August 2023 Monthly Comment as of 11 AM Chicago time Thursday August 31

At the time above, our reference investor is -3% MTD. Through August 30, index total returns are -1% for MSCI Frontier Markets (FM), MSCI FM Small Cap (FM SC), and S&P 500, -3% for MSCI EAFE, and -5% for MSCI Emerging Markets (EM). For Q3, FM and FM SC are +6%, S&P 500 is +2%, we are +1%, and EM and EAFE are flat. YTD, the gains are S&P 500 19%, Frontaura and FM SC 16%, FM and EAFE 11%, and EM 5%. We lead all these indices in two- and three-year returns, with our 3-year return double that of the S&P 500. Our trailing PE is 6.2 and our weighted average dividend yield is 6.8%. Our Value Score (VS) and Quality Value Score (QVS) are each in the most favorable quintile in our history. Regressing forward returns to past VS and QVS levels projects a 20% 12-month gain from current VS and QVS values. With 79% of our portfolio reporting, Q2 portfolio EPS are up 11% year-over-year in USD.

We lost two percentage points in August from currency ($ strength) and one percentage point from local stock price changes, a reversal from July, when we had a slight gain from currency. YTD, currency losses have been typical and not particularly remarkable. We've seen strength in the Dollar Index in February (our last down month before August), May (we were slightly above break-even), and August, but otherwise the dollar has fallen eight of the last 11 months.

The developed world debates how many more interest rate hikes central banks in the US, eurozone, and UK will deliver before pausing. The most recent dollar strength, from July 14 through August 25, reflected rising US treasury yields, as markets priced an increased chance of further US hikes and a decreased probability for near-term cuts. In contrast, as we mentioned in our Q2 letter EMs and FMs that prudently began hiking rates earlier have now begun to cut. Since that letter, Chile made its first cut, down 100bp to 10.25%; Ukraine cut 300bp to 22%; Costa Rica cut for the third time to 6.50%; Brazil made an initial cut of 50bp to 13.25%; Georgia's second cut took it to 10.25%; Uganda's maiden 50-bp cut dropped rates to 9.50%; China cut its one-year lending rate for the second time this year (seventh cut beginning 2019) to 2.50%; Uruguay cut for the third time to 10.00%; Paraguay and Kazakhstan each cut for the first time; and Hungary made its fourth cut.

We invest in 21 countries at present. Of these, 12 set their own monetary policy using an interest-rate framework. Of this dozen, three are cutting (Chile, Uganda, and Vietnam) and we think the next four to cut could be Peru, Colombia, Philippines, and Kenya, in that order. For the other five in this dozen, four hiked in their last meeting (Argentina, Bangladesh, Nigeria, and Rwanda) and we think the fifth, Pakistan, should hike further, though they would prefer not to. We believe this set of five has been too lax on monetary policy and recent hikes reflect earlier policy mistakes. In the other nine countries in which we invest, the monetary policy of seven is dependent on other countries. Ecuador uses the dollar, while Slovenia is part of the eurozone. Cote d'Ivoire, Niger, and Senegal use the West African franc common currency, pegged to the euro, while UAE pegs to the dollar and Namibia pegs to the South African rand. These countries follow the trend of the foreign central bank to which they peg their currency, even if they are not always in lockstep on every rate decision. For example, the Central Bank of the West African States held recently when the ECB hiked, and Namibia often raised rates less than the South African Reserve Bank because Namibia had a better inflation and fiscal outlook. Our final two countries do not conduct monetary policy through interest rate benchmarks. Highly dollarized Cambodia manages its exchange rate. Tanzania manages its money supply but will switch to an interest-rate framework in its current June 2024 fiscal year.

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 August 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%	3%	9%
2023 Q3	1%	6%	6%	0%	0%	2%
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	16%	16%	11%	5%	11%	19%
1 Year	17%	4%	0%	2%	18%	16%
2 Years	8%	0%	-17%	-20%	-5%	3%
3 Years	70%	47%	10%	-3%	20%	35%
Since Inception	163%		-11%	8%	38%	301%

Holdings Summary[2]

Country	Holding
Philippines	16%
Vietnam	9%
Ivory Coast	7%
USA (cash & accruals)	7%
Colombia	7%
United Arab Emirates	7%
Peru	6%
Chile	5%
Rwanda	4%
Namibia	4%
Senegal	4%
Cambodia	4%
Tanzania	4%
Nigeria	4%
Argentina	3%
Slovenia	2%
Uganda	2%
Kenya	2%
Pakistan	2%
Bangladesh	1%
Niger	1%

Region	Holding
Sub-Saharan Africa	32%
Southeast Asia	30%
Latin America & Caribbean	20%
USA (cash & accruals)	7%
Middle East / North Africa	7%
South Asia	3%
Eastern Europe	2%

Sector	Holding
Financials	42%
Consumer Staples	22%
Consumer Discretionary	11%
Cash & accruals (all countries)	9%
Real Estate	5%
Communication Services	4%
Industrials	3%
Energy	2%
Health Care	1%
Utilities	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.2
Portfolio Price to Book	1.02
Portfolio LTM Dividend Yield	6.8%
Weighted Average ROEE	21.6%
Weighted Median ROEE	20.6%
Positions	32
Countries	21
Weighted Average Market Cap	$2,339m
Weighted Median Market Cap	$836m
Portfolio Turnover (12 Months)	30%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	16%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.38
Beta to S&P 500 (ITD)	0.46
Assets Under Management	$138m

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 Thursday 31 August 2023. Index returns are total returns, net of any withholding tax for a US investor, through 30 August 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

FRONTAURA

180 North Stetson Avenue, Suite 1935 Chicago, Illinois 60601 USA T +1 312 777 1500 F +1 312 268 5004 info@frontauracapital.com www.frontauracapital.com