Middle East political maneuvers as November began are the primary reason we expect to finish this month with a small loss, presently rounding to 0. This ends a streak of eight consecutive monthly gains, tied for the second longest streak in our history. Historically, November is our worst month, with six losses in 11 years, and an average return of -1.4%. The indices we reference all overcame losses in the first half of November to post total return gains of 1% (MSCI EAFE and MSCI Frontier Markets) or 2% (MSCI Emerging Markets and S&P 500) through November 29.

Saudi Arabia, a country in our universe, but one in which we have no investments, rocked the Middle East investment landscape on Saturday, November 4 with a series of events. First, Lebanon's Prime Minister Saad Hariri traveled to Riyadh, and then resigned unexpectedly in an unusual broadcast on Saudi state TV, denouncing Hezbollah's influence in his country. Saudi Arabia's rival Iran sponsors Hezbollah. Hours later, the Saudi interior ministry said it intercepted a ballistic missile near the Riyadh airport fired by Houthi rebels from Yemen. Saudi has intervened militarily in Yemen since March 2015. That night, Saudi began a corruption crackdown, detaining dozens of princes, government officials, and business executives. The next day, the son of the former crown prince died in a helicopter crash near the Yemeni border.

Saudi Arabia has had rough times since the 2014 oil crash. Large budget and current account surpluses turned negative, causing the government to reduce subsidies and introduce taxes. The economy will not grow in 2017, according to current Bloomberg consensus estimates. Crises can bring opportunities so we've stepped up our meetings with Saudi companies over the past two years, including in the week after November 4. While these repeat meetings have helped us identify the best operators and the most resilient businesses, our mood on Saudi Arabia remains bearish. A simplified recent Saudi business history is that, backed by government oil largess, its companies enjoyed a dozen golden years ending in 2014. There are numerous examples of Saudi firms that grew revenue year after year through 2014, including the global financial crisis. The past three years have been a tough slog, however, and it's probably not over, even though recent higher oil prices help. A 5% VAT debuts in January 2018, and more energy price hikes are coming. Some of the best companies have still delivered profits that are flattish to up slightly during the past three years. Unfortunately, even though the Saudi Tadawul index is down 37% from its September 2014 high, we believe the best companies don't offer the value we find elsewhere. An unpredictable policy regime compounds these macroeconomic and valuation challenges. King Salman named his son, 32-year old Mohammad bin Salman (MBS), as crown prince in June, formalizing MBS's role as the effective ruler of the country. While MBS champions some laudable initiatives—allowing women to drive, lessening Saudi oil dependence, reducing corruption, and eliminating Islamic terrorism—some of the actual policies emanating from Saudi in recent years have been reckless and regrettable, in our opinion. The desire to retake oil market share crashed the oil price and badly underestimated the resilience of US frackers; the war in Yemen is a potentially unwinnable morass; the regional dispute with Qatar is a situation where "everyone loses" in the words of one regional executive; and the corruption shakedown—where signing over billions in wealth to the state absolves you of guilt—seems more from Putin's power playbook than a genuine good governance drive. Ironically, the Tadawul posted a gain in November. We unfortunately suffered 5%-7% losses in Kuwait, Lebanon, Qatar, and the UAE.

Frontaura Global Frontier Fund

Fund Objective & Investment Strategy

Bloomberg Tickers: FRGLFRO US, FRGLFRC KY

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.

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 November 2017[1]

Period	Frontaura	S&P 500	MSCI EAFE	MSCI Emerging	MSCI Frontier
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	4%	5%	4%	7%	12%
2014 Q3	1%	1%	- 6%	- 3%	2%
2014 Q4	- 7%	5%	- 4%	- 5%	- 12%
2015 Q1	- 3%	1%	5%	2%	- 3%
2015 Q2	3%	0%	1%	1%	0%
2015 Q3	- 6%	- 6%	- 10%	- 18%	- 11%
2015 Q4	1%	7%	5%	1%	- 1%
2016 Q1	- 1%	1%	- 3%	6%	- 1%
2016 Q2	4%	2%	- 1%	1%	0%
2016 Q3	2%	4%	6%	9%	3%
2016 Q4	1%	4%	- 1%	- 4%	0%
2017 Q1	4%	6%	7%	11%	9%
2017 Q2	7%	3%	6%	6%	6%
2017 Q3	3%	4%	5%	8%	8%
2017 Q4	2%	5%	2%	6%	2%
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	- 3%	14%	- 5%	- 2%	7%
2015	- 5%	1%	- 1%	- 15%	- 14%
2016	7%	12%	1%	11%	3%
2017	16%	19%	23%	35%	28%
ITD	111%	111%	13%	8%	- 12%

Holdings Summary

Country	Holding
Sri Lanka	9%
Vietnam	9%
Argentina	9%
Nigeria	7%
Egypt	7%
USA (cash only)	7%
Papua New Guinea	6%
United Arab Emirates	6%
Kuwait	6%
Kenya	4%
Rwanda	4%
Pakistan	4%
Bangladesh	4%
Macedonia	3%
Serbia	3%
Lebanon	3%
Georgia	2%
Tanzania	2%
Oman	2%
Uganda	1%
Ecuador	1%
Botswana	1%
Peru	1%
Mozambique	1%

Region	Holding
Middle East / North Africa	23%
Sub-Saharan Africa	21%
South Asia	17%
Southeast Asia	15%
Latin America & Caribbean	10%
USA (cash only)	7%
Eastern Europe	5%
Eurasia	3%

Sector	Holding
Financials	49%
Consumer Discretionary	11%
Consumer Staples	9%
Cash	9%
Industrials	7%
Real Estate	5%
Utilities	5%
Materials	5%
Telecommunication Services	1%
Others	1%

Portfolio Statistics

Portfolio Price to LTM Earnings	8.1
Portfolio Price to Book	1.40
Portfolio LTM Dividend Yield	5.3%
Return on Ending Equity	23.7%
Positions	50
Countries	26
Average Market Cap	$1,124m
Median Market Cap	$652m
Portfolio Turnover (LTM)	29%
Portfolio Turnover (ITD)	29%
Standard Deviation (ITD)	13%
Beta to S&P 500 (ITD)	0.51
Assets Under Management	$134m

Terms / Service Providers

Management Fee	2%	Attorney	Foley & Lardner LLP
Performance Fee	20% with high-water mark	Auditor	RSM McGladrey, Inc.
Subscriptions	Monthly. New investor minimum $500,000. Additional subscription minimum $10,000.	Fund Administrator	Michael J. Liccar & Co.
Redemptions	Quarterly with three-month notice. No lock-up. Restrictions may apply.[2]	Global Custodian	Bank of New York Mellon

1 Frontaura returns are actual returns, net of all fees, through 30 November 2017 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 November 2017, as final index values for the current month are not available at time of publication.

Click this link for an explanation of the indices we show: http://www.frontauracapital.com/disclosures/Frontaura_Disclosures_as_of_2015_09_30.pdf

2 Click this link for an explanation of our holdings and portfolio statistics and our redemption provisions: http://www.frontauracapital.com/disclosures/Frontaura_Disclosures_as_of_2015_09_30.pdf

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