January 2023 Monthly Comment — as of 1 PM Chicago time Tuesday January 31

At this writing, we estimate that we are up 2%-3% net this month, which could change with stock and currency markets still open. The indices we list on page 2 had strong total returns through January 30, up 3%-9%, 0-7 percentage points ahead of us. Recall, though, that in December, we outpaced these same indices by 6-13 percentage points when we gained 7% and their results were around break-even or negative. What's most striking to us about recent performance is the ascendency of non-US markets these past three months. From November through January, the S&P 500's total return of 4% pales in comparison to that of MSCI Emerging Markets (EM), up 24%, and MSCI EAFE (developed markets outside North America), up 21%. Frontier's returns have been more moderate, with MSCI Frontier Markets (FM) up 8% and MSCI FM Small Cap (FM SC) up 6%. We've done better than this, up more than 14%. Non-US markets rose as the US dollar's strength ended. The dollar peaked September 27 and began to fall apart after November 3, with the Bloomberg Dollar Index -9% from then through January 30. Another favorable factor for non-US markets is their cheapness compared to US stocks, which remain expensive. Pundits have noticed. Morgan Stanley says the decade of emerging markets has begun. The present issue of *Grant's Interest Rate Observer* has a long article on EM value, quoting Frontaura extensively. You'd be hard pressed to find better value than we offer. Our portfolio PE is only 6.1, on a trailing, as-reported basis, and we have a 6.1% weighted average dividend yield. The portfolio's weighted average return on ending equity is 21.0%.

Our two largest country weights reported impressive 2022 GDP growth. The Philippines (17% weight) grew 7.6% after inflation, while Vietnam (10%) posted 8.0% real growth. Academic research shows that fast growth is uncorrelated to high stock market returns (because investors overpay for both corporate earnings growth and country economic growth), but we believe our portfolio features a desirable combination of good growth at a value price.

Global markets have strong technicals now, suggesting to some the current rally is for real. Skeptics maintain this is just another bear market rally head fake, like March, mid-June to mid-August, and October-November. One shouldn't fight the Fed, critics say—rate hikes will lead to recession. This debate runs throughout our Q4 letter. For Frontaura, global recession risk tempers our enthusiasm, yet, as the letter lays out, our forward performance indicators are strong. Even January's modest result boosts Frontaura's case. Our 14% three-month rolling gain, 9th best of 181 such datapoints, is an outcome our low-beta fund has seen only during our bull runs. In fact, without a single exception, our 38 highest-ranking three-month rolling returns before this were during bull runs that lasted nearly two years or longer. The top three-month gain we've had in what became a bear run was but 6%. This, and the valuation and timing points in our Q4 letter, make a strong case to invest now. Yet, the future can differ from the past and we maintain an open mind to both bull and bear scenarios. The dollar is an interesting part of this puzzle. Weak lately, it might rally in a severe risk-off scenario. Conversely, the dollar's path in December, where both it and the S&P fell, suggests a third way between a global bull and a global bear market. The US market could falter, due to earnings, recession, and valuation, while non-US markets hold up, or do less poorly. This possible path, uncertain as it is, could thread the needle between recession concerns and promising Frontaura signals.

We have several upcoming trips. Nick will be in Vietnam mid-February, Argentina mid-March, and Dallas, to meet investors, on Friday, March 17. Tim will see companies from over a dozen countries in Dubai in early March, visiting the Philippines afterward.

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 January 2023[1, 2]

Period	Frontaura	MSCI Frontier Small Cap	MSCI Frontier	MSCI Emerging	MSCI EAFE	S&P 500
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%	-16%	-14%	-11%	-15%	-16%
2022 Q3	-7%	-6%	-6%	-12%	-9%	-5%
2022 Q4	8%	-2%	-1%	10%	17%	8%
2023 Q1	3%	3%	4%	9%	9%	5%
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%	-23%	-26%	-20%	-14%	-18%
2023	3%	3%	4%	9%	9%	5%
LTM	-7%	-19%	-20%	-11%	-2%	-10%
after 2020 08	50%	31%	3%	0%	17%	19%
after 2020 03	62%	55%	27%	32%	44%	63%
ITD	132%		-16%	12%	34%	253%

Holdings Summary[2]

Country	Holding
Philippines	17%
USA (cash & accruals)	10%
Vietnam	10%
Cambodia	7%
Côte d'Ivoire	7%
Chile	7%
Rwanda	6%
Peru	5%
Senegal	5%
Namibia	4%
United Arab Emirates	4%
Nigeria	4%
Tanzania	3%
Colombia	3%
Pakistan	3%
Uganda	2%
Bangladesh	1%
Niger	1%
Bahrain	1%

Region	Holding
Southeast Asia	34%
Sub-Saharan Africa	32%
Latin America & Caribbean	15%
USA (cash & accruals)	10%
Middle East / North Africa	5%
South Asia	4%

Sector	Holding
Financials	32%
Consumer Staples	26%
Cash & accruals (all countries)	12%
Consumer Discretionary	12%
Communication Services	5%
Industrials	5%
Real Estate	4%
Energy	2%
Health Care	2%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.1
Portfolio Price to Book	1.04
Portfolio LTM Dividend Yield	6.1%
Weighted Average ROEE	21.0%
Weighted Median ROEE	20.0%
Positions	31
Countries	19
Weighted Average Market Cap	$1,507m
Weighted Median Market Cap	$633m
Portfolio Turnover (12 Months)	44%
Portfolio Turnover (ITD)	31%
Standard Deviation (36 Months)	19%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.48
Beta to S&P 500 (ITD)	0.45
Assets Under Management	$125m

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 $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 Tuesday 31 January 2023. Index returns are total returns, net of any withholding tax for a US investor, through 30 January 2023. 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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