April 2025 Monthly Comment as of 11 AM Chicago time Wednesday April 30

At our deadline, with Latam stocks and currencies from all regions still trading, we estimate our reference investor is presently up 2%-3% MTD and 8% YTD. Through Tuesday, April 29, here are the total returns of the indices we track. MTD: MSCI EAFE +4%, MSCI Emerging Markets (EM) +1%, MSCI Frontier Markets (FM) -1%, S&P 500 -1%, and MSCI FM Small Cap (FM SC) -3%. YTD: EAFE +11%, FM +7%, EM +4%, FM SC -1%, and S&P -5%. Our trailing portfolio PE is 6.1 and the weighted average dividend yield of what we own is 5.6%.

MTD index returns belie the trade turbulence of the past four weeks. The S&P 500 was -18% YTD on the April 7 open. Briefly, intraday April 9 we had a YTD loss rounding to 0% prior to the 90-day reciprocal tariff pause. We think of another shock—Russia's February 24, 2022 Ukraine invasion, where initial losses turned into a powerful rally. In our March 2022 comment, with the S&P above its pre-invasion level, we expressed doubt. The S&P then fell 20% in six months. We feel similarly now with the S&P entering today only 2% below its pre-Liberation Day level. Having said that, our companies don't have material US export revenue (our largest exposure is a 2% position in a pharma company with 4%-5% US revenue), so we are not worried about direct tariff impact in our portfolio. Instead, we'll look for the impact of second-order effects such as lower global growth, lower commodity prices, and higher credit spreads. See our Q1 letter for a longer discussion. In April, we neither exited nor added any positions.

On Friday, April 11, Argentina overdelivered on the possible IMF loan package we wrote about in March. It received the full $20 billion hoped for, with a hefty $12 billion upfront, and additional support of $12 billion from the World Bank and $10 billion from the Inter-American Development Bank. The country floated the peso Monday, April 14, and lifted numerous capital controls. Last month, we thought it would try to delay both moves until after the October 26 midterm election and we worried that might not be feasible. Market reaction was favorable with bond yields and credit default swap spreads falling (indicating improving sovereign credit quality), and equities rising in dollar terms. The peso devalued less than markets feared, and this should cause less inflation than analysts expected. One dollar bought 1,077 pesos at the official crawling peg rate April 10, the day before the IMF news. On April 29, a dollar bought 1,165 pesos, 8% more. However, markets price the Argentine stocks we own at the Blue-Chip Swap (BCS) rate, a ratio of fungible assets trading in dollars and in pesos that investors use to calculate an implied exchange rate. On April 10, one dollar equaled 1,361 pesos at the BCS rate. Yesterday, the BCS was 1,186, not far from the 1,165 official floating rate. This signals that the currency float—last month our biggest Argentine worry—is a success, so far at least. Note that while the official peso rate devalued from April 10, the BCS implied rate appreciated—one dollar now equals fewer pesos through the BCS. All else equal, BCS peso appreciation boosts the dollar price of our Argentine stocks. Our top Argentine concern now shifts to the timing and pace of disinflation. President Javier Milei presided over a decline in the *monthly* (not annual) rate of inflation from 25.5% in December 2023 to 2.2% in January 2025. But this rate rose to 3.7% for March 2025 and the market fretted that the currency float could lead to April monthly inflation over 5%. With the official deval less than expected and the BCS peso rate appreciating (pass-through inflation in Argentina is a mixture of the official and the BCS rate), the market thinking now is that April's monthly inflation rate jump may not be too bad and a path back down toward 2% monthly inflation may resume in the coming months. Challenges remain for Milei, but April's exchange rate and capital control changes are significant hurdles that he has overcome.

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 April 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	5%	2%	8%	3%	7%	-4%
2025 Q2	3%	-3%	-1%	1%	4%	-1%
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	8%	-1%	7%	4%	11%	-5%
1 Year	34%	9%	15%	8%	12%	12%
2 Years	55%	14%	26%	19%	22%	37%
3 Years	57%	-2%	8%	11%	33%	41%
5 Years	159%	70%	49%	35%	70%	106%
Since Inception	282%		5%	26%	69%	406%

Holdings Summary[2]

Country	Holding
Philippines	17%
Colombia	8%
Peru	6%
Egypt	6%
United Arab Emirates	5%
Chile	4%
Argentina	4%
Turkey	4%
Uganda	4%
Rwanda	4%
Côte d'Ivoire	4%
Tanzania	3%
USA (cash & accruals)	3%
Namibia	3%
Slovenia	3%
Cyprus	3%
Vietnam	3%
Cambodia	3%
Ghana	2%
Bangladesh	2%
Senegal	2%
Sri Lanka	2%
Pakistan	2%
Kenya	2%
Uruguay	1%

Region	Holding
Sub-Saharan Africa	24%
Latin America & Caribbean	24%
Southeast Asia	22%
Middle East / North Africa	15%
South Asia	6%
Eastern Europe	5%
USA (cash & accruals)	3%

Sector	Holding
Financials	45%
Consumer Discretionary	18%
Consumer Staples	12%
Communication Services	7%
Cash & accruals (all countries)	4%
Health Care	4%
Real Estate	4%
Utilities	3%
Industrials	2%
Energy	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.1
Portfolio Price to Book	1.10
Portfolio LTM Dividend Yield	5.6%
Weighted Average ROEE	24.9%
Weighted Median ROEE	23.3%
Positions	35
Countries	24
Weighted Average Market Cap	$2,847m
Weighted Median Market Cap	$1,350m
Portfolio Turnover (12 Months)	31%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	13%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.33
Beta to S&P 500 (ITD)	0.45
Assets Under Management	$200m

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 Wednesday 30 April 2025. Index returns are total returns, net of any withholding tax for a US investor, through Tuesday 29 April 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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