Quarterly Letter – 2016 Q3

In this letter, we'll review changes in our country and regional mix since inception, primarily due to changing valuation levels. As we explain at the beginning of the Portfolio Mix Changes Over Time section on page 4, we think these changes reveal an important implication for asset allocators who want frontier market exposure in their global equities portfolio. Before that, though, we begin with a discussion of Performance, followed by research on Frontier Market and Emerging Market Cycles, and an examination of Q3 Attribution. The main topic of this letter then follows, as we present a graphical review of country and regional mix changes. We then conclude our text with Fund and Management Company News, including discussion of a new hire and recent and upcoming travel. The final pages of this letter have our usual Statistical Appendix.

Performance

Q3. We gained 2.3% in Q3. All of the global indices we cite had a good quarter. On a total returns basis, the S&P 500 advanced 3.9%, MSCI EAFE (developed countries outside North America) rallied 6.4%, MSCI Emerging Markets (EM) gained 9.0%, while MSCI Frontier Markets (FM) was up 2.6%. All of these indices did better than we did in Q3, the opposite outcome to Q2, when we outpaced all four of these indices.

Our Q3 monthly returns were +1.6%, -0.4%, and +1.1%, respectively. The interest rate cap law in Kenya caused our slight August loss, as we discussed in our August monthly comment.[1] We were up nearly 2% for the month on August 24, when President Kenyatta unexpectedly signed this law. Having just returned from Kenya, we will discuss it further when we publish our October monthly comment on October 31.

2016. Frontaura is up 5.5% for the year. This is better than MSCI EAFE, up 1.7%, and MSCI FM, up 2.2%, but behind the S&P 500, up 7.8%, and MSCI EM, up 16.0%. All of these figures are total returns, including dividends.

We also find it interesting to look at performance since the January low. From end of day January 21 through September 30, Frontaura has gained 12.2%. We had a slight loss in February, -0.6%, when some of the initial gains from the last 10 days of January were reversed; another slight loss in June, -0.3%, when Nigeria devalued and the Brexit vote occurred;[2] and the aforementioned slight August loss of -0.4%, due to the Kenya interest rate cap. The other months from March onward have been up. In other words, Frontaura has absorbed several significant country-specific macro events without much of a dent in our overall performance trajectory since the January low. We view this as a bullish sign.

ITD. Since our November 2007 inception, we are up 80% (6.8% compounded annually) while MSCI FM is down 31% (-4.2% compounded annually). The S&P 500 is up 70% (6.1% compounded annually), while MSCI EAFE is -8% (-0.9% CAGR) and MSCI EM is -16% (-2.0% CAGR). Figure A1 in the Statistical Appendix shows returns since inception for all of these indices, while Figure A2 shows our monthly returns since inception.

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[1] http://www.frontauracapital.com/monthlycomments/Frontaura_Monthly_Comment_2016_08.pdf.

[2] http://www.frontauracapital.com/monthlycomments/Frontaura_Monthly_Comment_2016_06.pdf.

Frontier Market and Emerging Market Cycles

EM up 34% from low. We think that a positive indicator for our future is how well EM has done this year. MSCI EM is ahead of MSCI FM 16% to 2% for the year and 34% to 14% since January 21. Yes, EM is up 34% since January 21—perhaps its five-year bear market is over. Investment flows into EM turned positive in March and have remained positive, but this has yet to occur with FM.

At past turning points, FM has tended to lag EM. With the Global Financial Crisis, this lag was around six months. The EM selloff began November 2007, while the FM selloff began seven months later in June 2008.[3] EM hit bottom at the end of October 2008, while FM hit bottom just over four months later in early March 2009.

More recently, the lag appears longer, although this is a matter of interpretation. EM peaked May 2011, over three years before FM's peak in August 2014. However, the following month, September 2014, EM was within 0.3% of its May 2011 high, so one could also say that EM and FM peaked around the same time at the end of summer 2014.

EM outperforming FM for 24 months. What's more clear is that beginning October 2014 EM began to significantly outperform FM (initially, by falling less than FM) and that outperformance has lasted for 24 months through September 30. Looking at the past 11 years, these indices take turns outperforming each other. The prior four cycles dating from October 2005 lasted from 12 to 40 months, with an average length of 27 months.[4]

Given the low valuations in FM and its flattish year so far, it's rational to think that a FM rally is due. Maybe it is occurring already, but in slow motion relative to EM, as MSCI FM and MSCI EM bottomed within one day of each other in January. Maybe the short lag we observed around the time of the financial crisis means that the FM rally is about to kick into a higher gear. Further, EM has led FM for 24 months, and this cycle will turn eventually.

FM valuation discounts high. We don't mean to turn this into a competition between EM and FM, however. Both look relatively good to us. A September 27 Frontier Markets Panorama report from Citi states that MSCI FM trades on 11.9 trailing earnings, while MSCI EM has a 14.8 PE. In contrast, the MSCI World (all developed countries, essentially MSCI EAFE plus the US and Canada) has a 21.3 PE, according to Citi. Citi indicates the FM discounts to EM and developed markets are near the high end of the range that has existed during Frontaura's history.

Our portfolio trailing PE is 6.8 with a 6.1% dividend yield. Further, our portfolio has a weighted average return on ending equity of 24.9%. Contrast our valuation metrics with

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[3] We acknowledge that the MSCI FM Net Dividend Index actually peaked on 15 January 2008. On 3 June 2008, however, this index was only 1.5% below the January peak and there certainly was no sense of panic in frontier markets, which were behaving much better than other global markets. We were up 8.7% year-to-date through May, for example, and numerous new frontier funds were appearing. June began a six-month string of negative performance for us and a nine-month stretch of negative results for the MSCI FM Index, so June is when the frontier selloff really got going.

[4] EM began outperforming FM on 21 October 2005. This lasted for 24 months through 30 October 2007. FM then outperformed EM for 12 months, from 31 October 2007 through 24 October 2008. EM then took the lead for 40 months, from 27 October 2008 through 29 February 2012. FM led for the next 31 months, from 1 March 2012 through 1 October 2014. EM has outperformed FM since 2 October 2014, a streak of 24 months through September 2016. We use the total return net dividends series for each index.

the S&P 500, which traded at 24.9 times reported GAAP EPS[5] on September 30 with a 2.1% dividend yield. From these valuation levels, which do you expect to provide the best return over the next 10 years, Frontaura or the S&P 500? But perhaps equities aren't your thing. Ten-year US government bonds beckon. According to Bloomberg data, on September 30 they would have paid you 1.59% annually over the coming decade. This is superior to German 10-year government bonds, which had a yield of -0.12% on September 30. Rhetorical questions aside, we don't see much downside in FM while waiting for a positive FM cycle to begin—absent a severe global macro event that would affect all markets.

Q3 Attribution

Quarter-ending AUM was $119 million spread across 52 positions in 31 countries. Figure A3 in the Appendix presents a table of our portfolio statistics and our portfolio composition by country and region.

Figures A4 and A5 in the Appendix show the top and bottom performing countries for Q3 in both dollar and percentage terms and how our performance compared to MSCI's index for the country. Our top five winning countries in Q3 were tightly bunched, all gaining between $0.8 million and $1.0 million. All attribution results are before fees and expenses, as those deductions occur at the fund level, rather than the country level.

Vietnam. Although Vietnam is no longer our largest country weight, it was our largest dollar contributor to performance for the fifth consecutive quarter, generating $1.0 million of profit, with a 9% gain. Vietnam is now an 8% weight in our portfolio, with 6% in equities and 2% in prefunding cash. This makes Vietnam our fourth largest equity weight and our second largest weight overall.

Other winners. Following Vietnam were Georgia, Pakistan, Papua New Guinea, and Tanzania. All but Tanzania are holdovers from Q2's top five contributors. Each of these countries had a double-digit percentage gain in the quarter, and they are all among our top ten country holdings, comprising 4% to 8% each in the portfolio.

Losses in Sub-Saharan Africa. The interest rate cap issue in Kenya made it our biggest detractor from performance in the quarter, subtracting $1.7 million, as we lost 18%. We cut our Kenya weight to 3% by the end of the quarter from a peak of 7% prior to the cap law signing. We now hold less than 1% of our fund in Kenyan banks. Nigeria followed closely as our second biggest detractor, with a $1.5 million loss, down 17%. Our Nigerian holdings, 6% of the portfolio, now trade at 2.8 times trailing earnings, a 0.3 price/book, and an 11.4% dividend yield. Our other significant loss during the quarter was in a third Sub-Saharan African country, Rwanda, which makes up 4% of our portfolio. We lost 14% or $0.9 million there as prices drifted down, in the absence of news. Overall, we lost $3.1 million in Sub-Saharan Africa in Q3, a 9% loss, continuing this region's poor performance since Q4 2014. It is the only region where we lost money in Q3 and year to date. We have 24% in Sub-Saharan Africa at present.

Overall, we made money in 22 countries and lost money in 9 countries in Q3.

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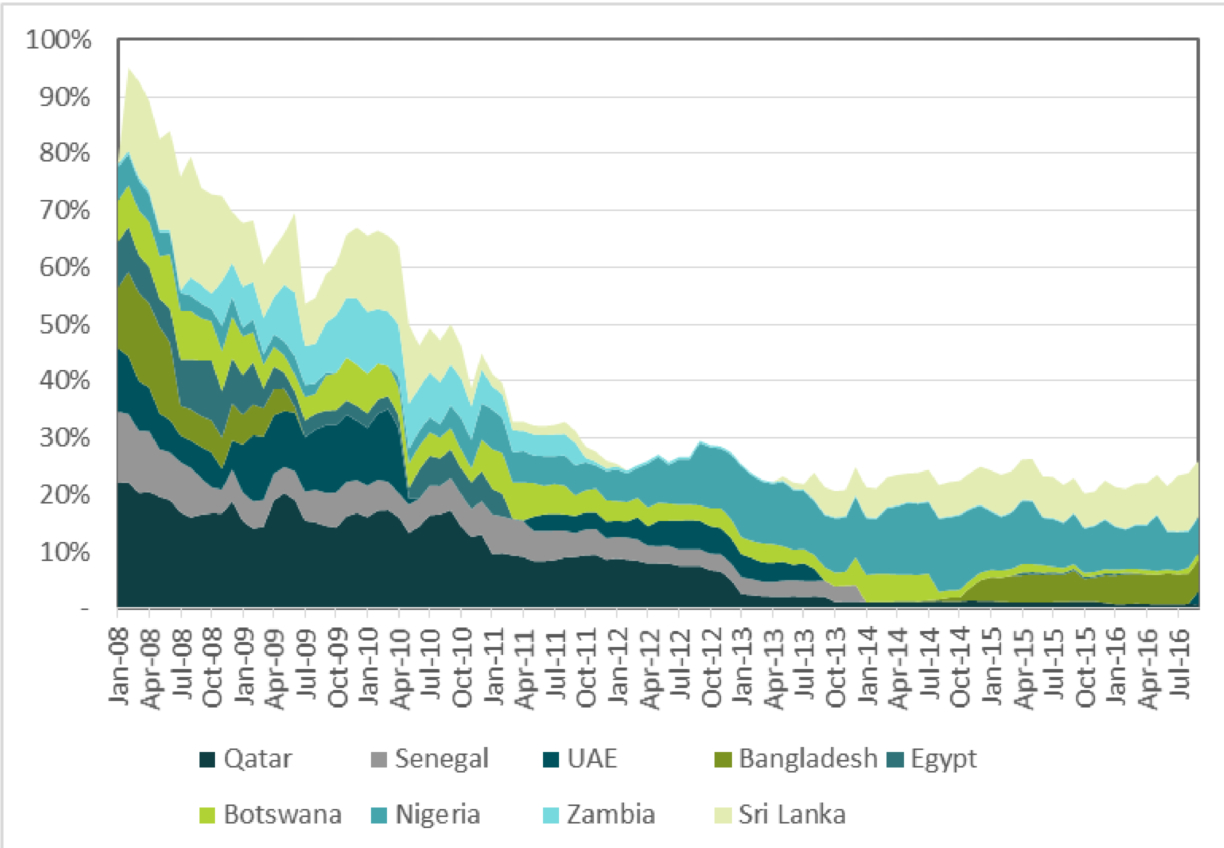
[5] S&P 500 value of 2168.27 on September 30 divided by GAAP EPS of $86.92 per share for the four quarters ending June 2016. Standard & Poor's is our source for GAAP EPS. See cell J121 in the Estimates&PEs tab of https://us.spindices.com/documents/additional-material/sp-500-eps-est.xlsx. S&P updates this spreadsheet frequently so the cell reference may change.

Figure 1
Frontaura Global Frontier Fund LLC
Top Countries January 2008
Mix Change January 2008 – September 2016

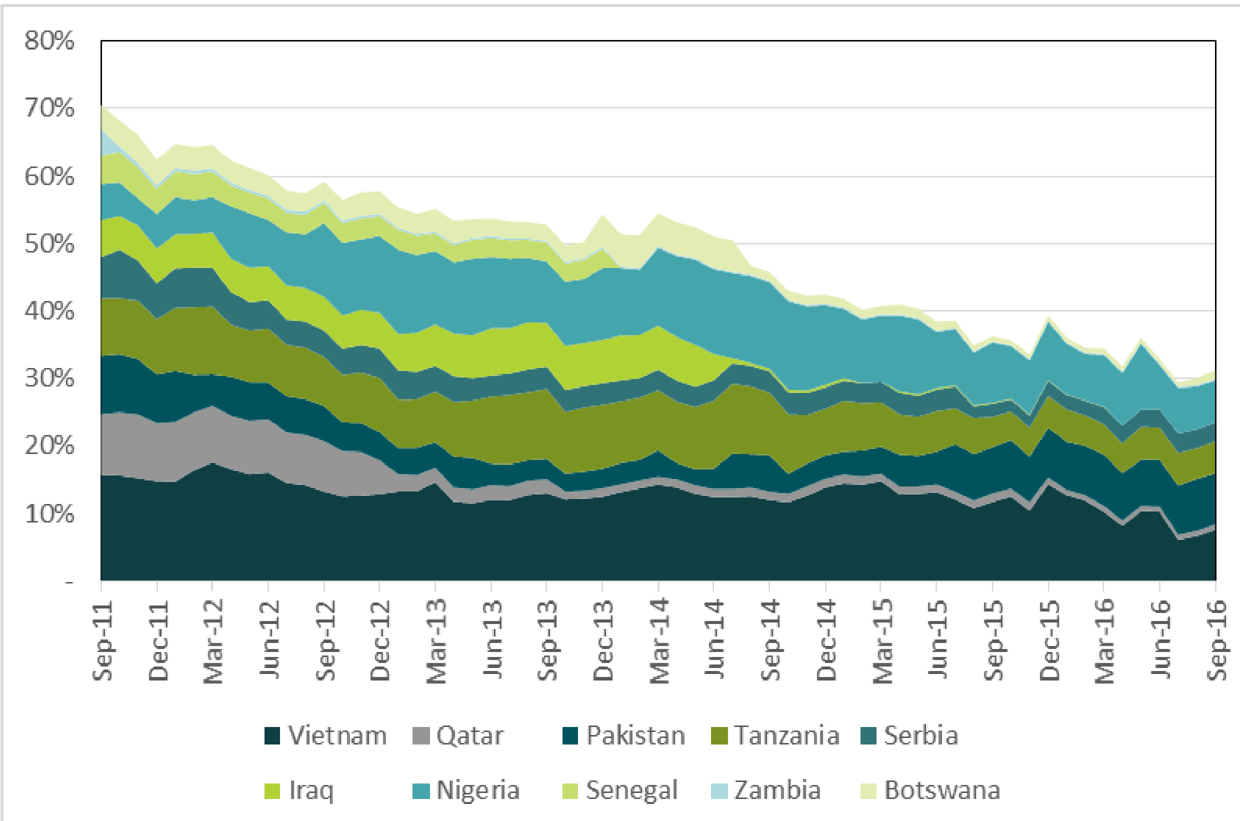


Portfolio Mix Changes Over Time

As usual, the Appendix shows portfolio mix and concentration changes over the past quarter and year (Figures A6-A8). In this section, however, we take a longer look at our evolving portfolio composition, using charts to depict the changes.

We have a dual purpose in showing all of this data. First, we find the degree to which the portfolio has changed with time inherently interesting. Second, we think the data has an implication for asset allocation. When we talk to asset allocators who've decided they want frontier market exposure in their global equities portfolio, they sometimes express a preference for selecting a collection of country or regional frontier funds instead of a global frontier fund. The figures we show in this letter, in our opinion, reveal a shortcoming of such an approach. An allocator would have to devote substantial time and effort to monitor dozens and dozens of frontier countries and managers within those countries and regions to try to replicate what we do. Lockups, redemption notices, investor gates, holdbacks, and funds closed to new investment create timing and cash flow friction that further impede the implementation of a best-of-breed strategy. Such a strategy is likely to be less dynamic than what we offer, remaining invested in overvalued countries for longer. As the charts that follow show, sometimes we exit countries entirely for years until their markets cool down and become attractive again. Those remaining invested may incur long periods of underperformance or even significant losses. Further, a best-of-breed strategy may miss new opportunities, where the allocator may not know or may take a long time to conduct due diligence on country-specific managers. Managers suitable to an institutional allocator may not exist in smaller markets. Given that most allocators have a small allocation to FM, it is debatable if the overhead of a best-of-breed strategy is worth the effort.

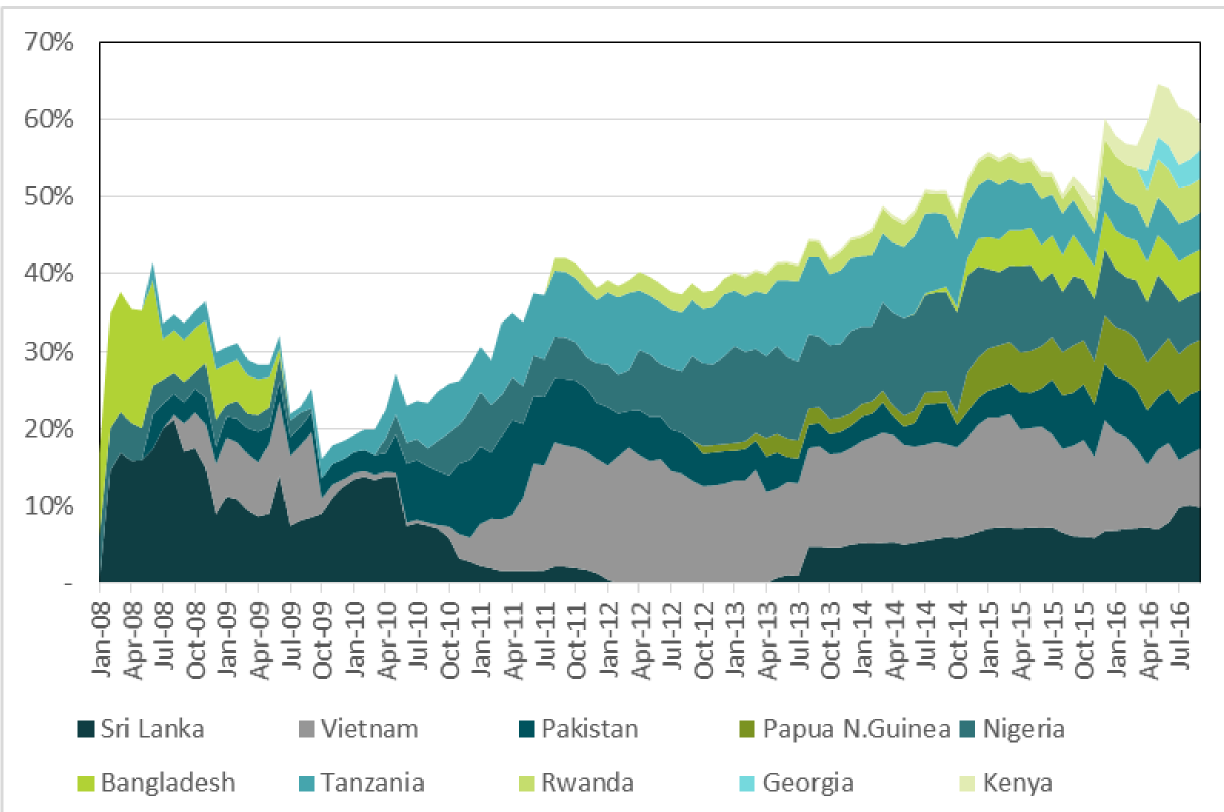
Figure 2
Frontaura Global Frontier Fund LLC
Top 10 Countries September 2011
Mix Change September 2011 – September 2016



We began investing 1 November 2007 and opened to outside investors 1 January 2008. At the end of January 2008, we had investments in nine countries, totaling 79%, with the remainder of the portfolio in cash. Figure 1 shows how these nine countries have evolved. From 79% of the portfolio in January 2008, to 95% in the following month, February 2008, these nine countries today comprise only 26% of our portfolio. Undoubtedly, some of our diminished percentage allocation to these places is due to asset growth and our broader country knowledge base over time. We mitigate these issues in Figure 2 by focusing on the last five years. Figure 2 shows how our mix has changed for our top 10 countries as of September 2011. This 2011 starting point is nearly four years after our inception, and thus is beyond our initial research ramp-up period. AUM then of $79 million is of a similar order of magnitude as today’s $119 million. Our top 10 countries five years ago made up 71% of the portfolio, yet these same 10 countries are but 31% of the portfolio today.

We invest with a long-term mindset—our annualized turnover of 29% implies an average holding period of 3.4 years. Why then, does the composition of our fund change so much over time? Simply put, valuations fluctuate. When we have money to invest, be it from investor inflows, dividends, or stock sales, we invest it in the stocks that we estimate to have the most upside, as measured by the discount of their share prices to our estimates of their intrinsic value. Where the greatest upside lies changes with time, so where we deploy cash changes as well. Further, if a stock becomes too overvalued, we sell it. This constant process—investing where upside exists, selling when overvaluation is present—alters the portfolio over time. In any given month, the change is usually minor, almost imperceptible. Over time, the change is significant, as Figure 2 shows.[6]

Figure 3
Frontaura Global Frontier Fund LLC
Top 10 Countries September 2016
Mix Change January 2008 – September 2016



Our process pays no attention to index weights or to whether a country is in the FM index. We don't have to own any company or country. If we don't like a company or country, we don't own it. This contrasts with some funds concerned about tracking error who may still own a stock or company they dislike, but in a lower proportion than the index weight.

[6] Naturally, this discussion simplifies our process. We may subject our buys to risk-based constraints on company, sector, country, and regional weight. In addition, we may sell for reasons other than valuation, such as country risk, acquisition, or governance issues. Last quarter's letter discusses why we sell. See http://www.frontauracapital.com/quarterlyletters/Frontaura_Quarterly_Letter_2016Q2.pdf.

Figure 3 on the prior page shows the trend going the other way. This figure depicts how our present top 10 countries have grown in the portfolio with time. In January 2008, the current top 10 were but 17% of the portfolio, whereas today they are 60%. We note though that an initial ramp up in Sri Lanka, Bangladesh, and Pakistan caused our present top 10 to spike to 42% in June 2008, before ebbing to only 16% in October 2009. We examine these countries and the South Asia region in more detail later.

Prominent Country Mix Changes

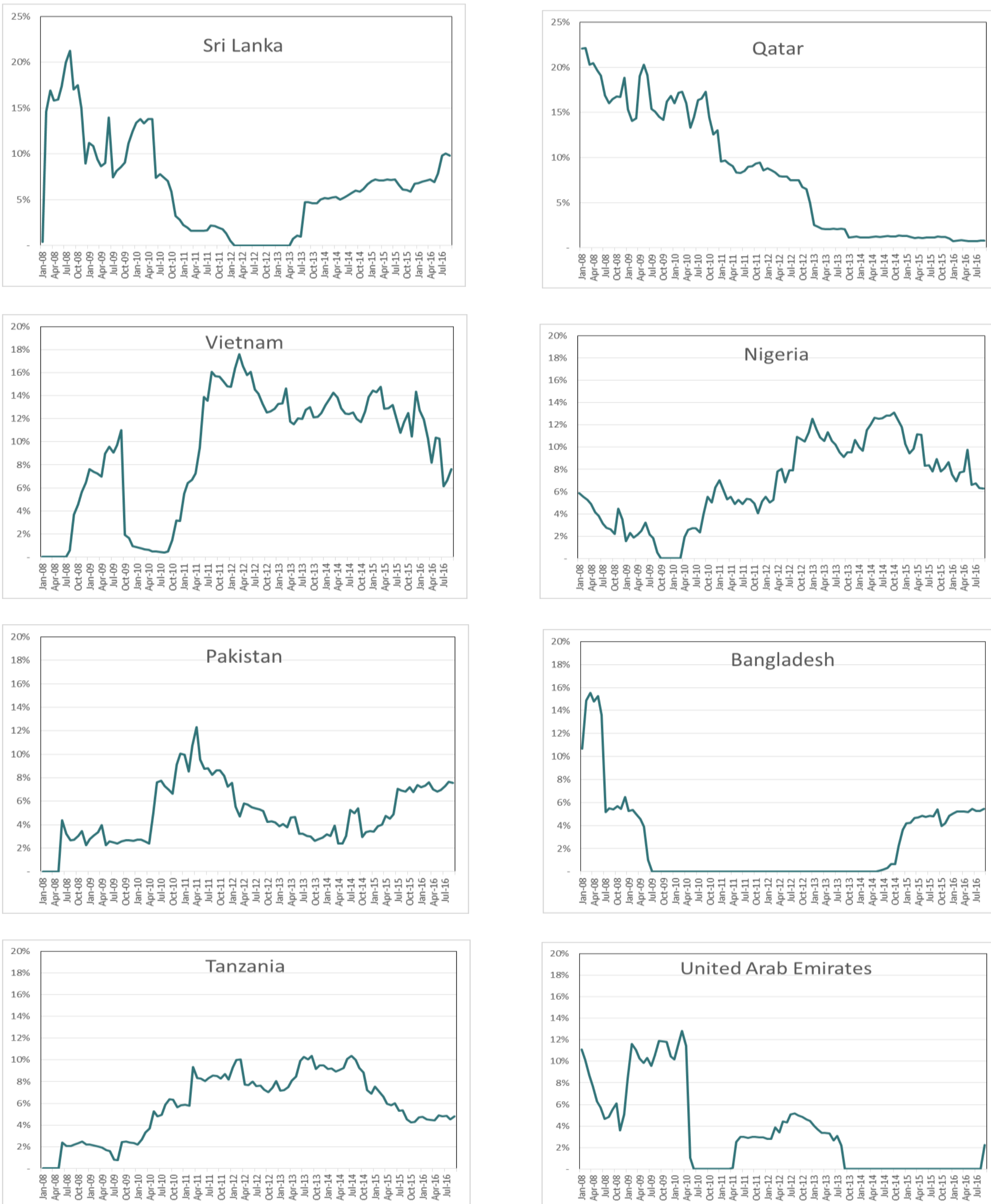
Figure 4 on the following page shows charts for eight countries that have been significant to us during our history. These include all five countries that have been our largest weight at some point and three others that reached number two, and are otherwise significant. We offer a few comments on each as to why our mix has changed over time.

Sri Lanka. We traveled to and invested in Sri Lanka in January 2008 when their quarter-century civil war was ongoing. Few investors visited then and the market featured anomalies such as non-voting shares trading at one-half or less the valuation of the voting shares. Sri Lanka became our biggest country weight in July 2008, peaking at 21% the following month. In Q2 2009, the war ended and the Colombo Stock Exchange All-Share Index doubled that year and again the next. This post-war euphoria was overdone and we were heavy sellers throughout 2010. From February 2012 through April 2013, we had no investments in Sri Lanka. Then, gradually, we returned, picking through the rubble of a market that sold off 39% peak to trough. We found companies back to reasonable valuations as earnings had continued growing throughout the market downturn. Beginning July 2016, Sri Lanka was again our largest country weight at 10%.

Qatar. Qatar was important to us early on, as an infrastructure project to increase its liquefied natural gas (LNG) capacity by 2.5 times stoked the economy and companies within it. IMF figures show that Qatar’s GDP growth averaged nearly 18% per year for the six years through 2011. From our inception through the end of 2010, Qatar was a double-digit percentage of our portfolio every month, and was our largest country for all but five months. By then, though, we thought the LNG expansion theme was becoming played out, and with GDP and company growth rates set to normalize in 2012, our investments began looking overvalued to us. Qatar has been only 1% of our portfolio for the past three years.

Vietnam. Vietnam’s stock bubble peaked in March 2007 with many companies trading on 20-30 times earnings. We did not invest. In August 2008, with the market cut in half from its peak, we found a special situation where a closed-end fund with forced sellers was trading at a substantial discount, eventually 65%, from its greatly diminished NAV. This investment caused the initial spike in our Vietnam mix to 12% by the end of 2009. After this situation played out successfully, we returned to Vietnam in September 2010 with the VNINDEX still 61% off its March 2007 high. We bought a collection of small to mid-cap names that at the end of 2011 generally traded in a range of 3-6 times trailing reported EPS with a dividend yield of between 5%-15%, and an ROE between 21%-39%. Sentiment was negative or indifferent, even at these valuations. Locals and expatriates who knew the market well agreed with us that the market was cheap, but thought we were too early. By June 2011, Vietnam was our largest country, a position it held through June 2016, for all but five months. It peaked at 18% in 2012 and 2015. While we continue to buy stock in Vietnam, our sells have exceeded our buys from 2013 onward, as we have exited appreciated positions. Vietnam was 6%-8% of our portfolio for most of Q3 2016.

Figure 4
Frontaura Global Frontier Fund LLC
Significant Countries
Mix Changes January 2008 – September 2016



Nigeria. Lest you think we are only showing winners, we present Nigeria. Similar to Sri Lanka, Vietnam, and Bangladesh to follow, we've had two investment periods in Nigeria, with a six-month hiatus in between. Our initial Nigerian investments from 2007-2009 were growth-inspired, and initiated prior to the financial crisis, while our second wave of Nigerian investments from 2010 onward have been value-inspired in the wake of the financial crisis. Both waves have been unsuccessful, with the financial crisis dooming our initial investments, and the falling oil price and subsequent currency trouble turning our second wave from a winner to a loser. For five months ending October 2014, Nigeria was our largest country weight, reaching a maximum of 13%. Nigeria is now a 6% weight.

Pakistan. Our weight in Pakistan rose, fell, and has now risen again. Briefly, for four non-consecutive months in the first half of 2011, Pakistan was our largest country weight, peaking at 12%. At the end of each month in Q3 2016, Pakistan was either our second or third largest country, finishing the quarter at 8%. Bottom-up buying and selling due to undervaluation and overvaluation have driven most of the mix changes in Pakistan throughout our history, with some upward drift in mix due to appreciation.

Bangladesh. Bangladesh, Tanzania, and the United Arab Emirates are the three countries we show that were never our largest, with each reaching number two at some point. The Bangladesh chart shows a five-year dormant period from our country exit in June 2009 to our re-entry in June 2014. In hindsight, even though we made money, our initial exit for reasons of valuation and some company-specific issues was premature. Low valuation drove our re-entry, which has been a modest success to date. Bangladesh peaked at 16% of our portfolio in March 2008. It has been 4%-5% from December 2014 onward.

Tanzania. Tanzania hit 10% of our portfolio for several months each in 2012, 2013, and 2014. We highlight Tanzania to contrast it with Kenya, the market that most investors prefer. Despite similar populations, Kenya has the larger economy and stock market, with better liquidity and transparency. Thus, during our initial history, Kenya traded on PEs that were double or more that of comparable Tanzanian companies. We preferred Tanzania, despite it being much more difficult to trade, for its lower valuation and higher economic growth potential as its incomes converged toward Kenyan levels. We initially invested in Tanzania in 2008, were heavy net buyers in 2010-2011, then became significant net sellers in Tanzania due to valuation from 2013-2015. Following a gradual selloff and weakening currency from Q4 2014 onward, we have been a minor buyer in 2016 with no sales this year. Tanzania has recently been around 5% of our portfolio. It amazes us that several Africa funds with prominent Kenyan positions have had no direct exposure to Tanzania during our entire history.

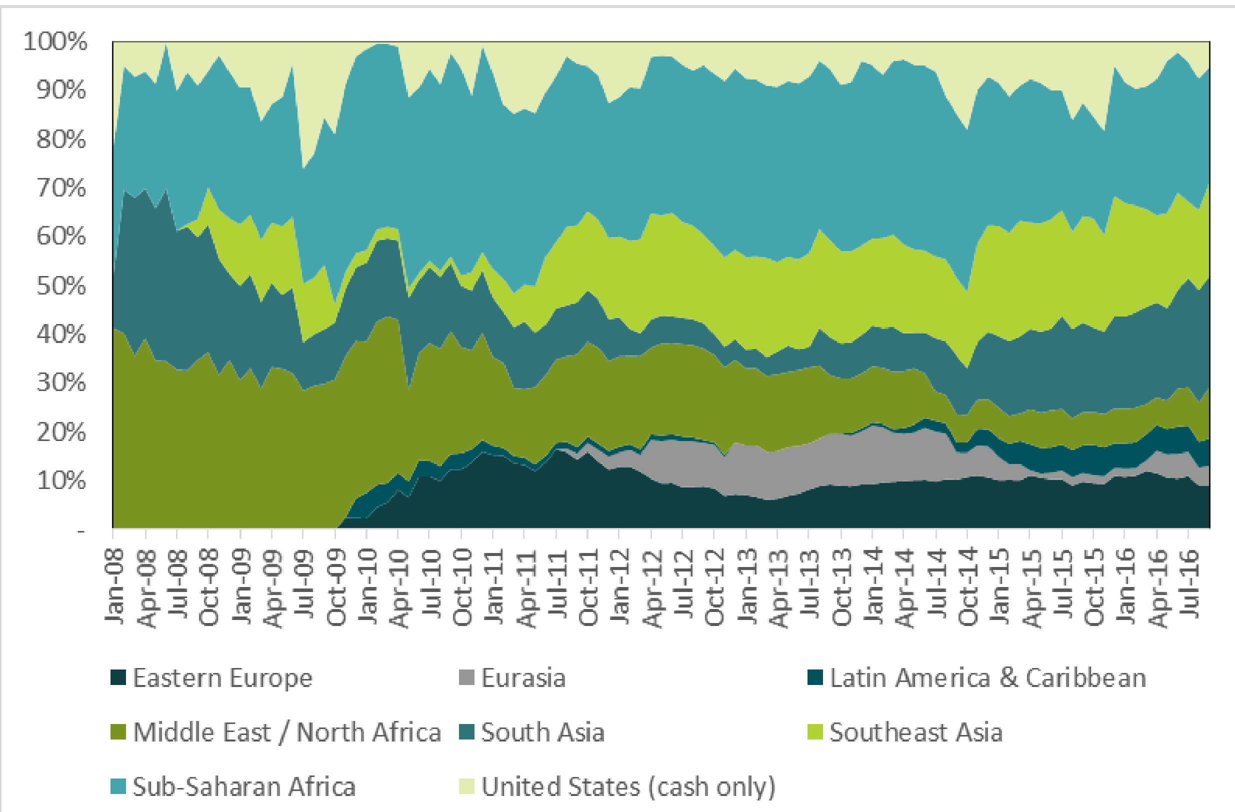
United Arab Emirates. The United Arab Emirates (UAE) is the only country that we have entered three times and exited twice, with our most recent entry occurring in September 2016, after an absence of three years. Each entry was for company-specific reasons. Our UAE weight peaked at 13% in March 2010 when an acquirer bought our single position.

Regional Mix Changes

Our final three figures show how our regional mix has changed with time. Figure 5 shows all regions. Figures 6 and 7 then decompose Figure 5 to show data for Africa, South Asia, and Southeast Asia.

We'll first comment on the smaller regions that only appear in Figure 5. We note that we deliberately had no exposure to Eastern Europe or Eurasia until late 2009 and 2011, respectively, because pre-financial crisis valuations were too high. We avoided a large selloff in doing so. Our patience has not been rewarded, however, as collectively our investment in these two regions has not been profitable. In Eastern Europe (presently 9%; peaked at 16% July 2011), we are just above break-even before fees. In Eurasia (presently 4%; peaked at 12% January 2014), which we define as the former Soviet Union countries plus Mongolia, we show a large loss, mainly due to Putin risk in Ukraine and Russian economic risk in Estonia (the company we owned there had about half its sales in Russia). Middle East / North Africa (MENA) has shrunk for us over time, due to profit taking in Qatar and the UAE, and exiting Egypt and Iraq after the 2011 Arab Spring and ISIS's 2014 capture of Mosul, respectively. In recent months, however, we have gradually increased our MENA stake from 6% to 10% on valuation, entering Kuwait for the first time, and re-entering the UAE. Although a solid profit contributor, Latin America and the Caribbean has never been a large region for us, accounting for at most 6% in 2015 and 2016.

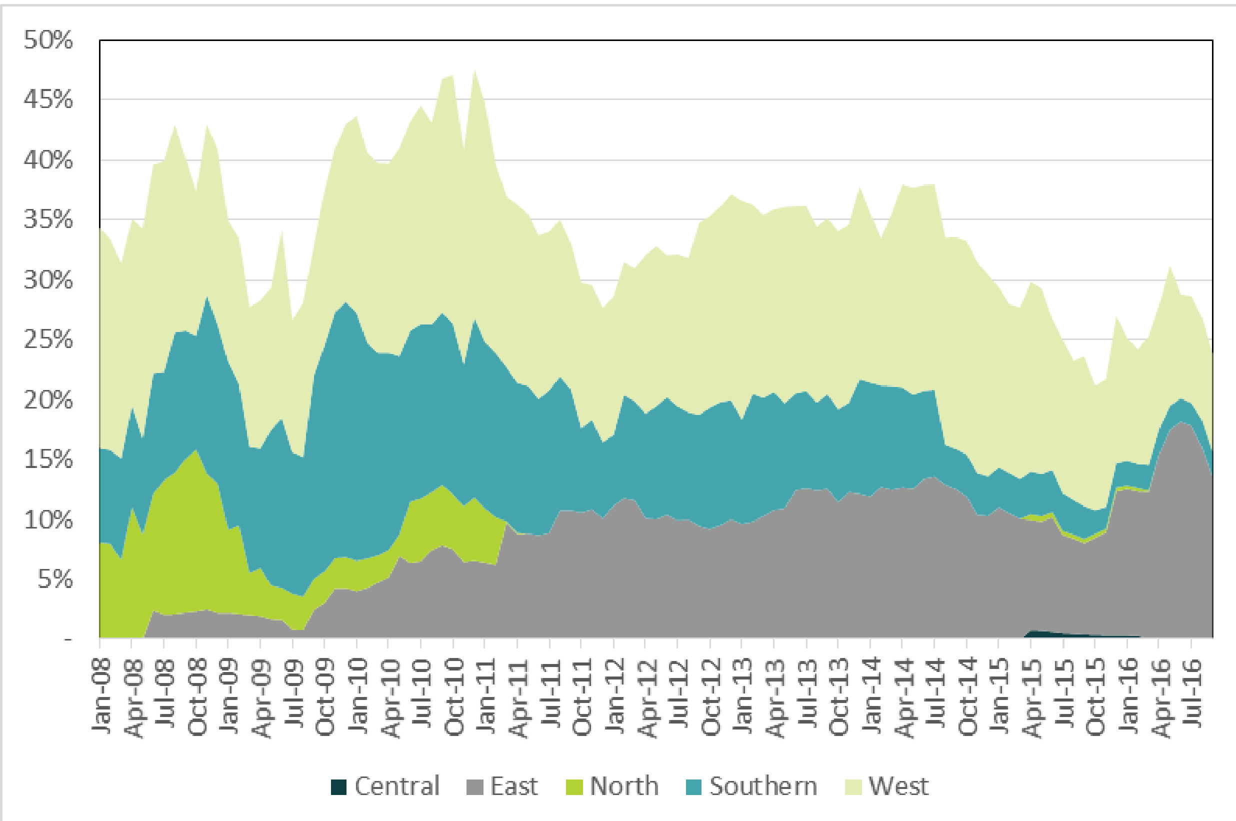
Figure 5
Frontaura Global Frontier Fund LLC
Regional Mix
January 2008 – September 2016



Africa. Figure 6 shows our exposure to the African continent, which includes the entire Sub-Saharan Africa region and the North Africa portion of the MENA region. Our allocation to Africa has ranged from 21% to 48% and is presently 24%. Our allocation to Sub-Saharan Africa (Africa excluding North Africa) has ranged from 21% to 42% and is 24%

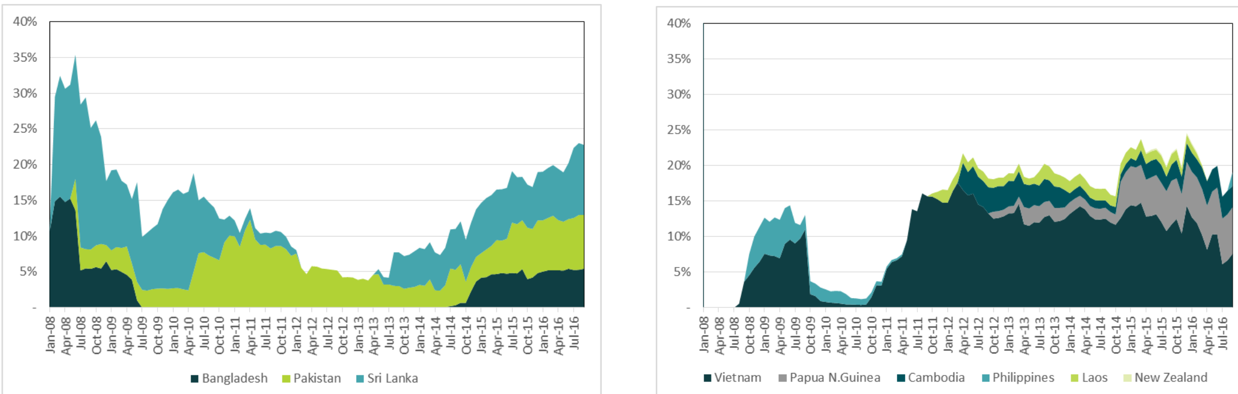
now, as we have no investments in North Africa at present. Over time, our investments within Africa have shifted toward East Africa (presently 13%; peaked at 18% June 2016) and away from Southern Africa (presently 2%; peaked at 21% December 2009) and North Africa (peaked at 14% October 2008). Over our history, the African subregion that we've had the highest average allocation to is West Africa, where on average we've had 15% of our portfolio (peaked at 22% November 2007). Presently, though, we only have 8% in this subregion.

Figure 6
Frontaura Global Frontier Fund LLC
African Regions
January 2008 – September 2016



South Asia. The lefthand panel of Figure 7 shows our exposure to South Asia over time. Each country—Sri Lanka, Pakistan, and Bangladesh—is now on the rise, after previously seeing a cycle of a peak then exit (or diminished allocation in the case of Pakistan). Lower oil prices have created favorable economic fundamentals and appreciating stock prices in these oil-importing countries. Nevertheless, our re-entry or increased investments in these countries was valuation-driven and began before oil prices fell. Our peak investment in South Asia occurred early in our history in June 2008 at 35% of our portfolio before we began reducing our Bangladesh exposure due to valuation. South Asia was down to 10% once we exited Bangladesh completely in July 2010. It rose back to 19% in May 2010 on the strength of Sri Lanka's post-war rally, before falling all the way back to 4% in March 2013, just as we were re-entering Sri Lanka. It is now 23%.

Figure 7
Frontaura Global Frontier Fund LLC
South Asia and Southeast Asia Country Mix
January 2008 – September 2016



Southeast Asia. The righthand panel of Figure 7 shows Southeast Asia, which for most of our history has primarily meant Vietnam. In our early history, we also had a presence in the Philippines, as—like in Vietnam—the financial crisis created values there. More recently, Papua New Guinea has become important to us in the region, with Cambodia also playing a supporting role. We have also just re-entered the Philippines after five years in absentia. On the other hand, we exited Laos this year after five years. Southeast Asia is presently 19% of our fund, having peaked at 25% December 2015.

Fund and Management Company News

Please e-mail us if you are interested in an end-of-quarter phone call or visit.

We added a new member to our team when Nicholas Reyner joined us as an analyst in July. This gives us three full-time analysts and a total team of six, including the two co-founders and one person handling operations. Nicholas graduated from Washington University in St. Louis in June 2016 with a masters in finance. He has passed all three levels of the Chartered Financial Analyst exam, is a level two candidate for the Chartered Alternative Investment Analyst (CAIA) designation, and has passed both Financial Risk Manager (FRM) exams. Nicholas is a native of Indonesia where he graduated as class valedictorian from the University of Pelita Harapan in 2014 with an undergraduate degree in economics. Nicholas brings valuable frontier experience as well, having conducted private equity due diligence in Vietnam, the Philippines, and Cambodia.

Open for investment. We remain open for investment, accepting new investments monthly. We will credit investor account balances with money received on or before the last business day of each month as of the first day of the following month. For example, we will credit funds we receive on or before Monday, October 31 as of November 1. We will credit funds we receive on or before Wednesday, November 30 as of December 1, and we will credit funds we receive on or before Friday, December 30 as of January 1. For new investors, our minimum is $1 million; for existing investors, the minimum follow-on investment is $10,000. There is no additional paperwork for follow-on investments.

Travel and events. In September, we made two trips, one to London to attend an investment conference for Middle East/North Africa companies and the other to Argentina. See our September monthly comment for details.[7] In the first week of October, we toured East Africa, seeing companies in Kenya, Rwanda, Uganda, and Tanzania. We will write more on this in our October comment.

Nick will be in the Boston and New York areas November 8 through 11 visiting clients and prospects.

We will host our 9th annual prediction lunch in Chicago on Thursday, December 15 for Chicago clients, friends, and opportunistic travelers to the area.

Our usual Statistical Appendix follows this page. If you have anything you'd like to discuss, or for details on our Boston and New York travel or our Chicago event, please e-mail or call us. We thank you for being a Frontaura client.

Best regards,

Nick Padgett, CFA and Stephen Mack
Managing Directors, Frontaura Capital LLC
Two Prudential Plaza, 180 North Stetson Avenue, Suite 1935
Chicago, Illinois 60601 USA
Phone: +1 312 777 1500 Fax: +1 312 268 5004 info@frontauracapital.com

[7] http://www.frontauracapital.com/monthlycomments/Frontaura_Monthly_Comment_2016_09.pdf.

Statistical Appendix

Figure A1
Frontaura Global Frontier Fund LLC
Performance[8]
30 September 2016

Period	Frontaura	S&P 500	MSCI EAFE	MSCI Emerging	MSCI Frontier
2016 Q1	- 1%	1%	- 3%	6%	- 1%
2016 Q2	4%	2%	- 1%	1%	0%
2016 Q3	2%	4%	6%	9%	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%
2013	26%	32%	23%	- 3%	26%
2014	- 3%	14%	- 5%	- 2%	7%
2015	- 5%	1%	- 1%	- 15%	- 14%
2016	5%	8%	2%	16%	2%
Inception to Date	80%	70%	- 8%	- 16%	- 31%
ITD CAGR	6.8%	6.1%	- 0.9%	- 2.0%	- 4.2%

Figure A2
Frontaura Global Frontier Fund LLC
Monthly Performance
30 September 2016

	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%
2013	7.3%	1.9%	1.0%	1.8%	3.8%	-0.3%	2.6%	-2.1%	0.2%	3.1%	2.6%	1.6%	25.9%
2014	0.8%	-0.4%	-1.0%	1.6%	2.0%	0.1%	-0.3%	-0.8%	2.2%	0.9%	-4.5%	-3.3%	-2.9%
2015	-4.3%	1.0%	0.4%	3.9%	0.4%	-1.6%	-1.5%	-3.7%	-0.9%	3.3%	-2.4%	0.1%	-5.5%
2016	-4.8%	-0.6%	4.2%	1.8%	2.9%	-0.3%	1.6%	-0.4%	1.1%				5.5%

[8] 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. Click this link for an explanation of the indices we show: http://www.frontauracapital.com/disclosures/Frontaura_Disclosures_as_of_2015_09_30.pdf.

Figure A3
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[9]
30 September 2016

Country	Holding
Sri Lanka	10%
Vietnam	8%
Pakistan	8%
Papua New Guinea	7%
Nigeria	6%
Bangladesh	5%
USA (cash only)	5%
Tanzania	5%
Rwanda	4%
Georgia	4%
Kenya	3%
Romania	3%
Argentina	3%
Cambodia	3%
Serbia	3%
Kuwait	3%
Lebanon	3%
United Arab Emirates	2%
Oman	2%
Philippines	2%
Macedonia	2%
Ghana	2%
Ecuador	1%
Botswana	1%
Montenegro	1%
Peru	1%
Uganda	1%
Qatar	1%
Mozambique	1%
Others	1%

Region	Holding
Sub-Saharan Africa	24%
South Asia	23%
Southeast Asia	19%
Middle East / North Africa	10%
Eastern Europe	9%
Latin America & Caribbean	6%
USA (cash only)	5%
Eurasia	4%

Sector	Holding
Financials	44%
Consumer Discretionary	13%
Consumer Staples	10%
Cash	9%
Utilities	8%
Materials	7%
Energy	4%
Industrials	3%
Real Estate	2%
Others	1%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.8
Portfolio Price to Book	1.2
Portfolio LTM Dividend Yield	6.1%
Return on Ending Equity	24.9%
Positions	52
Countries	31
Average Market Cap	$791m
Median Market Cap	$454m
Portfolio Turnover (LTM)	36%
Portfolio Turnover (ITD)	29%
Standard Deviation (ITD)	14%
Beta to S&P 500 (ITD)	0.51
Assets Under Management	$119m

[9] Click this link for an explanation of our holdings and portfolio statistics: http://www.frontauracapital.com/disclosures/Frontaura_Disclosures_as_of_2015_09_30.pdf.

Figure A4
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Dollar Return)
2016 Q3

5 Best Countries				5 Worst Countries			
Country	Frontaura Return ($millions)[10]	Frontaura Return (%)	MSCI Return[11]	Country	Frontaura Return ($millions)	Frontaura Return (%)	MSCI Return
Vietnam	1.0	9%	1%	Kenya	-1.7	-18%	3%
Georgia	0.9	25%	--	Nigeria	-1.5	-17%	-11%
Pakistan	0.9	11%	6%	Rwanda	-0.9	-14%	--
Papua New Guinea	0.8	12%	--	Mongolia	-0.1	-5%	--
Tanzania	0.8	17%	--	Ecuador	-0.1	-5%	--

Figure A5
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2016 Q3

5 Best Countries				5 Worst Countries			
Country	Frontaura Return ($millions)	Frontaura Return (%)	MSCI Return	Country	Frontaura Return ($millions)	Frontaura Return (%)	MSCI Return
Georgia	0.9	25%	--	Kenya	-1.7	-18%	3%
Peru	0.2	24%	1%	Nigeria	-1.5	-17%	-11%
Tanzania	0.8	17%	--	Rwanda	-0.9	-14%	--
Botswana	0.2	16%	-6%	Mongolia	-0.1	-5%	--
Romania	0.5	14%	13%	Ecuador	-0.1	-5%	--

[10] This footnote applies to all columns labeled "Frontaura Return ($millions)" and "Frontaura Return (%)" on this page and any page with a similar table. Frontaura 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. Click this link for an explanation of how we calculate country returns: http://www.frontauracapital.com/disclosures/Frontaura_Disclosures_as_of_2015_09_30.pdf.

[11] This footnote applies to all columns labeled "MSCI Return" on this page and any page with a similar table. 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 A6
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes[12]
2016 Q3

Country	Percentage Point Change	Explanation
United Arab Emirates	+2	Re-entered country, adding one new position
Vietnam	-3	Two material position exits due to valuation
Kenya	-4	Two position exits due to interest rate cap law

Figure A7
Frontaura Global Frontier Fund LLC
Significant LTM Country Mix Changes
2015 Q4 – 2016 Q3

Country	Percentage Point Change	Explanation
Georgia	+4	Added new position Q2 2016; subsequent appreciation
Sri Lanka	+4	Added two positions Q2-Q3 2016
Kuwait	+3	Added new position Q2 2016
Rwanda	+2	Added new position Q4 2015
Kenya	+2	Existing position increased, multiple positions added, offset some by position exits
United Arab Emirates	+2	Added new position Q3 2016
Montenegro	-2	Exited one position Q3 2016
Nigeria	-3	Relative underperformance
Vietnam	-4	Multiple position exit sales exceed multiple new position buys

[12] 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. Click this link for a discussion of how we classify cash by country: http://www.frontauracapital.com/disclosures/Frontaura_Disclosures_as_of_2015_09_30.pdf.

Figure A8
Frontaura Global Frontier Fund LLC
Portfolio Concentration[13]
30 September 2016

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	52	31	-2	+2	--	-8
Top 5	24%	38%	+2	-1	+3	-2
Top 10	39%	60%	+2	-5	+6	+1
Top 20	64%	85%	+1	-5	+11	+8
Top 20 + USA (Cash)	69%	90%	+5	-2	+4	+1

[13] We do not include the US in our country count and most of the percentage totals as we hold only cash there. Change from the prior quarter and the year ago quarter represent the change in the number of positions and the change in percentage points for the top 5, 10, and 20 positions. The Top 20 + USA row does include the US cash percentage in the percentage totals. Click this link for a discussion of how we classify cash by country: http://www.frontauracapital.com/disclosures/Frontaura_Disclosures_as_of_2015_09_30.pdf.