February 2025 Monthly Comment as of 11 AM Chicago time Friday February 28

At our deadline, with Latin American stocks and numerous currencies still trading, we estimate our reference investor is up 3% MTD and 4% YTD. Through yesterday, international indices led performance with the following total returns. For February: MSCI Emerging Markets (EM), MSCI EAFE, and MSCI Frontier Markets (FM), all +3%; MSCI FM Small Cap (FM SC) +2%; and S&P 500 -3%. For 2025, EAFE +8%, FM +6%, EM +5%, FM SC +2%, and S&P 500 0%. Recall that EAFE and EM each lost 8% in Q4, so their YTD performance reverses this in part, but each remains below its September ending level. FM also had a small loss in Q4. The S&P 500, FM SC, and Frontaura all advanced in Q4, with Frontaura leading the pack, up 8%.

The question investors ask us most often now is how Trump policies affect us. Although this may not remain the case, the answer to date is not much. While a lot is changing globally, so far our portfolio stock price movements are behaving normally.

In our November comment, we explained that we would stick to our intrinsic value (IV) investing approach (buying stocks at prices below our estimate of their value) that has served us well over the years. We would not try to guess what themes would work or not work during Trump 2.0, because we saw this as difficult to predict and vulnerable to Bob Farrell's rule that when all the experts and forecasts agree—something else is going to happen. Already there are examples where the unexpected has occurred and the expected has not. In January, Colombia, 10% of our portfolio, was the first country slated for tariffs. No one predicted this. However, had you been clairvoyant enough to exit Colombia before 2025 to avoid this risk, you would have missed our highest return country so far YTD, up 29% before fees entering today. Tariffs—never implemented after Colombia capitulated on migrant flights—have had no discernable effect on our Colombian returns. But investing at a discount to IV combined with ongoing corporate activism has created value for our investors in Colombia.

After the November US election, we read many articles stating the US dollar would soar, and EM and FM would perform terribly. Initially, markets moved in the direction of these predictions (although we were unaffected). Now the dollar has fallen 2%-3% from its January peak and YTD international markets are leading a flat S&P. We've made money on currency collectively December through February, which is unusual, and not something we or anyone would have expected post-election. Amidst recent talk of a possible Mar-a-Lago Accord to lower the value of the dollar, November's negative EM views have changed. Headlines catching our eye this week include "Emerging Assets Gain Favor as Traders Shift Focus Away From US" and "Investors See '2017-Like' Rally in the Making for EM Currencies." We do not know whether this new thinking will persist or will prove as ephemeral as the prior opposite view. Notably, though, credit conditions for our countries have eased. This week, Kenya, 2% of our portfolio, issued an $1.5 billion 11-year bond yielding 9.95%. Bloomberg reported February 26 that this month's $70 billion issuance of EM government and corporate bonds was an all-time high. Other February borrowers Bloomberg cited include Albania, Mongolia, Poland, Romania, and Uzbekistan. This debt issuance follows a helpful decline in 10-year US government debt yields. In our Q4 letter published January 13 (see pages 2-4), we remarked that this yield's rise to around 4.80% was a headwind. Yesterday, it closed at 4.26%, and these lower long-term rates have helped EM/FM debt and equity markets. There can be too much of a good thing, however, as we suspect bond traders are now worrying about slowing US growth in 2025 in response to business and consumer uncertainty over US policy changes.

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 2025[1, 2]

Period	Frontaura	MSCI Frontier Small Cap	MSCI Frontier	MSCI Emerging	MSCI EAFE	S&P 500
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	9%	-1%	1%	5%	0%	4%
2024 Q3	5%	4%	5%	9%	7%	6%
2024 Q4	8%	4%	-1%	-8%	-8%	2%
2025 Q1	4%	2%	6%	5%	8%	0%
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	33%	2%	9%	8%	4%	25%
2025	4%	2%	6%	5%	8%	0%
1 Year	33%	13%	14%	13%	10%	17%
2 Years	60%	23%	27%	23%	25%	52%
3 Years	51%	-3%	3%	4%	21%	40%
5 Years	108%	49%	23%	26%	53%	114%
Since Inception	269%		3%	27%	64%	432%

Holdings Summary[2]

Country	Holding
Philippines	17%
Colombia	10%
Peru	6%
United Arab Emirates	6%
Côte d'Ivoire	5%
Turkey	4%
Argentina	4%
Chile	4%
Rwanda	4%
Egypt	4%
Uganda	4%
Slovenia	4%
Tanzania	4%
Vietnam	3%
Namibia	3%
Cambodia	2%
USA (cash & accruals)	2%
Cyprus	2%
Ghana	2%
Pakistan	2%
Kenya	2%
Senegal	2%
Bangladesh	2%
Uruguay	1%
Sri Lanka	1%

Region	Holding
Sub-Saharan Africa	26%
Latin America & Caribbean	25%
Southeast Asia	22%
Middle East / North Africa	14%
Eastern Europe	6%
South Asia	5%
USA (cash & accruals)	2%

Sector	Holding
Financials	47%
Consumer Discretionary	18%
Consumer Staples	12%
Communication Services	7%
Cash & accruals (all countries)	4%
Real Estate	4%
Utilities	3%
Health Care	2%
Energy	2%
Industrials	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.0
Portfolio Price to Book	1.06
Portfolio LTM Dividend Yield	5.2%
Weighted Average ROEE	23.9%
Weighted Median ROEE	22.9%
Positions	34
Countries	24
Weighted Average Market Cap	$2,958m
Weighted Median Market Cap	$1,470m
Portfolio Turnover (12 Months)	32%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	13%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.30
Beta to S&P 500 (ITD)	0.45
Assets Under Management	$193m

Terms

Subscriptions	Monthly. $500,000 minimum for new qualified purchasers. Additions 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, no incentive, 8-qtr exit. For both series, mgt fee cut 25bp at $246m and $491m fee-paying AUM, indexed annually to CPI.

Service Providers

Attorney	Faegre Drinker Biddle & Reath LLP
Auditor / Tax	RSM US LLP
CFO / Compliance	E78 Partners
Fund Administrator	Liccar Fund Services
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 2024. Frontaura returns use a subject-to-change estimate for the current month, as of intraday Friday 28 February 2025. Index returns are total returns, net of any withholding tax for a US investor, through Thursday 27 February 2025. 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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