October 2020 Monthly Comment as of 1 PM Chicago time October 30

We estimate that we made 2%-3% in October. Globally, this month was tough for developed markets but not for frontier and emerging markets. Through October 29, total returns for MSCI EAFE and the S&P 500 were -3% and -1%, respectively, while MSCI EM was +4%, FM +1%, and FM small cap flat. This was like September, where less developed markets did better than more developed ones. Combined, we are up 4% these two months while both FM indices are +1%, EM is +2%, but the S&P 500 is -5% and EAFE is -6%. For us, price recoveries from declines earlier this year are outpacing concerns about economic disruption from a second wave of COVID-19. This is a dynamic situation that could tip either way in the coming months. Markets will do what they do and we don't know what that will be. Nevertheless, we can say confidently that, relative to the developed world, our portfolio is underpinned with better earnings, lower valuations, and a better handling to date of COVID-19 in our countries. Click this link for a BBC story on this last point.

Ant Group's planned $34 billion IPO ($40 billion with greenshoe) in Hong Kong and Shanghai November 5 will be the world's largest ever, surpassing Saudi Aramco's $29 billion debut sale in 2019. While Ant is outside our universe, we participated this month in a new London listing that is similar to the Chinese financial-technology giant. Kaspi, which had a $1 billion IPO, is Kazakhstan's largest e-commerce, payments, and fintech ecosystem.

Kaspi was a traditional bank when Baring Vostok, a private equity firm focused on the former Soviet Union, invested in 2006. Their plan to sell or IPO the bank fell apart with the global financial crisis and led to a strategy re-think. Run by an ambitious young CEO, Kaspi decided to concentrate exclusively on retail banking with a hyper focus on the customer experience. It launched its first online product in 2012, a bill payment service, followed by an e-commerce marketplace in 2014, and a mobile super app in 2017, which has since become the core of its platform. The Kaspi app has become an integral part of people's daily lives. It has 7.8 million monthly active users (over 40% of Kazakhstan's population), with each user on average completing 19 transactions per month. The app allows bill payments for over 5,000 different services; retail checkout payment using your phone across a country-wide network of 27,500 shops; seamless peer-to-peer money transfers (like PayPal or Venmo); digital finance transactions such as consumer loans and deposits; and Kazakhstan's largest e-commerce portal. Across each of its three main verticals, e-commerce, payments, and fintech, Kaspi has a dominant position. In e-commerce its market share is 46% and because its platform functions primarily as a third-party marketplace, it is among the most profitable e-commerce businesses globally with a net margin above 60%. E-commerce comprises only 3.4% of Kazakhstan's total retail market, compared to double that level for Russia and Brazil, and eight times that level for China. This low penetration allows for much future growth. In payments, Kaspi has two-thirds of the market for cashless and digital transactions, well ahead of competitors like Visa and Mastercard. Kaspi also leads in consumer loans with one-third of the market and is second in retail deposits with market share just under 20%. Longer-term the company plans to expand regionally, to other former Soviet countries, increasing its addressable market to 87 million people.

Despite its 48% EPS growth in first half 2020, 72% ROEE, and a hot global market for technology-related listings, Kaspi's trailing valuation is reasonable, in our opinion, with a 15 PE and a 5% yield. At this writing, Kaspi is one of our top 5 positions, around 4.3% of our portfolio. Limited cash constrains us from buying more.

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 October 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	6%	12%	15%	18%	15%	21%
2020 Q3	4%	8%	8%	10%	5%	9%
2020 Q4	3%	0%	1%	4%	-3%	-1%
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	-12%	-9%	-8%	2%	-10%	4%
ITD	62%		-18%	14%	8%	181%

Holdings Summary[2]

Country	Holding
Philippines	15%
Kazakhstan	8%
Vietnam	8%
Rwanda	7%
Papua New Guinea	7%
Nigeria	6%
Sri Lanka	6%
Côte d'Ivoire	6%
Ghana	6%
Colombia	4%
Turkey	4%
Pakistan	4%
USA (cash only)	3%
Egypt	2%
Bangladesh	2%
Senegal	2%
Ecuador	2%
Kenya	2%
Uganda	2%
Botswana	1%
Niger	1%
Tanzania	1%
Paraguay	1%

Region	Holding
Sub-Saharan Africa	34%
Southeast Asia	29%
South Asia	12%
Eurasia	8%
Latin America & Caribbean	7%
Middle East / North Africa	6%
USA (cash only)	3%

Sector	Holding
Financials	48%
Consumer Staples	26%
Communication Services	6%
Cash	4%
Energy	3%
Consumer Discretionary	3%
Health Care	2%
Industrials	2%
Utilities	2%
Real Estate	2%
Materials	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	5.7
Portfolio Price to Book	0.92
Portfolio LTM Dividend Yield	6.5%
Weighted Average ROEE	15.0%
Weighted Median ROEE	22.2%
Positions	40
Countries	22
Weighted Average Market Cap	$1,094m
Weighted Median Market Cap	$323m
Portfolio Turnover (12 Months)	38%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	12%
Standard Deviation (ITD)	13%
Beta to S&P 500 (36 Months)	0.40
Beta to S&P 500 (ITD)	0.47
Assets Under Management	$90m

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 30 October 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 29 October 2020 as final index values for the current month are not available at the time of publication.

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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