October 2009 Monthly Comment written 31 October 3PM CDT

We estimate Frontaura lost just over 1% in October. Recall that we wrote last month (and the month before) that some of our recent gains might reverse, and that is what happened in October. The indices we look at faired similarly (see page two). Our largest holding, Kingdom Hotel Investments, which gained 26% for us in September, at one point in October was down 27% in its main market, before finishing off 11%. We didn't complain; instead, we were happy to buy more shares for the first time in three months, paying less than half book value. On the other hand, our second largest position, Indochina Capital Vietnam (ICV) turned in another winning month for us, adding 7% on top of 26% last month. As discussed last month, management is liquidating ICV, and this is now 80% complete, a quicker pace than anticipated. This gave us 10 percentage points of cash more than we expected in the month, boosting our cash balance to 20%.

It's earnings season, so let's look at the good and the bad within our portfolio. Most of our sub-Saharan African banks continue to lend, largely free of negative credit crisis effects. Zambia National Commercial Bank (Zanaco) grew first half EPS through June 32% on 44% loan growth. It now trades on a trailing PE of 8.9. Letshego, the Botswana for-profit microlender grew first half EPS through July 42% on 48% loan growth. Its trailing PE is 8.2. The news out of Pakistan may be a dreadful stream of bombing reports, but one of our holdings there, Millat Tractors, an assembler of Massey Ferguson tractors, reported their best year ever. EPS for the June 2009 fiscal year grew 58% on a 43% revenue gain. Its trailing PE is 8.1 and it carries a 10.1% dividend. Millat began the year at a split-adjusted price of 107 and now trades at 355.06. We do confess that we sold about half our position at split-adjusted prices between 208 and 221 in April and May, before changing our mind and deciding to keep our remaining shares. Nevertheless, the degree of earnings blowout Millat delivered far exceeded what we thought possible.

In Qatar, September quarter earnings from Commercial Bank of Qatar (CBQ), Qatar Insurance, and Qatar Fuel were about as expected. We think CBQ and Qatar Insurance each will have roughly flat profit after tax for the full year (CBQ's EPS may decline due to more shares). While this is a ho-hum year for these two former fast growers, we can't be too critical, as they remain at peak profit levels during a global financial crisis. CBQ's NPLs are up, but to only 2.1%. CBQ has capitalized itself extremely well with tangible assets/tangible equity at 19.4%. Qatar Fuel has the issue of a tough comparison against their extraordinary 2008 when EPS grew 96%. If Q4 matches Q3, their EPS will drop 29% for the year, but will still be 40% above 2007. Their trailing PE of 4.5 would rise to 5.7 in that event, still inexpensive in our view. In Nigeria, on the other hand, United Bank for Africa's September quarter was a disaster as anticipated, but actually worse than expected due to heavy provisioning the central bank dictated. We sold our shares in early October before the earnings release, creating a clever ending to a not-too-clever investment. All the bad news seems now to be out for the Nigerian banks, which could ultimately lead to a rally, but we've thought that before and watched the news get worse. In any event, we'll be on the sidelines, as we are no longer invested in Nigeria. Central bank governor Sanusi, however, is doing a great clean-up job—the right person for a right awful mess.

The highlight of our month was travel to Iraq, where we now invest 2% of the fund. E-mail us if you would like to receive our Iraq trip report. To watch the CNBC feature on our trip, click the following link:

http://www.cnbc.com/id/15840232?video=1300361285&play=1

Frontaura Global Frontier Fund

Fund Objective

Investing exclusively in publicly traded companies in frontier markets, provide investors with a net return series that over multiple years exceeds that of the major global developed and emerging equity indices.

Investment Strategy

We seek to exploit pricing inefficiencies in frontier equity markets. Our investment approach uses both top-down country factors and bottom-up company factors. At the country level, we examine sovereign risk and calculate country scores that measure currency vulnerability. At the company level, we model each company's discounted cash flow using our proprietary valuation tool that accounts for expected exchange rate changes and fading rates of return on invested capital and profit growth as time passes. Ultimately, we aim to own solid businesses at attractive prices in stable or improving countries.

Performance through October 2009[1]

Period	Frontaura	S&P 500	MSCI EAFE	MSCI Emerging	MSCI Frontier
2007 Q4	2%	- 5%	- 5%	- 7%	4%
2008 Q1	1%	- 9%	- 9%	- 11%	- 2%
2008 Q2	6%	- 3%	- 2%	- 1%	2%
2008 Q3	- 11%	- 8%	- 21%	- 27%	- 23%
2008 Q4	- 25%	- 22%	- 20%	- 28%	- 39%
2009 Q1	- 2%	- 11%	- 14%	1%	- 17%
2009 Q2	28%	16%	25%	35%	35%
2009 Q3	17%	16%	19%	21%	11%
2009 Q4	- 1%	- 2%	- 1%	0%	- 3%
2008	- 28%	- 37%	- 43%	- 53%	- 54%
2009 YTD	46%	17%	27%	65%	20%
ITD	7%	- 30%	- 32%	- 28%	- 43%

Holdings Summary

Country	Holding
USA (cash only)	19%
Qatar	14%
United Arab Emirates	12%
Zambia	10%
Sri Lanka	9%
Cote d'Ivoire	7%
Botswana	7%
Senegal	6%
Pakistan	3%
Egypt	3%
Tanzania	2%
Zimbabwe	2%
Iraq	2%
Vietnam	2%
Philippines	2%
Uganda	1%

Industry	Holding
Banks	24%
Cash	20%
Consumer Discretionary	13%
Consumer Staples	13%
Telecommunication Services	9%
Diversified	7%
Specialty Finance	5%
Oil Marketing	3%
Industrials	3%
Asset Management/Brokerage	2%
Insurance	1%

Portfolio Statistics[2]

Portfolio Price to Earnings	9.0
Portfolio Price to Book	1.4
Portfolio Dividend Yield	6.5%
Return on Ending Equity	26.7%

Terms / Service Providers

Management Fee	2%	Attorney	Foley & Lardner LLP
Performance Fee	20% with high-water mark	Auditor	RSM McGladrey, Inc.
Subscription	Minimum: $100,000 (increasing to $250,000 in 2010); new investors accepted monthly	Fund Administrator	Michael J. Liccar & Co.
Withdrawals	2-year lockup, quarterly with 90-day notice	Global Custodian	Bank of New York Mellon

[1] Frontaura returns are actual returns, net of all fees, with a subject-to-change estimate for the most recent month through 30 October 2009, for an investor joining the fund at inception and making no further contributions. Investors joining on other dates or making additional contributions may have different returns. Returns for 2007 Q4 commence 1 November 2007. Index returns are on a total return basis, net of any withholding tax, through 30 October 2009.

[2] Market, portfolio, and most recent 12 months of reported fundamental data as of 30 October 2009. Portfolio PE and PB are the harmonic means of all positions, weighted by position size. Portfolio dividend yield and return on ending equity are the means of all positions, weighted by position size.

Disclaimer

This document does not constitute an offer to sell, or a solicitation of an offer to buy membership interests in Frontaura Global Frontier Fund LLC. We will not make such offer or solicitation prior to the delivery of a definitive offering memorandum and other materials relating to the matters herein. Before making an investment decision with respect to the LLC, we advise potential investors to read carefully the offering memorandum, the LLC operating agreement, and the related subscription documents, and to consult with their tax, legal, and financial advisors. We have compiled this information from sources we believe to be reliable, but we cannot guarantee its correctness. We present our opinions without warranty. Past performance is no guarantee of future results.

FRONTAURA

500 North Dearborn Street, Suite 1200 Chicago, Illinois 60654 USA T +1 312 265 6882 F +1 312 268 5004 info@frontauracapital.com www.frontauracapital.com