May 2020 Monthly Comment as of 12 PM Chicago time May 29

We presently have a small gain in May, rounding to 0. Latin America (5% mix) is still trading as are many of our currencies. Another 4% of our fund (Egypt and UAE) trades Sunday, May 31, so our results could change. Through May 28, EM was also flat, while FM small cap rose 3%, and FM gained 5%. These indices are all down 16% or 17% YTD. We are off 20%. Developed markets had 4%-5% gains in May, leaving the S&P 500 and EAFE down 5% and 13%, respectively, for 2020.

May's fundamental data on virus cases and earnings for our portfolio and our universe was significantly better than expected, in our opinion. We do not think our markets have fully absorbed this. As you might expect with earnings, we've seen a wide range of Q1 results ranging from good to terrible. With 86% of our portfolio having reported, in US dollar terms portfolio EPS is -8% (+2% in constant currency), far better than we expected. If these numbers do not sound good to you, consider that the equivalent figure for the S&P 500 is -64% (with 95% of companies having reported). Each figure uses as-reported EPS without excluding bad stuff (BS). Even the S&P 500's operating earnings, a number excluding bad stuff, is -48% (we call this BS EPS). We don't bother computing a BS EPS figure for our portfolio, as our companies don't tend to play the games US companies do in promoting non-accounting standard earnings. Our trailing portfolio PE is 4.6 and our price/book is 0.88. Each is the lowest in our history.

Here are some earnings caveats and nuance. The calculation of portfolio earnings change is a surprisingly complex topic, especially when companies report in different currencies. Nearly all funds don't quite do it properly, with many overstating their results. We wrote extensively on this in our 2013 Q1 letter. To summarize, ours is one of the more conservative and precise calculations you'll see, which usually disadvantages our results compared to others. We measure how the total pile of USD earnings we own changed versus the year-ago period. Others typically may just compute an average percentage change using disparate currencies, without considering the contribution size to the total earnings pile. Using USD can be quite a headwind when the dollar is strong as it was through Q1 (although the dollar has been weak so far in Q2, boosting our performance this quarter). One big negative write-off, even in a small holding, can heavily depress our total pile of portfolio earnings. This sometimes happens with a late reporter, so we also evaluate median EPS to mitigate this possible impact. Finally, we do expect Q2 to be worse than Q1 for most companies globally in developed, emerging, and frontier markets.

While cumulative case numbers continue climbing around the world, within our universe we are not seeing any country today where we are worried about the virus's growth rate spiraling out of control. The percentage rates of growth in cumulative cases versus say five days or a week ago (to smooth out possible daily spikes and data noise) generally show a flat to declining pattern in our countries. In no country in which we invest is the five-day cumulative case percentage change showing the triple-digit growth that was common in Europe and the US from late February through early April. We think it is fair to conclude that as of today, frontier countries are managing the virus outbreak better than experts predicted. This is not to say there won't be negative headlines caused by one-day case spikes (sometimes brought on by improved testing), a focus on raw numbers (which will keep going up) rather than the rate of change (already declining most places), and human interest stories. When we check the numbers after seeing a negative story, in nearly all cases the data does not support the narrative. Trends can change, but the present trend for frontier is favorable.

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 May 2020[1, 2]

Period	Frontaura	MSCI Frontier Small Cap	MSCI Frontier	MSCI Emerging	MSCI EAFE	S&P 500
2015 Q1	- 3%	-4%	- 3%	2%	5%	1%
2015 Q2	3%	2%	0%	1%	1%	0%
2015 Q3	- 6%	-6%	- 11%	- 18%	- 10%	- 6%
2015 Q4	1%	-1%	- 1%	1%	5%	7%
2016 Q1	- 1%	-1%	- 1%	6%	- 3%	1%
2016 Q2	4%	5%	0%	1%	- 1%	2%
2016 Q3	2%	4%	3%	9%	6%	4%
2016 Q4	1%	6%	0%	- 4%	- 1%	4%
2017 Q1	4%	12%	9%	11%	7%	6%
2017 Q2	7%	3%	6%	6%	6%	3%
2017 Q3	3%	3%	8%	8%	5%	4%
2017 Q4	3%	3%	6%	7%	4%	7%
2018 Q1	2%	-1%	5%	1%	- 2%	- 1%
2018 Q2	- 7%	-9%	- 15%	- 8%	- 1%	3%
2018 Q3	- 5%	-4%	- 2%	- 1%	1%	8%
2018 Q4	- 3%	-5%	- 4%	- 7%	- 13%	- 14%
2019 Q1	2%	-1%	7%	10%	10%	14%
2019 Q2	3%	0%	5%	1%	4%	4%
2019 Q3	- 5%	-3%	-1%	- 4%	- 1%	2%
2019 Q4	-1%	2%	7%	12%	8%	9%
2020 Q1	-22%	-24%	-27%	-24%	-23%	-20%
2020 Q2	3%	10%	12%	9%	12%	18%
2008	- 28%		- 54%	- 53%	- 43%	- 37%
2009	46%		12%	79%	32%	26%
2010	37%		24%	19%	8%	15%
2011	- 15%	-29%	- 19%	- 18%	- 12%	2%
2012	18%	6%	9%	18%	17%	16%
2013	26%	32%	26%	- 3%	23%	32%
2014	- 3%	6%	7%	- 2%	- 5%	14%
2015	- 5%	-8%	- 14%	- 15%	- 1%	1%
2016	7%	15%	3%	11%	1%	12%
2017	17%	23%	32%	37%	25%	22%
2018	- 13%	-17%	- 16%	- 15%	- 14%	- 4%
2019	-1%	-2%	18%	18%	22%	31%
2020	-20%	-16%	-17%	-16%	-13%	-5%
ITD	48%		-26%	-7%	4%	156%

Holdings Summary[2]

Country	Holding
USA (cash only)	13%
Vietnam	9%
Papua New Guinea	8%
Côte d'Ivoire	7%
Nigeria	6%
Rwanda	6%
Ghana	6%
Sri Lanka	6%
Turkey	5%
Philippines	5%
Kazakhstan	4%
Pakistan	4%
Colombia	3%
Egypt	2%
Kenya	2%
Senegal	2%
United Arab Emirates	2%
Uganda	2%
Botswana	1%
Niger	1%
Ecuador	1%
Paraguay	1%
Tanzania	1%

Region	Holding
Sub-Saharan Africa	35%
Southeast Asia	22%
USA (cash only)	13%
Middle East / North Africa	10%
South Asia	10%
Latin America & Caribbean	5%
Eurasia	4%

Sector	Holding
Financials	46%
Consumer Staples	19%
Cash	17%
Communication Services	6%
Consumer Discretionary	4%
Real Estate	2%
Utilities	2%
Energy	2%
Materials	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	4.6
Portfolio Price to Book	0.88
Portfolio LTM Dividend Yield	6.5%
Return on Ending Equity	21.3%
Positions	34
Countries	22
Weighted Average Market Cap	$780m
Weighted Median Market Cap	$406m
Portfolio Turnover (12 Months)	45%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	12%
Standard Deviation (ITD)	13%
Beta to S&P 500 (36 Months)	0.45
Beta to S&P 500 (ITD)	0.49
Assets Under Management	$84m

Terms

Subscriptions	Monthly. New investor minimum $250,000. Additional subscriptions may be any amount.
Redemptions	Quarterly with three-month notice. No initial lock-up. Exit restrictions apply.[2]
New Investor Terms[2]	**Series A**: 2% mgt fee, 10% incentive, 4-qtr exit. **Series B**: 2% mgt fee, 0% incentive, 8-qtr exit. **Relative Performance Series**: 1.75% mgt fee, 20% incentive vs. FM ETF hurdle, 8-qtr exit. **Absolute Performance Series**: 1.50% mgt fee or 30% incentive vs. 5% hurdle, 8-qtr exit. For all series above, mgt fee cut 25bp at $200m real fee-paying AUM and another 25bp at $400m.

Service Providers

Attorney	Faegre Drinker Biddle & Reath LLP
Auditor	RSM US LLP
Fund Administrator	Michael J. Liccar & Co.
Global Custodian	Bank of New York Mellon

1 Frontaura returns are actual returns, net of all fees, through 29 May 2020 with a subject-to-change estimate for the current month, for an investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B. Investors joining on other dates, making additional contributions, making withdrawals, or remaining in the Legacy Series after 2019 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 28 May 2020 as final index values for the current month are not available at the time of publication. Note that final May 2020 performance for Frontaura, but not for the indices, will include Islamic market trading on Sunday, 31 May 2020.

2 Click here for disclosures including: current and future terms and redemption requirements, performance calculations, indices we show, and our holdings and portfolio statistics calculations.

Disclaimer

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