February 2023 Monthly Comment as of 12 PM Chicago time Tuesday February 28

As of the time above, we are between 0% and -1% net MTD, ahead of all the indices we cite. Global equities struggled in February. Various US inflation gauges (headline and core CPI, PPI, and the PCE deflator) rose month-over-month by 0.4%-0.7% from -0.5% to 0.3%, before revisions, the prior month. Expectations changed from US rate hikes nearly being over to at least three more 25-basis-point hikes occurring. Total MTD returns through February 27 were -2% for MSCI Frontier Markets Small Cap, MSCI EAFE, and the S&P 500; -3% for MSCI Frontier Markets; and -6% for MSCI EM.

Two weeks ago, Nick visited Vietnam for a firsthand look at the country's real estate bust. Vietnam has one of the best secular long-term growth stories in our universe, in our opinion, yet its near-term list of problems is growing, as we wrote last year in April, October, and November. Crackdowns on corruption and lax corporate bond underwriting, while necessary, have slowed business approvals and debt raising. This has frozen the once-hot real estate market, diminished sales and construction activity, and caused bond defaults. The aforementioned issues have dented consumer sentiment as have widespread manufacturing layoffs—a response from Vietnamese exporters to reduced orders in the second half of 2022 as US retailers cut their COVID-bloated inventories. Thus, we saw numerous consumer companies report poor Q4 results. You wouldn't notice any of this on Ho Chi Minh City's (HCMC) always bustling streets, but it was observable during a surreal visit to Novaland's vast Aqua City real estate project, an hour from central HCMC. We discussed Novaland, Vietnam's second largest real estate developer, in November. Overall, the VN stock market index is -2% since then, but Novaland's selloff resumed December 5, albeit on lower volume than the late November forced-selling crescendo. It trades at less than half its price of three months ago (and nearly 90% off its September ending price). In the aftermath of Novaland's corporate bond defaults, we saw no Aqua City construction except for some road grading. Within the 1,000-hectare site (about four square miles), hundreds of units sit nearly complete, but with no one working to finish them. The once open mall and shops are now shuttered. Glimmering swimming pools, clean, full of water, and attended to by multiple security guards, had no swimmers on a swelteringly hot day. A lone maintenance worker futilely swept leaves from an unpaved gravel road. Next to Aqua City, however, Nam Long's more manageably sized Izumi City project still buzzes with construction activity. Its stock is down only a tenth from November. We have no real estate or banking exposure in Vietnam. We believe Novaland's resolution will take government involvement, making it impossible for us to forecast the ultimate return for its bond and equity holders and how other developers will fare.

We learned that consumer sentiment and company results have not improved so far in 2023 from Q4's profit setbacks. Earnings expectations for 2023 are too high, in our opinion, relying on an optimistic scenario that things will get better in Q3. The idea here, held by many companies, is that 2023 US holiday orders will improve as inventories will have normalized, and this will boost the local economy. One CEO acknowledged this does not allow for a US recession. He said his company's results could be 30% below their projections if the US slumps this year. The question is whether investors have factored this into the market. MSCI Vietnam had a total return loss of 44% last year, and stands 60% below its 2007 peak.

Our travels continue. Tim circumnavigates the globe in March, first to Dubai to meet companies from over a dozen countries, then on to the Philippines. Nick will be in Argentina mid-March, and Dallas, to meet investors, on Friday, March 17.

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 February 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	2%	1%	2%	1%	6%	4%
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	2%	1%	2%	1%	6%	4%
LTM	-6%	-21%	-19%	-15%	-3%	-7%
after 2020 08	49%	28%	1%	-7%	14%	18%
after 2020 03	61%	52%	24%	22%	41%	61%
ITD	130%		-18%	4%	31%	251%

Holdings Summary[2]

Country	Holding
Philippines	17%
Vietnam	11%
USA (cash & accruals)	7%
Côte d'Ivoire	7%
Chile	6%
Cambodia	6%
Peru	6%
Senegal	6%
Rwanda	5%
Colombia	5%
United Arab Emirates	4%
Namibia	4%
Tanzania	4%
Nigeria	4%
Pakistan	2%
Uganda	2%
Bangladesh	1%
Niger	1%
Bahrain	1%

Region	Holding
Southeast Asia	34%
Sub-Saharan Africa	33%
Latin America & Caribbean	18%
USA (cash & accruals)	7%
Middle East / North Africa	5%
South Asia	4%

Sector	Holding
Financials	36%
Consumer Staples	26%
Consumer Discretionary	12%
Cash & accruals (all countries)	9%
Communication Services	6%
Real Estate	4%
Industrials	4%
Energy	2%
Health Care	2%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.2
Portfolio Price to Book	1.05
Portfolio LTM Dividend Yield	5.9%
Weighted Average ROEE	21.1%
Weighted Median ROEE	19.5%
Positions	32
Countries	19
Weighted Average Market Cap	$1,561m
Weighted Median Market Cap	$696m
Portfolio Turnover (12 Months)	43%
Portfolio Turnover (ITD)	31%
Standard Deviation (36 Months)	19%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.47
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 2022. Frontaura returns use a subject-to-change estimate for the current month, as of intraday Tuesday 28 February 2023. Index returns are total returns, net of any withholding tax for a US investor, through 27 February 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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