June 2023 Monthly Comment as of 12 PM Chicago time Friday June 30

At the time above, our reference investor is up 5% MTD, to a new all-time high. Through June 29, index total returns are +5% for the S&P 500, +4% for MSCI EAFE, +3% for MSCI Emerging Markets (EM), and +2% for MSCI Frontier Markets (FM) and MSCI Frontier Small Cap (FM SC). For Q2, we lead all indices, up 8%. YTD, Frontaura and the S&P 500 are each up 15%, with the other indices up 5%-11%. See page two for details.

Two weeks ago, Nick was in Turkey for a post-election look after voters returned President Erdogan for another five-year term. In our May comment, we thought Erdogan post-election might shift temporarily toward more orthodox economic policies. He has done that, naming Mehmet Simsek, a respected financial figure, as minister of treasury and finance, and Hafize Gaye Erkan, a former Goldman Sachs managing director with a PhD in operations research and financial engineering from Princeton, as central bank governor. Nonetheless, from the you-can't-make-this-up file, through 2021 Erkan was CEO of First Republic Bank, previously heading its risk, investment, and deposit areas. In May 2023, First Republic became the second largest bank failure in US history, hurt by deposit flight and overinvestment in long-dated securities. In March, Erkan penned an opinion piece praising the Bank of Japan's continued zero interest-rate policy. Perhaps this caught Erdogan's eye, as he is an "enemy of interest rates." When June began, Turkey's 8.5% policy rate was more than 30 percentage points below its inflation rate.

These and other cabinet appointments encouraged most people we met, but we also heard more guarded views. One person worried that, "Simsek's appointment is not a full return to normalcy. Everything [meaning interest rate hikes and the lira adjustment] will be halfway." This person thought Simsek had six months to make something happen and if he does, Erdogan might even ask him to cut rates again before important local elections in March 2024. The question of how long this pivot to orthodoxy lasts was the key question of the trip. Views ranged from the above to a couple years (Erdogan's prior two pivots lasted only 10 months and five months.) On June 22, Turkey's central bank raised its policy rate from 8.5% to 15%. While this large percentage increase is a change in direction from rate cuts, it was less than expected. The lira sagged nearly 10% the next week, showing investors' disappointment. It now trades ~26 per dollar, having been ~20 before the May 28 election. We'll let Erdogan have the final word. On June 14, during our trip, he stated: "People shouldn't be under the misconception that the president is moving toward a serious change in interest-rate policies. I'm the same." Frontaura also is the same: uninvested in Turkey.

While we were in Turkey, even more interesting FX moves occurred in Nigeria under new President Tinubu. Authorities have finally begun to let the naira float. The FX queue for equity investors trying to get dollars out of country, largely frozen since COVID began in March 2020, thawed a little. As was the case previously when Nigeria's FX queue became unstuck in 2017, the process initially is chaotic and opaque. Talk and words about the change so far are outpacing the actual flow of dollars. At this writing, we've received one immaterial fill (our first in about a year) around 800. The official rate plunged from 462 at the end of May to 795 on June 23, before rallying slightly to 757. We have been marking down the naira since April 2020 and were at 691 last month. We use 800 now. We were flat in Nigeria for the month as the rise in local stock prices offset the reduction in our naira mark. To conclude, there is progress, but the FX market is not yet working well. In 2017, it took two months to function properly. We anticipate continued improvement from here, but only our own results will tell us if that's the case.

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 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	7%	3%	3%	4%	8%	7%
2023 Q2	8%	6%	2%	1%	2%	7%
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	15%	9%	5%	5%	11%	15%
1 Year	15%	0%	-2%	1%	18%	18%
2 Years	13%	-1%	-19%	-24%	-3%	6%
3 Years	72%	47%	12%	7%	28%	49%
Since Inception	161%		-16%	7%	37%	290%

Holdings Summary[2]

Country	Holding
Philippines	18%
Vietnam	9%
Côte d'Ivoire	8%
Colombia	7%
United Arab Emirates	6%
Peru	6%
Rwanda	5%
Senegal	5%
Namibia	5%
Chile	4%
Cambodia	4%
Nigeria	4%
USA (cash & accruals)	4%
Tanzania	4%
Argentina	2%
Uganda	2%
Slovenia	2%
Pakistan	2%
Niger	1%
Bangladesh	1%
Others	1%

Region	Holding
Sub-Saharan Africa	34%
Southeast Asia	31%
Latin America & Caribbean	20%
Middle East / North Africa	7%
USA (cash & accruals)	4%
South Asia	3%
Eastern Europe	2%

Sector	Holding
Financials	42%
Consumer Staples	22%
Consumer Discretionary	12%
Cash & accruals (all countries)	7%
Communication Services	5%
Real Estate	5%
Industrials	3%
Energy	3%
Health Care	1%
Utilities	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.3
Portfolio Price to Book	1.01
Portfolio LTM Dividend Yield	6.7%
Weighted Average ROEE	20.1%
Weighted Median ROEE	18.9%
Positions	31
Countries	21
Weighted Average Market Cap	$2,137m
Weighted Median Market Cap	$783m
Portfolio Turnover (12 Months)	28%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	15%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.34
Beta to S&P 500 (ITD)	0.46
Assets Under Management	$137m

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 $231m fee-paying AUM and another 25bp at $462m.

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 Friday 30 June 2023. Index returns are total returns, net of any withholding tax for a US investor, through 29 June 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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