (EM) Index consists of 25 emerging market countries (as of December 2021) that are generally less developed than the MSCI EAFE countries. We provide the S&P 500, MSCI EAFE, and MSCI EM indices for general comparison purposes only, as global investors widely follow the performance of these indices. These indices differ from the strategy of Frontaura and have little to no overlap with Frontaura's portfolio. We note though that Frontaura can invest in some of the smallest emerging market countries within the MSCI EM index. Despite this, Frontaura's actual EM holdings have always been a minority of our portfolio as of this writing, and at times have been zero.

The MSCI Frontier Markets (FM) Index consists of 28 frontier market countries (as of December 2021, including eight countries that trade on a single regional stock exchange in French West Africa) that are generally less developed than the MSCI EM countries. The MSCI Frontier Markets Small Cap (FM SC) Index captures small company representation across the countries within the MSCI FM index. Frontaura has a frontier markets strategy, so it does invest in some of the countries present in these MSCI frontier indices, and it may invest in some of the companies in the FM and FM SC indices. However, Frontaura does not limit itself to only countries and companies in the MSCI frontier indices. Often, Frontaura invests a significant portion of its portfolio in frontier countries not present in the MSCI frontier indices and often Frontaura invests most of its portfolio in companies not present in the MSCI frontier indices. Thus, Frontaura does not try to match the composition of the MSCI FM index or the MSCI FM SC index and Frontaura does not try to have a return stream similar to either index. Frontaura can invest in companies with all sizes of market capitalization, from large to small. Historically, Frontaura's portfolio has tilted more toward smaller stocks than larger stocks and we believe the FM SC index may be the best comparison for Frontaura's results. However, Frontaura is not specifically a small cap strategy so this tilt could change based upon where we find value in the future and the index that is the best comparison for Frontaura may change in the future.

MSCI also publishes country indices to show country-specific equity market performance. We occasionally compare our country performance to the corresponding MSCI country index. This comparison does not imply that Frontaura's country holdings are similar to MSCI country index or that Frontaura will have a similar return stream to that of the country index. Often, Frontaura's holdings in a country are not present in the MSCI country index. Frontaura's country returns can be quite different from MSCI country returns, either better or worse. We may reference MSCI's standard country indices (which include 85% of the free-float market cap in a country) and MSCI's small cap country indices (which include 99% of the free-float market cap in a country minus the stocks in that country's standard index). See the Individual stock and country returns section below for an explanation of how we calculate our country performance.

The version of the indices we cite—the S&P 500, MSCI EAFE, MSCI EM, MSCI FM, MSCI FM SC, and the MSCI country indices—all have the following characteristics: market capitalization weighted; free float adjusted; US dollar denominated; and total net return based, meaning they include reinvested dividends net of withholding tax for a US investor. The indices do not have any deductions for a management fee, funds expenses, or trading impact or costs. This represents a material difference from Frontaura's returns which have a high fee and high trading impact and trading costs, given the relative illiquidity of Frontaura's frontier market investments. For all these reasons, Frontaura's returns will differ, often materially, from all the indices we show, including the FM and FM SC indices.

Notes on Holdings and Portfolio Statistics

LTM = Last Twelve Months.
ITD = Inception to Date, meaning from 1 November 2007, the date Frontaura began investing.

Cash classification. We hold most, but not all cash, in the United States. We include in the US total any euros or other currencies we hold in countries outside of our investment universe. These other currency amounts are often immaterial. We include all other cash we hold outside the US in that country's total, regardless of currency. For example, we include all prefunding cash in Vietnam in the Vietnam total, even though typically we hold this cash in US dollars.

PE, PB, Yield, and ROEE. Portfolio price to LTM earnings (PE), portfolio price to book (PB), and return on ending equity (ROEE) use the most recent 12 months of reported financial statements at the publication date. Portfolio LTM dividend yield (yield) includes dividends going ex in the last 12 months. We calculate PE and PB as the harmonic mean of all positions, weighted by position size. Yield is the mean of all positions, weighted by position size. We may report ROEE on either a weighted average or a weighted median basis.

Weighted average ROEE is the mean of all positions, weighted by position size. Weighted median ROEE is the ROEE of the stock that separates the portfolio into two equal halves by dollars—the upper half consisting of stocks with ROEEs greater than or equal to the median ROEE and the lower half consisting of stocks with ROEEs lower than or equal to the median ROEE. Outlier values (highly positive or highly negative company ROEEs) can have a disproportionate influence on the weighted average ROEE but will not affect the median ROEE. In our opinion, the outlier effect is most pronounced when a company has large losses that materially reduce the company's book value. In this situation, the company's ROEE may be a negative triple-digit or higher percentage that could make the portfolio weighted average ROEE less meaningful or even meaningless. This outlier effect can also occur on the positive side. For example, if a company is profitable and its book value is only slightly above zero, its ROEE might be a positive triple-digit or higher percentage, which again would make the portfolio weighted average ROEE less meaningful or even meaningless. This can occur when a company with past losses becomes profitable or when a highly profitable company pays large recurring or special dividends, or otherwise recapitalizes itself in a way that reduces its book value to a low level.

The actual dividend yield we receive is lower than our stated yield because we hold cash (the percentage of the portfolio we invest in stocks is less than 100%) and because some countries levy dividend withholding taxes, which lower the actual dividend we receive from the stated amount which is before withholding tax. These taxes may have a partial offsetting benefit of reducing your home country tax liability, however, depending on tax laws in your country. Beyond cash held and withholding taxes, actual dividend amounts we receive can vary further, up or down, from our stated yield for many reasons. Our stated yield is on an accrual basis using ex-dividend dates while the dividends we receive are on a cash basis, with a delay between the ex-dividend date and the payment date. Also, our stated yield is a weighted average of the local currency yield of the stocks we presently own. Each stock's yield is the sum of the dividends per share that went ex within the prior 12 months divided by its current stock price. If we did not own the company on the ex-date, we did not actually receive the dividend. Likewise, we will have received dividends from companies within the past year that we no longer presently own and that we no longer include in our stated yield. Finally, changes in foreign exchange rates between the ex-date, the payment date, and the FX date affect the US dollar dividend amount we receive and foreign exchange transaction costs reduce the amount we receive.

By default, we retain rather than distribute all income. Investors wanting a source of income may elect for us to distribute their proportionate share of dividends periodically.

Countries and positions. We assign each company we own to a single frontier country we think most appropriate, considering the location of its revenue, profit, physical operations, headquarters, incorporation, stock listing, and other factors. Our country count is the sum of these countries.

We normally count each company in which we invest as one position. When we own the same company on two or more stock exchanges, we count it as only one position. We do not count positions we value at zero.

The fund may hold multiple stocks in a basket to achieve a macro exposure to a country or sector, and we count the basket of stocks as only one position. A single basket position could include exposure to multiple countries, and in this case our portfolio country count reflects each unique country represented in the basket.

If a country is not in our investment universe, but we hold cash there because a frontier company trades on an exchange in that country (e.g., the United Kingdom), we do not count the country, no matter the cash amount. We also do not count countries in our investment universe if we own no positions there and the amount of cash we hold there is *de minimis* and kept in the country for administrative convenience, such as to keep an account open for potential future investment.

In cases where we have exited all positions in a country, we only count the country when the cash and accruals exposure in that country is at least 0.50% of the portfolio, meaning that it would show in our country list because the exposure rounds to 1%. This can occur when the fund has outstanding dividend accruals, when settlement occurs after the period end, or when there is a delay in repatriating funds.

Market cap and turnover. Average market cap is the average equity market capitalization of stocks in our portfolio, weighted by position size. Median market cap is the equity market capitalization of the stock that separates the portfolio into two equal halves by dollars—the upper half consisting of stocks with market caps greater than or equal to the median market cap and the lower half consisting of stocks with market caps smaller than or equal to the median market cap. Portfolio turnover is the average of annualized monthly turnover or 12 times the sale proceeds in a month in US dollars divided by the average of beginning and ending AUM for the month. We report turnover for two time periods: the last 12 months and all months starting from Frontaura's November 2007 inception to date (ITD).

Standard deviation and beta. Standard deviation is the annualized standard deviation of monthly net returns. Beta measures Frontaura's volatility relative to the S&P 500 using monthly net returns of Frontaura and the S&P 500. We report standard deviation and beta for two time periods: 36 months and ITD.

AUM. Assets under management are the US dollar sum in millions of all equity market values, cash, and accruals. We include in cash and AUM any first-of-the-next-month cash inflows, but only to the extent they offset end-of-the-prior-month cash outflows. For example, assume we have 1) cash outflows of $5 million on the last day of a month, reducing cash to $10 million and AUM to $160 million; and 2) cash inflows of $6 million occurring on the first day of the next month, increasing cash to $16 million and AUM to $166 million. In this case, we calculate AUM for the month just ending as $165 million, including cash of $15 million. These amounts match the AUM and cash figures before the cash outflow occurred. Since first-of-the-next-month inflows replace the outflows immediately, we calculate AUM this way internally for portfolio management purposes.

Note that our calculation of AUM described here will not match the net assets shown on our year-end audited balance sheet if cash inflows are replacing cash outflows, as audited net assets exclude all first-of-the-next-month cash inflows. For this reason, mix percentages shown in our audited financials will not match what we show here if cash inflows are replacing cash outflows.

Performance attribution by stock, country, region, and sector

Frontaura stock, country, region, and sector returns, including profit, proceeds, costs, return multiple, percentage return, and IRR are before the management fee, fund expenses, and any incentive allocation, as those deductions occur at the fund level and not at the individual stock, country, region, or sector level. Country returns are for stock positions in those countries and include exchange rate movements and transaction fees on those stocks. Country returns do not include exchange rate movements on cash we hold in those countries. Returns for a region are the sum of country returns for all countries we assign to that region. Sector returns are for stock positions in those sectors and include exchange rate movements and transaction fees on those stocks. Sector returns do not include exchange rate movements on cash.

We calculate dollar profit as proceeds minus costs. Proceeds = value of position(s) held at period end + dividends and other distributions that went ex during period + sale proceeds during period. Costs = value of position(s) held at period beginning (this will be zero when we measure ITD returns) + purchases during period. We measure proceeds and cost amounts in US dollars, net of commissions, trading fees, foreign exchange costs, and any withholding taxes on dividends and capital gains. In addition to dollar profit, we also compute proceeds relative to cost, stating it as either a return multiple (proceeds / cost) or a percentage return (proceeds / cost – 1). We can alternatively calculate the return multiple as profit / cost + 1 and the percentage return as profit / cost. These alternative formulas provide the same result. IRR is the internal rate of return on all USD cash inflows and outflows (buys, sells, dividends, and other distributions) for each position. We annualize the IRR, except for holding periods less than one year.