June 2022 Monthly Comment as of 11 AM Chicago time June 30

At this writing, we estimate we are -7% for June and -6% to -7% for Q2. Final figures could change, as volatile Latam markets, 12% of our portfolio, are still open, and an even higher percentage of our currencies trade until the 4PM Chicago end-of-day valuation cutoff. Through June 29, the indices we track on page 2 had MTD total return losses of -5% to -8%, making their QTD results range from -10% (EM) to -15% (FM SC and S&P 500). YTD, the figures are: Frontaura -11 to -12%, FM SC -16%, EM -17%, EAFE -18%, S&P 500 -19%, and FM -20%. As usual, we are losing less in a global downturn, due to our value discipline, risk controls, and country diversification. This last point provides a low-cross-correlation benefit (individual country winners and losers cancel out, reducing volatility) that makes us low beta to the S&P 500 (0.48 ITD). We have made money in about one-third of our countries this year.

Our portfolio companies grew their Q1 EPS 40% in USD (after a 44% USD increase in 2021), as COVID-reopening growth continues for us. We've concentrated our 2022 buys in companies that COVID hit hard and where the recovery should boost their 2022 and 2023 profit substantially. Growing earnings and lower prices make our portfolio cheaper. Our trailing, as-reported portfolio PE is now 5.9 (89th percentile in our history), our portfolio price/book (PB) is 1.00 (86th percentile), and our weighted average dividend yield is 6.7% (84th percentile). As expected, companies are restoring dividends they suspended or central banks prohibited during COVID. In the last two months, our yield has grown from 4.6% to 5.2% to 6.7%. We own 10 companies that have a double-digit yield and 14 where the yield is >8%. With our PE, PB, and yield all simultaneously in the top quintile of our history, our Value Score, an equal-weighted combination of these three metrics, is now in the 96th percentile, 8th highest of 172 month-end data points. This is better than January 2009, 10th best, in the depth of the financial crisis, and June 2020, 9th best, in the initial stages of COVID. As we have written for years, Value Score is statistically significant in predicting one- and two-year forward performance. After January 2009, we made 48% in 12 months and 110% in 24 months. After June 2020, we made 53% in 12 months and 49% in 24 months, even with the 2022 selloff.

Yes, but what about inflation, rate hikes, and possible global recession? We've written extensively on the first two items, beginning 18 months ago. With the US market now focused more on recession risk, in our opinion, let's look at the third item, economic growth. For simplicity, we'll concentrate on our top six countries, accounting for over half our portfolio. All GDP figures we cite are real; that is, after inflation. The Philippines struggled during COVID: GDP dropped 9.6% in 2020, and activity is only now reaching pre-pandemic levels. The IMF forecasts GDP growth of 6.5% this year and 6.3% next. Cote d'Ivoire grew throughout COVID. The IMF sees GDP up 6.0% in 2022 and 6.7% in 2023. Rwanda had a strong rebound in 2021, with GDP up 10.2%. The IMF expects 6% growth or better in 2022 and 2023. The Delta variant doomed Vietnam's Zero-COVID strategy in Q3 2021. Wisely, it gave up; now its economy is booming, growing 7.7% in Q2 2022, with double-digit growth possible in Q3. The UAE is the most advanced economy in which we presently invest. The IMF projects 4% average growth for 2022-2023. We'll take the over on that, especially for this year, where Bloomberg's consensus is 5.6%. Finally, Cambodia had tough lockdowns that kept its 2021 GDP level below that of 2019. The IMF has it growing 5.1% this year and 5.9% next. We acknowledge global equity markets headwinds, but Frontaura offers historically low valuations; a high absolute economic growth rate that will rise, not fall, this year in most of our top countries; and a favorable earnings and dividend outlook, especially in contrast to the developed world.

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 June 2022[1, 2]

Period	Frontaura	MSCI Frontier Small Cap	MSCI Frontier	MSCI Emerging	MSCI EAFE	S&P 500
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	20%	14%	11%	20%	16%	12%
2021 Q1	2%	5%	1%	2%	3%	6%
2021 Q2	20%	14%	14%	5%	5%	9%
2021 Q3	4%	8%	3%	-8%	0%	1%
2021 Q4	5%	10%	1%	-1%	3%	11%
2022 Q1	-5%	0%	-8%	-7%	-6%	-5%
2022 Q2	-6%	-15%	-13%	-10%	-13%	-15%
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	3%	5%	1%	18%	8%	18%
2021	34%	42%	20%	-3%	11%	29%
2022	-11%	-16%	-20%	-17%	-18%	-19%
LTM	-2%	0%	-17%	-24%	-17%	-10%
after 2020 08	46%	39%	7%	-4%	3%	12%
after 2020 03	58%	65%	32%	26%	27%	53%
ITD	126%		-13%	7%	18%	233%

Holdings Summary[2]

Country	Holding
Philippines	15%
Côte d'Ivoire	8%
Vietnam	8%
Rwanda	8%
United Arab Emirates	7%
Cambodia	7%
USA (cash & accruals)	6%
Senegal	5%
Peru	4%
Namibia	4%
Nigeria	4%
Chile	4%
Colombia	4%
Tanzania	3%
Egypt	2%
Pakistan	2%
Bangladesh	2%
Uganda	2%
Botswana	2%
Bahrain	1%
Niger	1%
Others	1%

Region	Holding
Sub-Saharan Africa	38%
Southeast Asia	30%
Latin America & Caribbean	12%
Middle East / North Africa	10%
USA (cash & accruals)	6%
South Asia	4%

Sector	Holding
Financials	37%
Consumer Staples	23%
Consumer Discretionary	9%
Cash & accruals (all countries)	9%
Real Estate	7%
Industrials	6%
Communication Services	5%
Health Care	2%
Energy	2%

Portfolio Statistics	
Portfolio Price to LTM Earnings	5.9
Portfolio Price to Book	1.00
Portfolio LTM Dividend Yield	6.7%
Weighted Average ROEE	20.7%
Weighted Median ROEE	22.0%
Positions	34
Countries	23
Weighted Average Market Cap	$1,578m
Weighted Median Market Cap	$735m
Portfolio Turnover (12 Months)	46%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	18%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.60
Beta to S&P 500 (ITD)	0.48
Assets Under Management	$123m

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 <u>or</u> 30% incentive vs. 5% hurdle, 8-qtr exit. For all series above, mgt fee cut 25bp at $217m fee-paying AUM and another 25bp at $434m.

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 net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2021. Frontaura returns use a subject-to-change estimate for the current month, as of intraday Thursday 30 June 2022. Index returns are total returns, net of any withholding tax for a US investor, through 29 June 2022. Final investor and index returns for all periods that include the current month may differ from the numbers on this page. We discuss our returns and different series here.

2 Click here for disclosures regarding performance, terms, series conversions, redemptions, index descriptions, holdings and portfolio statistics calculations, and performance attribution.

Disclaimer

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