FRONTAURA

Notes on Holdings and Portfolio Statistics

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

Individual stock and country returns. Frontaura stock and country returns are before management fees, fund expenses, and any incentive compensation, as those deductions occur at the fund level and not at the individual stock or country level. Country returns are for stock positions in those countries, and include exchange rate movements and transaction fees on those stocks. Country returns do not include exchange rate movements on cash we hold in those countries. We calculate dollar profit as proceeds minus costs. Proceeds = value of position(s) held at period end + dividends and other distributions that went ex during period + sale proceeds during period. Costs = value of position(s) held at period beginning (this will be zero when we measure inception-to-date returns) + purchases during period. We measure proceed and cost amounts in US dollars, net of commissions, trading fees, foreign exchange costs, and any withholding taxes on dividends and capital gains. In addition to dollar profit, we also compute proceeds relative to cost, stating it as either a return multiple (proceeds / cost) or a percentage return (proceeds / cost – 1).

LTM = Last Twelve Months.
ITD = Inception to Date, meaning from 1 November 2007, the date Frontaura began investing.

PE, PB, Yield, and ROE. Portfolio price to LTM earnings (PE), portfolio price to book (PB), and return on ending equity (ROE) use the most recent 12 months of reported financial statements as of the publication date. Portfolio LTM dividend yield (yield) includes dividends going ex in the last 12 months. PE and PB are the harmonic means of all positions, weighted by position size. Yield and ROE are the means of all positions, weighted by position size. The yield on Frontaura Global Frontier Fund is less than our portfolio LTM dividend yield due to cash held, withholding taxes, management fees, and operating expenses. At present, we retain, rather than distribute, all income.

Positions and countries. We count each company in which we invest as one position, except for our Argentina basket, where we hold multiple stocks to achieve broad macro exposure to that country, yet count the basket as only one position. When we own a company on two or more stock exchanges, we count it as only one position. We do not count positions we value at zero. We assign each company we own to a single frontier country we think most appropriate, considering the location of its revenue, profit, physical operations, headquarters, stock listing, and other factors. Our country count is the sum of these countries. If a country is not in our investment universe, but we hold cash there, we do not count the country. We also do not count countries in our investment universe if we own no companies there and the amount of cash we hold there is *de minimis* and kept in the country for administrative convenience, such as to keep an account open for possible future investment.

Market cap and turnover. Average market cap is the average equity market capitalization of stocks in our portfolio, weighted by position size. Median market cap is the equity market capitalization of the stock that separates the portfolio into two equal halves by dollars—the upper half consisting of stocks with larger market caps and the lower half consisting of stocks with smaller market caps. LTM portfolio turnover is the average of annualized monthly turnover for the last twelve months. ITD portfolio turnover is the average of annualized monthly turnover of all months from Frontaura's November 2007 inception to date. Annualized monthly turnover is 12 times the sale proceeds in a month in US dollars divided by the average of beginning and ending AUM for the month.

Standard deviation and beta. Standard deviation is the annualized standard deviation of all monthly net returns from inception to date. Beta measures Frontaura's volatility relative to the S&P 500 using monthly net returns of Frontaura and the S&P 500 since Frontaura's November 2007 inception.

AUM. Assets under management are the US dollar sum in millions of all equity market values, cash, and accruals. We include in cash and AUM any first-of-the-next-month cash inflows, but only to the extent they offset end-of-the-prior-month cash outflows. For example, assume we have 1) cash outflows of $5 million on the last day of a month, reducing cash to $10 million and AUM to $160 million; and 2) cash inflows of $6 million occurring on the first day of the next month, increasing cash to $16 million and AUM to $166 million. In this case, we calculate AUM for the month just ending as $165 million, including cash of $15 million. These amounts match the AUM and cash figures before the cash outflow occurred. Since first-of-the-next-month inflows replace the outflows immediately, we calculate AUM this way internally for portfolio management purposes.

Note that our calculation of AUM described here will not match the net assets shown on our year-end audited balance sheet if cash inflows are replacing cash outflows, as audited net assets exclude all first-of-the-next-month cash inflows. For this reason, mix percentages shown in our audited financials will not match what we show here if cash inflows are replacing cash outflows.