June 2024 Monthly Comment as of 2 PM Chicago time Wednesday June 26

Due to travel, we publish our June comment two days early. We estimate that our reference investor is up 2% MTD, 8%-9% QTD, and 17% YTD, but of course these figures could change significantly through Friday. Our trailing portfolio valuation remains low with a 5.3 PE, 0.98 price/book, 6.5% weighted average dividend yield, and 22.1% weighted average return on ending equity (ROEE). Looking at index total returns through June 25, MSCI Frontier Markets (FM) is up 1% and MSCI FM Small Cap (FM SC) is flat. MSCI EAFE is -1%, but MSCI Emerging Markets (EM) is +4%, as is the S&P 500. We lead all these markets QTD and YTD, with index QTD returns ranging from -1% (FM SC) to +5% (EM) and index YTD returns ranging from -5% (FM SC) to 15% (S&P 500). See page two for details.

While we did not discuss it last month due to space constraints, in May Tim traveled to Poland and Slovenia. In Poland, we met 19 companies in Warsaw and Krakow, while in Slovenia we attended an investor day and a regional company conference hosted by the largest bank in the country, NLB. We previously had a profitable investment in NLB's listed Macedonian subsidiary from 2014-2020 (see page 9 of our 2020 Q4 letter for a summary), and we have followed the NLB group since its November 2018 privatization and IPO. In the past four years, group EPS has nearly tripled, it has paid out generous and increasing dividends, and it successfully integrated two material M&A transactions—one expanding its Serbia footprint, the other solidifying its leading position in Slovenia. Today NLB is present in most of the countries in the former Yugoslavia and we think the bank is well placed to continue to gain market share and capitalize on EU expansion to the Western Balkan countries of North Macedonia, Montenegro, and Serbia. NLB targets doubling revenue and net income by 2030, and presently trades below book with a PE under 5 times trailing earnings, a 19% ROEE, and a 7% dividend yield in euros.

In Poland we were impressed by the high caliber of companies and remain positive on the long-term outlook of the country. That said, we do not see much value at present. Improved sentiment has boosted the currency and stock market following October 2023 parliamentary elections. An EU-friendly centrist coalition defeated the populist, euro-sceptic, and increasingly authoritarian Law and Justice Party, which had been in power for the prior eight years. Since joining the EU in 2004, Poland has been the single largest net recipient of EU funds, with this latest leadership change unlocking a further 137 billion euros (nearly 1/5 of Poland's GDP), which the EU withheld from the prior government. In theory this better sentiment, potential for higher government spending, and improvement in inflation and growth following 2023's stagflation, should mean better earnings in 2024. In practice, we found most non-banks struggling to maintain margins and pricing power amidst still subdued consumer sentiment and high wage pressure.

We have often told investors that if you choose not to invest in Frontaura, please do not invest in a daily liquidity frontier fund, as we think that kind of vehicle is ill-suited for the illiquidity of our markets. Even worse, in our opinion, is a daily liquidity passive vehicle that cannot exploit the inefficiencies of frontier markets. The numbers show this. Over 17 years, we have tripled investors' money after fees while the FM index has lost money before fees. Blackrock's FM ETF (ticker FM) has trailed its underlying index by around 1.5 percentage points annually over its dozen-year history, mainly as a passive fund. This month, Blackrock announced that it will wind down its FM ETF. Frontaura overlaps little with this ETF, which has already moved mostly to cash, so we don't expect its demise to affect us.

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 2024[1, 2]

Period	Frontaura	MSCI Frontier Small Cap	MSCI Frontier	MSCI Emerging	MSCI EAFE	S&P 500
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%	3%	2%	-3%	-4%	-3%
2023 Q4	3%	6%	4%	8%	10%	12%
2024 Q1	8%	-5%	5%	2%	6%	11%
2024 Q2	8%	-1%	1%	5%	0%	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	17%	19%	12%	10%	18%	26%
2024	17%	-5%	7%	7%	6%	15%
1 Year	19%	4%	13%	12%	12%	25%
2 Years	37%	4%	10%	14%	33%	49%
3 Years	34%	3%	-9%	-15%	10%	33%
Since Inception	210%		-5%	21%	55%	392%

Holdings Summary[2]

Country	Holding
Philippines	15%
Vietnam	10%
USA (cash & accruals)	10%
Côte d'Ivoire	6%
Colombia	6%
United Arab Emirates	6%
Slovenia	5%
Kenya	5%
Turkey	4%
Rwanda	4%
Tanzania	4%
Namibia	4%
Peru	3%
Cambodia	3%
Uganda	3%
Argentina	3%
Nigeria	3%
Chile	3%
Bangladesh	2%
Senegal	2%

Region	Holding
Sub-Saharan Africa	30%
Southeast Asia	28%
Latin America & Caribbean	15%
Middle East / North Africa	10%
USA (cash & accruals)	10%
Eastern Europe	5%
South Asia	2%

Sector	Holding
Financials	46%
Consumer Staples	18%
Consumer Discretionary	14%
Cash & accruals (all countries)	12%
Real Estate	4%
Communication Services	3%
Health Care	2%
Energy	1%
Utilities	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	5.3
Portfolio Price to Book	0.98
Portfolio LTM Dividend Yield	6.5%
Weighted Average ROEE	22.1%
Weighted Median ROEE	21.9%
Positions	29
Countries	19
Weighted Average Market Cap	$2,726m
Weighted Median Market Cap	$1,055m
Portfolio Turnover (12 Months)	27%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	13%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.35
Beta to S&P 500 (ITD)	0.46
Assets Under Management	$160m

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 $239m fee-paying AUM and another 25bp at $477m.

Service Providers

Attorney	Faegre Drinker Biddle & Reath LLP
Auditor	RSM US LLP
CFO / Compliance	E78 Partners
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 2023. Frontaura returns use a subject-to-change estimate for the current month, as of intraday Wednesday 26 June 2024. Index returns are total returns, net of any withholding tax for a US investor, through 25 June 2024. 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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