



Quarterly Letter – 2012 Q3

Steady Gains, Dangerous Times

Let's recap 2012 performance on a global basis through the end of September. Q1 was good, Q2 was bad, and Q3 was good again. For Frontaura, Q1 (up 6.1%) and Q3 (up 5.4%) were nearly identical, and Q2 wasn't all that bad (down 3.4%), so the year has been decent, up 8.1%. The non-US global indices that we typically reference have been more volatile than Frontaura. These markets generally had a great Q1, followed by a pretty bad Q2, and a Q3 that reversed nearly all of the Q2 losses. So these markets have year-to-date returns through September similar to what they had through March. Non-US developed markets (MSCI EAFE) are up 10.1%, emerging markets (MSCI Emerging) are up 12.0%, and frontier markets (MSCI Frontier) are up 5.6%, all on a total returns basis. Deserving special mention is the S&P 500, which has done best of all. It had a great Q1 like the other global indices, it had a not-so-bad Q2 like us, and it had a solid Q3 as well, bringing its total return through September to a sparkling 16.4%. This has occurred in the face of slowing US economic growth and reported earnings declining from their peak one year ago.¹ See Figure 3 in the Appendix for a performance table of Frontaura and these indices.

Our Q1 letter heading posed the question of whether the peaceful Q1 results might just be an interregnum between crises. Sure enough, the third annual mid-year euro scare arrived on schedule in May, and MSCI EAFE fell 11.5% that month. But markets recovered enough by the end of Q2 for us to ask in the title of our Q2 letter, "Was That It?" Yes it was, markets seemed to answer in Q3. To us though, as we discussed in our September comment, these remain dangerous times. A lot of good news is in the market. For example, in September alone, there were five significant market friendly news items: Monetary easing from the US, the ECB, and Japan; and a court decision in Germany and an election in the Netherlands didn't derail Europe's plans, as once feared. Looming ahead is the US fiscal cliff. Most people assume, as do we, that some compromise will occur, even if at the last moment. Where we depart some from the crowd on this topic, is that we think many people aren't processing a) just how low US GDP growth is right now (1.3% annualized in Q2, or 2.1% on a year-over-year basis); b) just how high the cliff is (J.P. Morgan Asset Management estimates that under present law, the 2013 fiscal contraction equals 4.3% of GDP²); and thus c) just how significant in magnitude the fiscal cliff compromise needs to be for the US economy itself not to be compromised. Whether a recession will occur in the US in 2013 is a matter of debate about the unknown future, and we don't know either. US markets, however, seem to be ignoring this possibility.

The S&P 500 hit an all-time high on a total return basis on September 14, 2012. Even after treading water in the five weeks since then, it remains within 2% of that level (and within 8% of its 2007 all-time high on a price-only basis). We did a quick study of the last seven US recessions—the recessions during our lifetime. The average drop in the S&P 500 from the pre-recession high to the subsequent low was 36% before dividends on both a mean

¹ Reported S&P 500 EPS peaked in 3Q11 at \$22.99 for the quarter and \$89.21 for the trailing 12 months. Trailing 12 month reported EPS are now about 3% below this at \$86.60 as of this writing on October 22, including partial 3Q12 results.

² *Eye on the Market*; Cembalest, Michael; J.P. Morgan Asset Management; 9 October 2012; p. 4.



and a median basis. The best result was a loss of 17%. The worst had a 57% loss. An S&P 500 near its all-time high is not pricing in much recession risk as of October 22.

We mention this because, as always in recent years, the biggest near-term risk to frontier market performance is fallout from the developed world. With Europe in recession and its single currency project an ongoing political challenge, China moving toward a hard landing, and little to no recession risk priced into the US market, it is fair to say the global markets could present a headwind to frontier performance in the near term.

All about PEs and then some

Despite the 5% Q3 gain, our Q3 trailing valuation metrics were unchanged from Q2, with a portfolio PE of 5.7, price/book of 0.9, and a dividend yield of 5.7%. We quote these figures so frequently that we thought it would be worthwhile to explain exactly how we calculate them. There is more discretion to calculating portfolio PEs than you might imagine. We want to present the fairest and most accurate view of our portfolio to our investors, and we want the most accurate data for our own internal use. Other investment funds, and by this we mean any kind of fund, not specifically frontier funds, are rather more liberal in how they calculate and present PE data, the effect being nearly always that they cite PEs that appear lower than they are in reality. So here follows our discourse on portfolio valuation metrics, probably in more detail than most will want to know. Nonetheless, we write it all down here to have it on the record, and to be able to refer people back to this document, should a question about this aspect of our investment philosophy arise in the future.

Here are four PE principles we use that others may not follow:

1. We use actual historical earnings, not earnings forecasts.
2. We use earnings as reported, not operating earnings adjusted to remove certain items.
3. To calculate a portfolio PE correctly, one must work with earnings yields (earnings/price); it is mathematically inaccurate to average PEs themselves.
4. We include negative earnings in our portfolio PE calculation, whereas some exclude these because they are mathematically inconvenient.

1. Actual earnings, not forecasts. We won't cite here the well-established research that shows analysts and economists have virtually no ability to forecast turning points in earnings or economic growth. We say this having sell-side analyst experience. Then, our forward estimates were often spot on for several quarters before being completely wrong when the environment changed. Thus, earnings forecasts tend to be nearly always higher than the most recently reported earnings, conveniently making forward PEs lower than trailing PEs. We use trailing PEs because they are facts, whereas most people use forward PEs, which are opinions that are often wrong. Brokers like forward PEs because it makes stocks look cheaper than they really are. Fund managers like to cite forward PEs because it makes their funds appear less expensive than they are in reality. Those buying stock through brokers or buying funds as investors should be aware of this.

Those who know our methods well enough might object at this point because we value companies using discounted cash flow (DCF) models that project future free cash flow. If we've just said that no one can project earnings accurately, isn't our approach to valuing companies flawed? It is true that we have DCF projections, but here's the difference: we



aren't trying to nail the next quarter or the current fiscal year with our projections like the sell-side. Instead, we adopt a cyclically adjusted approach where we start with a base case that a company's margins and returns on capital revert to the mean, and then fade over time as competition increases. We also assume revenue growth fades to no higher than nominal GDP growth. So while we may still not get the turning point right, we should have a more reasonable approximation of what a company should earn over a full economic cycle. For example, if a company last year had the highest margin of the prior 10 years, our base case would show a declining margin and likely declining profit for the next few years, something the sell side would be quite reluctant to model. In our verbal and written communication, we talk in terms of PEs because it is conversationally convenient to do so, but behind the scenes, we rely on our DCF models. Nevertheless, we do use PEs as a reasonableness crosscheck on our DCF models.

2. Reported earnings, not operating earnings. During our sell-side days, we also diligently excluded any one-time items from earnings models, preferring so-called operating earnings to reported earnings. Later, when we ran a public company, we learned through firsthand experience that nearly all of these "non-operating" items were pretty core to the business and tended to reoccur frequently. For example, running a tech firm after the tech bubble burst, we oversaw six rounds of layoffs in just over two years, as demand fell for three consecutive years. We never took any restructuring charges for these because we couldn't with a straight face label these as non-operating or non-recurring. What could be more core to a technology consultancy than the balancing of supply (billable consultants) with client demand? Our competition did take these charges, not only for layoffs but also to write off receivables, as if collecting money was somehow not an essential operating activity. This experience hardened our attitude that in the end, there really aren't many expenses that we should ignore. While there might be a few legitimate examples that we could exclude, we think it best to just keep it simple and ignore the temptation to exclude anything. This is especially true considering we use 10 years of historical data when calculating cyclical average margins and returns on capital. So we use reported earnings. There is, however, a recurring situation where we do adjust reported earnings downward (not upward). In some countries, such as Egypt, Qatar, Serbia, and Vietnam, companies have operating expense items that they do not deduct from reported net income. These expenses most often relate to profit sharing for employees and directors, and we've observed this expense to be as high as 15% of stated net income. We do adjust reported figures downward to account for this, as it is a clear and obvious deviation from US GAAP and IFRS. One should be wary of any PEs from these countries. Most brokers and funds don't make this adjustment, so they may understate even their reported PE figures by up to 15%.³

3. The portfolio PE is the harmonic mean PE of all holdings. If you've read academic research on valuation, you'll notice that academics tend to speak in terms of earnings yields rather than PEs. A stock's earnings yield is its earnings per share divided by its price (E/P), or simply the inverse of the PE. There are two good reasons for this. The first is that to calculate the correct valuation for a portfolio, you must work with earnings yields, not PEs. We illustrate this best with a simple example. Suppose you have a \$100 million portfolio,

³ We commend the broker EFG-Hermes in Egypt for adjusting net income, EPS, and PEs to reflect these costs.



consisting only of two \$50 million stock positions.⁴ One stock has a PE of 10, the other a PE of 5. What's the PE of this portfolio? Of course, most people will immediately say 7.5, the average of 10 and 5, but the answer actually is 6.67. Let's look at the earnings yield. The first stock with a PE of 10 has an earnings yield of 10%, while the second, with a PE of 5, has an earnings yield of 20%. The average earnings yield of 10% and 20% is 15%, and the inverse of this is $6 \frac{2}{3}$ or 6.67, the portfolio PE. This is how we calculate portfolio PEs. Statisticians would call our method a harmonic mean. A harmonic mean is the average that results from averaging the inverse of every number in a series (the E/P instead of the PE), and then inverting the result (converting the average E/P back to a PE ratio).

To convince you of this, let's examine Figure 1, which shows that our \$100 million portfolio has total earnings of \$15 million, \$5 million from the 10-PE stock and \$10 million from the 5-PE stock. Quite simply, if we paid \$100 million to get \$15 million of earnings, our portfolio PE must be \$100 million / \$15 million, or 6.67. If the PE was 7.5 as the average PE method calculates, we would have only \$100 million / 7.5 = \$13.333 million of earnings. That's not correct, and that's why we say the average PE method is mathematically wrong.

Figure 1
Frontaura Global Frontier Fund LLC
Example Portfolio 1
30 September 2012

Stock	Value (Price)	Earnings	PE	Earnings Yield
A	\$50 million	\$5 million	10.0	10%
B	\$50 million	\$10 million	5.0	20%
Total / Average	\$100 million	\$15 million	7.5	15%
Portfolio PE				6.67

Note: The portfolio earnings yield (earnings/price) is 15%. Thus, the portfolio PE (the harmonic mean PE) is $1 / 0.15$, or 6.67. Note that the portfolio PE is not the average PE of 7.5. A PE of 7.5 on a \$100 million portfolio implies that total earnings of the portfolio are \$13.33 million (\$100 million / 7.5). This is wrong. Total earnings of this portfolio are \$15 million.

Unlike our prior discussion on trailing versus forward PEs and reporting versus operating PEs, our harmonic mean method may give a lower PE result than the average PE method most people use. This is true when every company in the portfolio is profitable. But companies do at times lose money, and when they do, as we will see in the next section, our method is the only honest way to calculate the PE. Simply put, the average PE method can't handle negative PEs, and that is the issue that for us drives a stake through the heart of the average PE method.

4. Don't ignore negative PEs. Let's assume that our \$100 million portfolio has grown to \$150 million and we buy \$50 million of a third stock. Assume this company lost money over the past year, such that our share of the loss was \$5 million. Thus, if you were to calculate it, its PE would be -10. This illustrates the discontinuity problem of PEs. As long as a company is profitable, PEs are continuous. This means that an ever-higher PE implies you

⁴ In this and the examples that follow, for simplicity of presentation, we assume that all portfolio positions are equal in size so that we can simply average the individual company PEs or earnings yields. In reality, the positions would have different weights, so we would have to calculate weighted average PEs and earnings yields. None of our statements or conclusions are different when using weighted averages.



are getting less and less profit for the price you are paying. That is until the profit shrinks to below zero. Then the relationship flips and the PE moves from a high value to a negative one. Earnings yields on the other hand are continuous. Declining profit means an ever-lower earnings yield and this remains true when profit falls below zero. This continuity is the second reason why academics work with earnings yields instead of discontinuous PE ratios.

A fund that uses average PEs has a dilemma with regard to negative PEs. They could blindly continue to calculate an average PE including the negative. For example, the average PE of three stocks with PEs of 10, 5, and -10 is 1.67. But this is a nonsense value, due to the discontinuity of PEs. How could the average PE become better (lower) by including a company that loses money? Since this is clearly wrong, funds that use the average PE method tend to exclude the negatives. We think this is preposterous—it's just pretending that you don't own a company that you do or pretending that the company didn't lose money when it did.

Figure 2
Frontaura Global Frontier Fund LLC
Example Portfolio 2
30 September 2012

Stock	Value (Price)	Earnings	PE	Earnings Yield
A	\$50 million	\$5 million	10.0	10%
B	\$50 million	\$10 million	5.0	20%
C	\$50 million	\$-5 million	-10.0	-10%
Total / Average	\$150 million	\$10 million	1.67 or 7.5 ex negatives	6.67
Portfolio PE				15.0

Note: The portfolio earnings yield (earnings/price) is 6.67%. Thus, the portfolio PE (the harmonic mean PE) is $1 / 0.067$, or 15.0. The average PE of 1.67 and the average PE excluding negatives of 7.5 are meaningless values.

Figure 2 updates Figure 1 for our third stock. Our company earnings of \$5 million, \$10 million, and -\$5 million now totals to \$10 million. Thus our portfolio PE is \$150 million / \$10 million = 15.0. We can also calculate this using the earnings yields. The average of 10%, 20%, and -10% is 6.67%, and the inverse of 6.67% is the portfolio PE of 15.0. This is the only mathematically correct portfolio PE. The average PE method results of 1.67 (including negatives) or 7.5 (excluding negatives) are both mathematically meaningless. The earlier objection to our harmonic mean method—that it gives a lower PE result if all companies are profitable—now seems a trite complaint, when the case of negatives is considered. It is unrealistic to assume that the companies you own can never lose money. Thus, one should always use the harmonic mean method to calculate portfolio PEs.

Perhaps decades ago when computing power was scarce and funds may have calculated their portfolio metrics by hand, we could see how a fund might use the average PE method. But today, when it is no more difficult in a spreadsheet or database program to calculate a harmonic mean than a simple average, funds ought to use harmonic mean PEs.



Price/Book, Dividend Yields, Return on Equity

For reasons identical to what we stated above for PEs, we calculate our portfolio price/book ratio using the harmonic mean rather than calculating the average of the individual price/books. That is we determine the weighted average book/price ratio and then invert it since people, other than academics, tend to be more comfortable talking in terms of price/book than book/price. Academics use book/price ratios just as they use earnings yields because portfolio book/price calculations are mathematically and economically valid while averaging price/book ratios is not.⁵

With regard to dividend yields, note that this ratio already has price in the denominator (dividend/price), unlike PEs and PBs which have price in the numerator. So there is no discontinuity problem, and there is no need to calculate the harmonic mean for a dividend yield. One can simply calculate the weighted average dividend yield of each stock in a portfolio to obtain the mathematically correct portfolio dividend yield.

Like a dividend yield, return on equity is also already in percentage form, eliminating the discontinuity problem. Thus, one can calculate the weighted average return on equity directly from the returns on equity of the individual stocks. It is not necessary to calculate a harmonic mean. We'll make one final comment on ROEs to address a question that we occasionally get. People sometimes comment that our weighted average ROE looks too high given our portfolio PE and PB. There's a formula relationship between PB, PE, and ROE, if beginning and ending equity (book) are the same. It is $ROE = PB / PE$. Or $PE = PB / ROE$. Or $PB = ROE * PE$. Someone seeing our PB of 0.9 and our PE of 5.7 might assume that our ROE should be $0.9 / 5.7 = 15.8\%$, which is lower than our weighted average ROE of 20.9%. However, this formulaic relationship only holds for an individual company. It does not hold mathematically when calculating the weighted average PEs, PBs, and ROEs of multiple stocks. Consider our original two-stock portfolio where one stock has a PE of 10, the other a PE of 5. Assume the 10-PE stock has a PB of 3.0. Its ROE would be 30% ($3 / 10 = 30\%$). Assume the 5-PE stock has a PB of 1.0. Its ROE would be 20% ($1 / 5 = 20\%$). The average ROE of these two stocks is 25% (average of 30% and 20%). The average PB of this portfolio is 2.0, the average PE 7.5, which implies an average ROE of $2.0 / 7.5 = 26.67\%$, which is not equal 25%. So the formula relationship does not hold.

While our math above used the average PB and the average PE, it is also true that the harmonic mean PB divided by the harmonic mean PE does not equal the weighted average ROE. With harmonic means, the average PB is 1.50 (trust us), the average PE is 6.67 from Figure 1, but the result of this division is 22.5% ($1.50 / 6.67$), which is not equal to 25%. Now one could calculate a different form of ROE. Instead of calculating the weighted average ROE from individual company ROEs as we do, one could calculate a portfolio ROE. A portfolio ROE would use portfolio earnings (that is the total of our proportionate share of each company's earnings) in the numerator and portfolio book (our proportionate share of each company's book value) in the denominator. The resulting portfolio ROE would be the ROE we would achieve if we owned one company equal to the sum of all the companies we own. And since this ROE would be for one company, the formula relationship between PB, PE, and ROE would hold, provided you use the harmonic mean PB and the harmonic mean

⁵ It's true that you are less like to encounter the negative value discontinuity problem with PB ratios than you are with PE ratios. Nevertheless it can occur. Even if it never occurred, though, the mathematically correct price/book ratio at a portfolio level can only be calculated using harmonic means just as we show in Figure 1 for PE ratios.



PE. So it is fair to say that our portfolio ROE is $0.9 / 5.7 = 15.8\%$. But it is also accurate to say that the weighted average ROE for all of our companies is 20.9%. We have known this for many years and have often debated whether we should show the weighted average ROE or the portfolio ROE. We think the weighted average ROE is easier to understand and closer to what most people would expect, even if they mistakenly think the weighted average ROE is tied formulaically to the portfolio PE and PB. Also, we find the weighted average ROE is more meaningful to us internally. But if at any time you want to know our portfolio ROE, just divide our portfolio PB by our portfolio PE and you'll get the answer.

Management company news and travel

In August, we hired Tim Raschuk as an analyst, expanding our team size to five. Tim, a Ukraine native who grew up in both Kiev and the US, is a 2010 graduate of Carnegie Mellon with a B.S. in business administration with honors, with a concentration in finance. Tim has passed all three levels of the Chartered Financial Analyst exam. Fluent in Russian, he has internship work experience in both Ukraine and Russia, and was most recently at Bank of America Merrill Lynch in New York where he was a global markets analyst. Tim has traveled to over 35 countries and enjoys running marathons and triathlons.

In Q3, we visited Egypt, Kenya, Morocco, Papua New Guinea, the Philippines, and Sri Lanka, in addition to seeing clients in London and Singapore and attending an African investment conference in New York. For Q4, we have trips planned to Colombia, Iraq, Lebanon, Palestine, and Peru, and will see clients in Boston, Connecticut, New Hampshire, and New York. We remind Chicago area clients that our 5th Annual Prediction Lunch is December 20, 2012. Contact us for details.

Regards,

Nick Padgett, CFA
Stephen Mack
Managing Directors
Frontaura Capital LLC
180 North Stetson Avenue, Suite 1935
Chicago, Illinois 60601 USA
+1 312 265 6882
info@frontauracapital.com



Appendix

Figure 3
Frontaura Global Frontier Fund LLC
Performance⁶
30 September 2012

Period	Frontaura	S&P 500	MSCI EAFE	MSCI Emerging	MSCI Frontier
2012 Q1	6%	13%	11%	14%	6%
2012 Q2	- 3%	- 3%	- 7%	- 9%	- 7%
2012 Q3	5%	6%	7%	8%	7%
2008	- 28%	- 37%	- 43%	- 53%	- 54%
2009	46%	26%	32%	79%	12%
2010	37%	15%	8%	19%	24%
2011	-15%	2%	- 12%	- 18%	- 19%
2012	8%	16%	10%	12%	6%
Inception to Date	35%	4%	- 26%	- 16%	- 43%
ITD CAGR	6.3%	0.7%	- 6.1%	- 3.4%	- 10.9%

Figure 4
Frontaura Global Frontier Fund LLC
Monthly Performance
30 September 2012

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007											0.4%	1.6%	2.0%
2008	0.7%	0.6%	-0.1%	3.4%	3.9%	-1.0%	-0.8%	-2.2%	-7.9%	-17.5%	-10.7%	1.4%	-28.1%
2009	-2.0%	-0.4%	0.7%	7.7%	14.4%	4.1%	1.4%	4.7%	10.6%	-1.4%	-0.2%	0.2%	46.0%
2010	-0.9%	4.2%	6.6%	4.5%	-1.2%	1.9%	3.4%	0.7%	4.7%	3.5%	1.5%	3.3%	37.1%
2011	2.8%	-3.7%	2.7%	-0.4%	1.0%	-1.7%	-2.4%	-4.0%	-3.9%	-1.6%	-4.9%	0.7%	-14.8%
2012	-0.5%	3.9%	2.6%	2.4%	-4.4%	-1.3%	2.1%	1.4%	1.9%				8.1%

⁶ Returns commence 1 November 2007. Frontaura returns are net of all fees, for an investor joining the fund at inception, making no further contributions, and making no withdrawals. Investors joining on other dates, making additional contributions, or making withdrawals may have different returns. Index returns are in US dollars on a total return basis, net of any withholding tax.



Figure 5
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics⁷
30 September 2012

Holdings Summary			
Country	Holding	Industry	Holding
Vietnam	13%	Banks	29%
Nigeria	11%	Consumer Staples	16%
Qatar	8%	Industrials	16%
Tanzania	7%	Consumer Discretionary	14%
Zimbabwe	6%	Telecommunication Services	6%
Pakistan	5%	Cash	5%
United Arab Emirates	5%	Energy	3%
Iraq	5%	Insurance	3%
Ukraine	5%	Specialty Finance	3%
USA (cash only)	4%	Materials	2%
Estonia	4%	Diversified	2%
Serbia	4%	Asset Management/Brokerage	1%
Cambodia	4%		
Senegal	3%		
Botswana	3%		
Rwanda	2%		
Romania	2%		
Bulgaria	2%		
Oman	1%		
Laos	1%		
Ghana	1%		
Cote d'Ivoire	1%		
Cyprus	1%		
Colombia	1%		
Others	1%		

Portfolio Statistics	
Portfolio Price to Earnings	5.7
Portfolio Price to Book	0.9
Portfolio Dividend Yield	5.7%
Return on Ending Equity	20.9%

⁷ Portfolio valuation statistics use the most recent 12 months of reported fundamental data as of 30 September 2012. Portfolio PE and PB are the harmonic means of all positions, weighted by position size. Portfolio dividend yield and return on ending equity are the means of all positions, weighted by position size. The yield on Frontaura Global Frontier Fund is less than our portfolio dividend yield due to cash held, withholding taxes, management fees, and operating expenses. At present, we retain all income rather than distribute it.

We hold most, but not all cash, in the United States. We also include in the US total any euros or other currencies we hold in countries outside of our investment universe. These other currency amounts often are immaterial. We include all other cash we hold outside the US in that country's total, regardless of currency. For example, Vietnam is a prefunding market, so we include our cash there in the Vietnam total, even though this cash typically is in US dollars.



Figure 6
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries
2012 Q3

5 Best Countries			5 Worst Countries		
Country	Frontaura Return	MSCI Return ⁸	Country	Frontaura Return	MSCI Return
Ghana	52%	29%	Jordan	-15%	2%
Nigeria	32%	32%	Colombia	-9%	2%
Cambodia	28%	--	Estonia	-6%	10%
Oman	17%	-3%	Vietnam	-6%	-8%
Laos	15%	--	Cyprus	-3%	4%

Figure 7
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes⁹
2012 Q3

Country	Percentage Point Change	Explanation
Nigeria	+4	Added new position; outperformance relative to fund
Vietnam	- 3	Market weakness; no buys in quarter as assets grew

⁸ MSCI country indices stated on a total return basis with dividends net of any withholding tax. We show "--" if MSCI does not have an index for a given country.

⁹ We show countries whose weighting has changed by two percentage points or more. Total may not add to 0 due to rounding and exclusion of countries changing by less than two percentage points. Note that we do not show the United States as we only hold cash there. See the Figure 5 footnote for a discussion of how we classify cash by country.



Figure 8
Frontaura Global Frontier Fund LLC
Portfolio Concentration¹⁰
30 September 2012

	Companies	Countries	Change from Prior Quarter	
			Companies	Countries
Positions	52	25	0	-1
Top 5	24%	45%	+1	0
Top 10	38%	69%	0	0
Top 20	63%	92%	-1	-1
Top 20 + US (Cash)	67%	97%	0	+1

This document does not constitute an offer to sell, or a solicitation of an offer to buy membership interests in Frontaura Global Frontier Fund LLC. We will not make such offer or solicitation prior to the delivery of a definitive offering memorandum and other materials relating to the matters herein. Before making an investment decision with respect to the LLC, we advise potential investors to read carefully the offering memorandum, the LLC operating agreement, and the related subscription documents, and to consult with their tax, legal, and financial advisors.

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¹⁰ We do not include the US in our country count and most of the percentage totals as we hold only cash there. Change from Prior Quarter represents the change in the number of positions and the change in percentage points for the top 5, 10, and 20 positions. The Top 20 + US row does include the US cash percentage in the percentage totals. See the Figure 5 footnote for a discussion of how we classify cash by country.