Quarterly Letter – 2012 Q4

Our Q4 letter is always our report card issue, where we review mistakes of the past year. Investors tell us that they like this critical self-assessment, with its focus on investment process. Before we do that, let's review the results for the quarter and year, and flag a performance issue that's relevant to all investors.

Q4 and 2012 results

We gained 9.3% in Q4, our best result in 11 quarters, and our fourth best quarter ever, topped only by the post-financial crisis quarters of Q2 2009, Q3 2009, and Q1 2010. For the year, we gained 18.1%. While not quite back to our all-time high at the end of January 2011, we did regain all of the annual loss of 2011 by the end of 2012. Further, despite the 2012 gains, the portfolio did not become more expensive. The trailing, reported PE ratio at the end of 2012 was 5.9 versus 6.1 one year earlier.

While we pay little to no attention to indices when managing the portfolio, we do commonly cite four global indices in our communication, just to give investors a basis of comparison. Closest to what Frontaura does is the MSCI Frontier Markets Index (MSCI FM). We also cite the S&P 500 for US returns, MSCI EAFE for non-US developed market returns, and the MSCI Emerging Markets Index (MSCI EM) for emerging markets. Note that all index returns we show are on a total returns basis, including dividends, net of any withholding tax, while Frontaura's returns are always net of all fees. This was the fifth consecutive year that we've beat the MSCI FM, which gained 8.8% in 2012 and 3.0% in Q4. Cumulatively, since our inception, we have *gained* 48% while the MSCI FM has *lost* 42%. We reiterate again, however, that we expect there to be years over a normal investment cycle when the MSCI FM does better than we do. Relative to the MSCI FM, our portfolio is lower beta, more value-oriented, and has smaller stocks than the index, so we may not fare as well when those styles are out of favor. MSCI EM just edged us out for the year, rising 18.3%. But since our inception, this index is down 11%. MSCI EAFE gained 17.3% for the year, but lost 22% since our inception. The S&P 500 was up 16.0% in 2012, but its gain since our inception is only 3%. More performance data is available in Figures 1 and 2 in the Appendix.

Performance note relevant to every investor

While we footnote this every time we show a performance table in our monthly comment, quarterly letter, or investment presentation, it's worth reviewing now what performance we are quoting. Our official performance is that for an investor joining Frontaura 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. The reason for this is that our administrator calculates the incentive fee specific to each investor's high water mark. While our inception investor is still slightly under water at year-end, many other investors are now at their high water mark, and thus had performance below that of our official Q4 and 2012 numbers. This high water mark group includes those who joined Frontaura in the second half of 2011 or later, and those already in the fund who made an additional contribution during this period. The effect of differing performance for the high water mark group will persist in Q1 if Frontaura is profitable, although the future performance difference can be only 18 basis points at most. This means that for the first

0.89% that Frontaura and the inception investor gains beyond year-end 2012 levels, the high water mark group would gain 0.71%. At that point, the inception investor would be at a high water mark, and the performance of the current high water group and the inception investor would be identical going forward. For those whose recent performance has been the same as the inception investor, that will continue to be the case, with a few exceptions. Investors who joined February 1, 2011 or June 1, 2011 and made no further investments may have slightly better performance than the inception investor because their high water mark is slightly above that of the inception investor. Investors who joined May 1, 2011 and made no further investments may have performance below the inception investor, by an immaterial amount. This group remains below its high water mark, but will reach the high water mark before the inception investor does. Naturally, these calculations are complicated, which is why our administrator computes them specific to each investor. The calculations can change from what we say here if an investor makes an additional contribution or if Frontaura has a loss during a period. Please contact us if you have questions on your performance calculation.

2012 Review

We made money in 69% of the countries in which we invested in 2012 and in 71% of the companies. Given the strength of the year overall, one might have expected an even higher winning percentage, but the absolute value of the gains exceeded the absolute value of the losses. For example, at the country level we made $4.4 million in Nigeria in 2012, our largest dollar gainer, while our worst dollar loser for the year was Estonia, where we lost only $0.2 million. For reference, we began 2012 with assets under management of $85 million and we ended 2012 with AUM of $112 million. In 2011, the situation was different, with our winners and losers somewhat in balance, but the absolute value of the dollar losses being greater than the dollar wins. Our persistence in Nigeria paid off, as it was our second biggest dollar loser in 2011, down $2.5 million. In percentage terms, we lost 36% in Nigeria in 2011 and gained 40% in 2012.[1] Our other big loser in 2011 was Serbia, which cost us $4.1 million, as it dropped 50%. Serbia's 2012 rebound was far more modest than Nigeria's, with one of our two stocks gaining and the other continuing to lose money. Overall, we gained $0.3 million in Serbia in 2012, or 7%.[2]

Our second biggest dollar gainer for the year was Vietnam, up $3.8 million, or 30%. This is not surprising, as Vietnam was our largest position throughout the year, beginning the year

---

[1] Here's how we calculate our stock and country performance for a period, whether a month, quarter, or year: [(ending value + sale proceeds + dividends) / (beginning value + buys)] – 1. The benefit of this method is that it's simple. Note that it is not an IRR and it is not the time-weighted return we use to calculate fund and investor performance. The drawback to our stock and country performance method is that the percentage change becomes less reliable the longer the period is because the timing of the buys, sells, and dividends are not time-weighted. We treat all buys as if they occur on the first day of the period and all sells and dividends as if they occur on the last day of the period. An extreme example that demonstrates the shortcoming of this method would be to assume that we owned $1 million of a stock at the beginning of the year, it doubled during the year, and then on the last day of the year we bought an additional $2 million of it. Most people would say that we were up 100%, or something close to that, but our method would only have a gain of 25% because we would include the last-day purchase, which had no appreciation, in the beginning value. Nevertheless, our method works reasonably well for months and quarters, because of its simplicity, and somewhat less well for years, but good enough.

[2] See page 1 and page 7 of last year's Q4 letter for some discussion of our Serbian and Nigerian losses in 2011. http://www.frontauracapital.com/quarterlyletters/Frontaura_Quarterly_Letter_2011Q4.pdf.

at 15% and ending at 13%. Figure 3 shows portfolio mix by country. Other notable country winners on a dollar basis, all up \$1.5-\$1.7 million, were Cambodia, up 55%; Pakistan, up 25%; and Tanzania, up 19%. We show the best and worst country percentage performers for the quarter and for the year in Figures 4a and 4b. Figures 5a and 5b show country mix changes for the quarter and for the year, while Figure 6 shows position concentration and its change during Q4 and 2012.

2012 Report Card

As a reminder from past Q4 letters, we focus on process mistakes in this section, rather than simply explaining negative performance attribution. A process mistake doesn't always lead to negative performance, just as negative performance isn't always the result of a mistake. Nevertheless, over time, the fewer process mistakes we make, the better our performance should be. For this reason, we seek to identify and correct process mistakes that we recognize in 2012. The mistake itself may originate in an earlier year—we write about it once we know about it.

What we did wrong:

1. **Failing to do proactive research.** This situation occurred with the company that became our second biggest dollar winner in 2012, so our thumb sucking, as Warren Buffet would call it, had a happy ending, despite its regrettable beginning. Nevertheless, this stock appreciated significantly before we bought, and that cost our investors valuable performance. Had we played this better, we would have been in a position to make a decision much earlier and at a much lower entry price. The mistake we made was to delay critical thinking and research effort in 2011, preferring to wait for a known future disclosure event that was to occur just before 2012 began. In the daily routine of more to do than time allows, we reflexively put off all research on the company, thinking "let's evaluate this once the news is out; things will be more certain then and our research effort will be easier." The disclosure turned out to be a non-event, with little new information beyond what we already knew. With any uncertainty about the disclosure eliminated, the stock began to zoom upward and we then realized we had made a terrible mistake. There were some other perceived issues with the company, which we neglected to research while waiting for the disclosure. In other words, we failed to do the work to be able to make a buy decision even once the disclosure occurred. We then needed to make up for lost time, doing additional research rapidly, under pressure, and with a rising stock price. Not ideal. Here's what we should have done instead. First, we should have assessed the upside potential the stock offered, if the perception and disclosure issues proved to be red herrings, as ultimately they did. Had we thought this through in 2011, it would have been clear there was such significant upside on the table that we should research the perception issues prior to the disclosure. If we done so, we would have concluded earlier that the perception issues presented more opportunity (the stock price was low in part because of these issues) than risk. At that point, we would have been in position to ask ourselves a second question: is it worth waiting for the disclosure? We cannot say in hindsight what we would have decided. But either outcome—buy in 2011 pre-disclosure or buy immediately post-disclosure—would have been a better outcome than our eventual action of buying post disclosure, but only after needing to do significant research on the perception issues, during which time the stock price ran significantly. We made \$1.7 million, or 55%, on this stock in 2012. We estimate, however, that we could have made

another $0.8 million, had we more capably prioritized our research effort, such that we were in a position to buy the stock when the disclosure event occurred. Had we done the research in 2011 and then decided to buy prior to the disclosure event, we would have made even more on this company.

To be clear, we are not second-guessing ourselves because this stock performed so well before we bought it. We made a process error in critical thinking and research prioritization that unnecessarily delayed our entry into the stock. In a different market environment, if the price didn't move, this type of error may not have cost us. But letting a great opportunity sit too long always has potential opportunity cost. In this event, it cost us dearly.

2. **Not identifying a company we should have known about.** One investment theme we like is to buy stocks that are subsidiaries of multinationals. Because of their parent's presence, these companies tend to have world-class capital allocation, and because of their frontier market location, they usually offer higher growth and higher returns on capital than the parent does. This theme is well known, and thus these stocks are often expensive. But occasionally they are not, due to some local market structural issue or some informational inefficiency. We therefore scour the world regularly looking for these situations. By now, we should have identified all of them. In this case, however, we failed to identify a company despite knowing the parent well and owning other subsidiaries of the parent. There are some reasons for this—the parent's strategy in this country is evolving, with multiple different investments and recent acquisitions. No excuses, however—we just missed it. It took a sell-side research report to highlight this investment opportunity. But then of course, the secret was out, and the stock took off like a rocket. Like our prior mistake in this report card, we found ourselves in the uncomfortable position of doing research rapidly and under pressure—not our preferred style. More often, we are buying when no one is interested in the stock, and that's how we like it. But that opportunity was gone on this name by the time we learned about it. From that point forward, we think we got it right. We made the company research our top priority with several of us working on it simultaneously, tapping multiple contacts on multiple continents to get up to speed rapidly. Despite a painful missed gain in the stock, our modeling process still found the stock to be a buy. Further, it appeared to us that market participants, while now well aware of the opportunity, were probably being too timid in re-rating its stock price. We bought aggressively, getting most of the shares traded at ever-higher prices, while more-cautious buyers went unfilled. By year-end, we gained 33%, making $0.8 million. Estimating how much money we would have made if we identified and bought this stock, as we should have done, prior to the sell-side publication is speculation. Nevertheless, let's make a rough estimate. Prior to the sell-side publication, this stock traded flat for many months. The observed market prices don't have our market impact, of course, but even if we assume a draconian 50% impact on the market price, our assumed purchase price still would have been low enough for us to make an additional $1.2 million beyond what we actually did. Quite possibly our market impact would have been less, so our gains would have been even greater. That's a high cost to our investors from our neglecting to notice this idea.

3. **Once burned, twice shy.** This situation in February 2012 was not a process mistake per se—in that we were on top of the situation, but rather a judgment mistake. We decided not to act, when acting would have made money for our

investors—as much as $1.9 million, in our estimation. Before we discuss our mistake, let's set the table. From its May 2008 high to its February 2011 low, the stock price of Nigerian bank United Bank for Africa (UBA) lost 93%. Being the astute investors we are, we owned it at the peak and then decided to bail out in September 2009, after the stock price was already down 64%. Actually, that was a wise move—the stock price lost a further 80% after we decided to sell. The reasons for its drop are many, but we can summarize by saying that UBA went from being one of the darling stocks in a banking sector that was in a bubble to being one of the most hated stocks, with a discredited management team, in a banking crisis. When the company pre-announced a material miss in its Q4 2011 earnings—its third annual disappointment, the sell side poured out vitriol in their write-ups. By February 14, 2012, the stock was down 37% for the year, reaching a price of 1.55. It occurred to us that we might be witnessing a selling climax, where disappointed investors wanted this stock out of their portfolio at any price, even an irrationally low one. Citi put out a contrarian research piece around this time, pointing out that UBA was being valued at 4% of deposits, less than 1/10 the level of the leading Nigerian bank on this metric. The stock was at 0.4 times book, and while we aren't fans of forward earnings, it traded on 2.5 times 2012 estimated earnings. We discussed buying the stock at length, nearly placed the order, before talking ourselves out of it, due to our past bad association with the company, and lingering uncertainty about forward prospects. Who's to say, but if we had never owned it before, we might well have bought it in the first quarter of 2012. So our original decision to own the stock in 2008 might have cost us twice, once an actual loss and this time an opportunity cost loss. Well, UBA had a great year, with the stock finishing 2012 at 4.41, up 2.8 times from its low (it's up further so far in 2013). EPS estimates for 2012 are now double what they were in February. If UBA does hit 2012 EPS consensus—never a sure thing—the stock would have been trading at only 1.2 times 2012 earnings back in February 2012. We don't fault ourselves for not seeing a future this bright, but we do think, if one removed all emotion and past experience from the decision, it was possible to see rationally that UBA stock was so bombed out in February 2012 that it offered good risk/reward to a deep value investor.

Having laid out the prosecution's case, let us come to our own defense, somewhat. Owing to tight 5% daily trading limits (since loosened to 10% on some stocks), Nigerian stocks tend to trade sequentially in one direction, and then reverse sharply on low volume in the opposite direction. Our best estimate is that we probably would have bought the stock around 2.50; already well up from the low. So we would have made around 76% in price terms by year-end. Given a likely position size, this would have resulted in a theoretical gain of $1.9 million. But on the matter of Nigerian banks, we were hardly neutral. In fact, our largest position for much of the year was another Nigerian bank, and we made even more money, $3.6 million, or 65%, on it. We are certain that had we owned UBA, we would have trimmed it or our other Nigerian holdings more aggressively as our Nigerian position size rose throughout the year. So our actual UBA gain would almost certainly have been less than our theoretical gain of $1.9 million.

Summary. We should explain that we are not trying to be clever by only citing mistakes where we still made money, or didn't lose money. As mentioned, our biggest loss by country was $0.2 million, so there weren't any obvious money-losing mistakes in 2012. We are sure we made more mistakes than these in 2012; we just haven't found them yet. Undoubtedly, in the years to follow, we will identify additional shortcomings of our 2012 actions, and if they are material enough, we will write about them in future Q4 letters. We should also say that our assessment is ongoing and sometimes we change our mind. At times, we've decided later that events we listed as mistakes really were not after all. Alternatively, some events we think are not mistakes may turn out to be errors as time passes.

Decisions we made that cost us performance, but which probably are not mistakes:

We are aware of several other situations where actions we took cost our investors money; nevertheless, we do not consider these process mistakes. We list them here to provide insight on our thinking process.

1. **Reducing Pakistan exposure in Q1.** Pakistan performed strongly in 2012 from low valuations, with the MSCI Pakistan Index gaining 32%. We gained a bit less (25%) and that outcome is traceable entirely to our decision to trim our exposure there in Q1 from 8% of the portfolio to 5%, following a January visit. Had we done nothing, our portfolio would be valued $0.6 million higher at year-end, ignoring any reinvestment gain or loss on our sale proceeds, and our Pakistan return for the year would have been 34%. Mistake? We don't think so. We sold two positions, and regret neither sale, even though both stocks advanced over the remainder of the year. The first sale was correcting a mistake we discussed in last year's Q4 letter (see mistake #2 from last year). Our January meeting with this company was colorful and reinforced completely that we did not want to own this company despite its low valuation due to their related-party transactions and questionable capital allocation decisions. We were elated to dispose of it. Our second sale was more of a top-down decision. During our visit, we became convinced that Pakistan's currency was again becoming vulnerable. High inflation, a current account deficit, persistent budget deficits, and unrealistic government forecasts and expectations about all of the above did not bode well for the Pak rupee. So we sold one other position, which was the one we assessed to be most vulnerable to currency weakness. These two sales resulted in the three-percentage-point decline of Pakistan in the portfolio from 8% to 5%. This may not seem like much of a change, but it was the difference to us between being constantly consumed with worry about the currency and not. We can measure the opportunity cost in terms of profit given up because of this sale, but we cannot measure the benefit we gained by having a clear head, free to pursue other ideas. Further, our reasons for selling these two positions may yet come to pass in 2013 or beyond. In fact, the currency did drop 7.5% in 2012 and it remains vulnerable going forward.

2. **Trimming positions that exceed our target weight.** We've written on this topic before, both as something we did right (Q4 2008) and as a mistake, in that we did it too aggressively (Q4 2009). In 2010 and 2011, inflows were strong enough that we did not have to think too much about trimming. In the second half of 2012, though, strong appreciation in some positions, combined with moderate inflows and an occasional outflow led us to trim some of our winners. We continue to have mixed feelings about this, especially when the stocks kept going up after we trimmed. Looking just at the two positions we trimmed the most, which were our first and fourth largest holdings at year-end, selling cost us $0.6 million versus doing nothing. This total would be higher if we included trims on our other companies. We know that investors make the behavioral mistake of selling their winners and keeping their losers. Nevertheless, there is a point where—from a risk perspective—a position

gets too big. Maybe its valuation, while remaining below where you would sell it entirely, does not merit the weight it is at, or maybe the company is not of the quality level to justify its weight. We've changed our trimming methodology from what it was back in 2009. We're more reticent to trim, we let stocks run further, and we trim in smaller amounts over longer periods, with breaks when we are out of the market to ensure we are not holding down the price. We'll probably never be satisfied with trim decisions—either regretting selling when a stock continues to move up or regretting not trimming more aggressively when a stock reverses, but we think our trim discipline is progressing toward the point of least regret.

3. **Not pulling the trigger.** In the second half of the year, we did significant research on two stocks, each at one point selling at big discounts to our estimate of intrinsic value. In both cases, we decided to pass, and then watched the spiteful stocks make us look foolish, each gaining around 50% in a few months. While the two companies are unrelated and in different businesses, our reasons for rejecting them were similar. Each was more cyclical than we prefer; neither was in an industry that we knew that well; each faced macro headwinds; and although both operated in frontier countries, they each traded on developed world stock exchanges where informational efficiency was higher (although short-term volatility can also be higher due to more trading, creating opportunities such as existed when we researched these stocks). Both had significant headline risk (news items could materially change the valuation overnight) in part due to their project-oriented nature. While reading the prior sentences may cause you to wonder why we ever considered these businesses in the first place, we should emphasize how cheap they were, with one business selling below two times trailing earnings at one point. They were so cheap, they compelled us to research them. Perhaps half the explanation of why we did not pull the trigger was our lack of prior familiarity with the companies and management. We just couldn't get comfortable enough in our gut quickly enough before the stocks began to trade away. We would have liked the performance, but we don't regret our decision—we think it was the right process call. As time passes, it's possible we could own these companies in the future if we become more comfortable with them and if their price retreats to our buy zone.

Following on from the last situation, we can offer some quantification of how familiarity with a company and its management gives us comfort. At the end of 2012, our portfolio had 11 new positions that were not in it a year prior. Four of these 11 were companies that we first met or identified back in 2007 or 2008, but did not own for the first time until 2012. In three of the four situations, a downward drifting stock price in 2011 and 2012 finally created enough of a discount to intrinsic value for us to buy. In light of the falling price, we refreshed our research and were able to make a decision relatively quickly, being already comfortable with the company.

Year-end activity

Our administrator emailed Q4 statements to investors on January 8. We expect our onshore audit to finish by mid-February and our offshore audit to be complete before the end of February. We expect our administrator to e-mail K-1 tax forms to investors in the first week of March. There are no material changes in these dates from past years. Please e-mail or call us if you have anything to discuss. We thank you for being a Frontaura client.

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 1
Frontaura Global Frontier Fund LLC
Performance[3]
31 December 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%
2012 Q4	9%	0%	7%	6%	3%
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	18%	16%	17%	18%	9%
Inception to Date	48%	3%	- 22%	- 11%	- 42%
ITD CAGR	7.8%	0.6%	- 4.6%	- 2.2%	- 9.9%

Figure 2
Frontaura Global Frontier Fund LLC
Monthly Performance
31 December 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%	2.6%	2.2%	4.3%	18.1%

[3] 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 3
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[4]
31 December 2012

Holdings Summary

Country	Holding
Vietnam	13%
Nigeria	11%
Tanzania	8%
Zimbabwe	6%
USA (cash only)	6%
Iraq	5%
Ukraine	5%
Qatar	5%
United Arab Emirates	4%
Serbia	4%
Pakistan	4%
Estonia	4%
Botswana	3%
Cambodia	3%
Senegal	3%
Rwanda	2%
Romania	2%
Kazakhstan	2%
Cote d'Ivoire	2%
Oman	1%
Ghana	1%
Laos	1%
Papua New Guinea	1%
Lebanon	1%
Cyprus	1%
Montenegro	1%

Industry	Holding
Banks	29%
Consumer Staples	17%
Industrials	16%
Consumer Discretionary	12%
Cash	7%
Telecommunication Services	6%
Specialty Finance	3%
Materials	2%
Insurance	2%
Energy	2%
Diversified	1%

Portfolio Statistics

Portfolio Price to Earnings	5.9
Portfolio Price to Book	1.0
Portfolio Dividend Yield	5.5%
Return on Ending Equity	22.2%

[4] Portfolio valuation statistics use the most recent 12 months of reported fundamental data as of 31 December 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 4a
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries
2012 Q4

5 Best Countries			5 Worst Countries		
Country	Frontaura Return	MSCI Return[5]	Country	Frontaura Return	MSCI Return
Botswana	39%	16%	Cyprus	-24%	--
Montenegro	31%	--	Bulgaria	-10%	-3%
Ghana	30%	14%	Estonia	-8%	22%
Senegal	24%	--	Colombia	-7%	13%
Oman	24%	3%	Pakistan	-6%	5%

Figure 4b
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries
2012

5 Best Countries			5 Worst Countries		
Country	Frontaura Return	MSCI Return	Country	Frontaura Return	MSCI Return
Cambodia	55%	--	Cyprus	-12%	--
Cote d'Ivoire	48%	--	Bulgaria	-10%	-32%
Nigeria	40%	63%	Uganda	-10%	--
Ghana	37%	28%	Zambia	-7%	--
Oman	34%	-7%	Jordan	-7%	-1%

[5] 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.

Figure 5a
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes[6]
2012 Q4

Country	Percentage Point Change	Explanation
Kazakhstan	+2	First investment in country with one new position
Qatar	- 3	Exited one position, reduced others, realizing long-term capital gains
Bulgaria	- 2	Exited position, realizing long-term capital gain

Figure 5b
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
2012

Country	Percentage Point Change	Explanation
Nigeria	+6	Strong stock performance; two new positions
Ukraine	+5	First investment in country with two new positions
Zimbabwe	+4	Two new positions
Cambodia	+3	First exposure to country; strong stock performance
Kazakhstan	+2	First investment in country with one new position
Qatar	- 4	Exited one position, reduced others, realizing long-term capital gains
Pakistan	- 3	Exited two positions at a loss
Bulgaria	- 2	Exited position, realizing long-term capital gain
Vietnam	- 2	Exited position, realizing long-term capital gain; additions to current positions small relative to inflows

[6] 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 3 footnote for a discussion of how we classify cash by country.

Figure 6
Frontaura Global Frontier Fund LLC
Portfolio Concentration[7]
31 December 2012

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	50	26	-2	+1	0	-1
Top 5	23%	44%	-1	-1	+1	0
Top 10	38%	67%	0	-2	+1	+2
Top 20	62%	90%	0	-2	+3	+7
Top 20 + USA (Cash)	68%	96%	0	-1	-5	0

[7] 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 3 footnote for a discussion of how we classify cash by country.