April 2014 Monthly Comment written 30 April 4 PM CDT

We estimate our April gain at 1%-2% April, lifting our YTD return to around 1%. The other global indices we track have results similar to ours for the month and YTD, save for the frontier index itself. Final index values for April are not yet available at this writing. Through April 29, monthly total net returns on MSCI EAFE (developed countries outside North America) and MSCI Emerging Markets (EM) were 1%, while the S&P 500 was flat. For the year, the S&P 500 and EAFE are up 2%, while MSCI EM is flat. MSCI Frontier Markets (FM) continues to be the standout, up another 5% in April, bringing its YTD rise to 13%. Unlike Q1, where GCC countries accounted for the entire FM gain, in April, FM's advance broadened to other regions, although the GCC and large caps continued to lead. Our January comment observed that FM was merely making up for its terrible performance relative to EM post-financial crisis. FM has dominated EM +43% to -2% since 2013 began, but since November 2008, EM has doubled while FM is up by only one-third. FM does look frothy on a near-term basis though. Through April 11, FM was up 14 consecutive trading days and 19 days out of 20. At its recent high on April 23, FM had gains in 25 out of 28 days. It's down 2% since then. We've not kept up with FM this year, but since our November 2007 inception, we've gained 88%, while FM lost 17%.

Four weeks ago, we visited Moldova and Ukraine. Having written often about Ukraine, we discuss Moldova now. It was one of 15 new countries created in the early 1990s from the former republics of the Soviet Union. A small country of 3-4 million people, it sits uneasily between Romania and Ukraine. The population is mostly ethnically Romanian, although there are sizable Ukrainian and Russian minorities. Both Russian and Moldovan are widely spoken. Moldovan is similar enough to Romanian that there is a debate whether it's a separate language or just a dialect. Moldova's borders have shifted continually over the past two centuries, during which it was often known as Bessarabia. In 1812, the Ottoman Empire ceded Bessarabia to the Russian Empire, which controlled it into 1918. Briefly that year, in the aftermath of the Russian Revolution, Bessarabia was independent, before deciding to join Romania. During World War II, Romania withdrew from Bessarabia in 1940 after a Soviet ultimatum. Soviet rule lasted only until 1941, when Romania, now aligned with the Axis powers, retook control. In 1944, the Soviet Union again advanced as the Axis powers retreated. Bessarabia remained part of the USSR as the Moldavian Soviet Socialist Republic through 1991, when Moldova declared independence. History may not be finished with Moldova, however. The region of Transnistria, with ethnicity split evenly between Moldovans, Ukrainians, and Russians, declared independence from Moldova in 1990 and a war ensued in 1992. While there is concern in Moldova's capital, Chisinau, about Russia's intentions in general after the Crimea annexation, we did not detect any specific longing to reincorporate Transnistria with the rest of Moldova. Transnistria has a separate government, military, banking system, and currency, operating largely as its own country for over two decades now, although no other nation recognizes it. In our opinion, most Moldovans accept Russia's strong presence in Transnistria, but don't want Russia to advance further. As an investment destination, Moldova offers very high risk and very high reward. Beyond geopolitics, corruption is rampant, corporate governance appallingly bad at times, and regulatory oversight weak, although seemingly improving. The reward potential is that leading banks trade with trailing PEs of only 2-3, in one case offering a double-digit dividend yield. We have enough Putin exposure in our portfolio, however, that we don't plan to add Moldova anytime soon.

Frontaura Global Frontier Fund

Fund Objective

Bloomberg Tickers: FRGLFRO US Equity, FRGLFRC KY Equity

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 April 2014[1]

Period	Frontaura	S&P 500	MSCI EAFE	MSCI Emerging	MSCI Frontier
2009 Q1	- 2%	- 11%	- 14%	1%	- 17%
2009 Q2	28%	16%	25%	35%	35%
2009 Q3	17%	16%	19%	21%	11%
2009 Q4	- 1%	6%	2%	9%	- 10%
2010 Q1	10%	5%	1%	2%	11%
2010 Q2	5%	-11%	- 14%	- 8%	- 10%
2010 Q3	9%	11%	16%	18%	14%
2010 Q4	9%	11%	7%	7%	8%
2011 Q1	2%	6%	3%	2%	- 5%
2011 Q2	- 1%	0%	2%	- 1%	0%
2011 Q3	- 10%	- 14%	- 19%	- 23%	- 12%
2011 Q4	- 6%	12%	3%	4%	- 2%
2012 Q1	6%	13%	11%	14%	6%
2012 Q2	- 3%	- 3%	- 7%	- 9%	- 7%
2012 Q3	5%	6%	7%	8%	7%
2012 Q4	9%	0%	7%	6%	3%
2013 Q1	10%	11%	5%	- 2%	8%
2013 Q2	5%	3%	- 1%	- 8%	3%
2013 Q3	1%	5%	12%	6%	6%
2013 Q4	7%	11%	6%	2%	7%
2014 Q1	- 1%	2%	1%	0%	7%
2014 Q2	2%	0%	1%	1%	5%
2008	- 28%	- 37%	- 43%	- 53%	- 54%
2009	46%	26%	32%	79%	12%
2010	37%	15%	8%	19%	24%
2011	- 15%	2%	- 12%	- 18%	- 19%
2012	18%	16%	17%	18%	9%
2013	26%	32%	23%	- 3%	26%
2014	1%	2%	2%	0%	13%
ITD CAGR	10.2%	5.3%	- 0.3%	- 2.1%	- 2.8%

Holdings Summary

Country	Holding
Vietnam	14%
Nigeria	12%
Tanzania	9%
Iraq	6%
Ukraine	6%
Sri Lanka	5%
Botswana	5%
USA (cash only)	4%
Montenegro	3%
Serbia	3%
Rwanda	3%
Romania	3%
Lebanon	3%
Zimbabwe	3%
Ghana	3%
Pakistan	2%
Cote d'Ivoire	2%
Estonia	2%
Laos	2%
Kazakhstan	1%
Papua New Guinea	1%
Oman	1%
Qatar	1%
Cambodia	1%
Ecuador	1%
Cyprus	1%
Mongolia	1%
Others	2%

Industry	Holding
Financials	49%
Consumer Staples	16%
Industrials	12%
Consumer Discretionary	6%
Cash	5%
Energy	5%
Telecommunication Services	5%
Materials	2%

Portfolio Statistics[2]

Portfolio Price to Earnings	7.1
Portfolio Price to Book	1.0
Portfolio Dividend Yield	4.9%
Return on Ending Equity	19.6%

Terms / Service Providers

Management Fee	2%	Attorney	Foley & Lardner LLP
Performance Fee	20% with high-water mark	Auditor	RSM McGladrey, Inc.
Subscription	Minimum: $1,000,000; presently closed, with waiting list for existing and new investors	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, through 30 April 2014 with a subject-to-change estimate for the most recent month, for an investor joining the fund at inception, making no further contributions, and making no withdrawals. Investors joining on other dates, making additional contributions, or making withdrawals may have different returns. ITD returns commence 1 November 2007. Index returns are on a total return basis, net of any withholding tax for a US investor, through 29 April 2014, as final index values for the current month are not available at time of publication.

2 Portfolio valuation statistics use the most recent 12 months of reported fundamental data as of 30 April 2014. 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. The yield on Frontaura Global Frontier Fund is less than our portfolio dividend yield due to cash held, withholding taxes, management fees, and operating expenses. At present, we retain all income, rather than distribute it.

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 or shares in Frontaura Global Frontier Fund Offshore Limited. We will not make such offer or solicitation prior to the delivery of an offering memorandum, an operating agreement or articles of association, a subscription booklet, and other materials relating to the matters herein. Before making an investment decision, we advise potential investors to read these materials carefully 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 accuracy. We present our opinions without warranty as of the publication date. We may change our opinions at any time. Past results are no guarantee of future performance.

FRONTAURA

180 North Stetson Avenue, Suite 1935 Chicago, Illinois 60601 USA T +1 312 777 1500 F +1 312 268 5004 info@frontauracapital.com www.frontauracapital.com