Quarterly Letter – 2019 Q3

Our eight-month winning streak ended in August, and we lost 5.3% in Q3. This is a disappointing result to us and one that feels unjust even though we know that markets at times can test your conviction to its breaking point with their apparent irrationality. On August 1, a Trump trade tweet led to an intra-quarter global market selloff, yet somehow the US, the source of this global volatility, finished the quarter in the black while our portfolio, somewhat disconnected from global trade flows, suffered a black eye.[1]

One year ago in this letter, we began to bang the drum that low valuations made our future performance prospects attractive, especially compared to other equity asset classes. Our historical record with its statistically significant connection between valuation and future performance supported this premise. Less than two months later, in December 2018, our performance turned positive. It did so despite the US market melting down and having a 15% month-to-date loss on Christmas Eve. Our positive run continued in 2019, albeit with modest returns, reaching eight consecutive months through July. Then August and September put us back to break-even for the year, canceling our nascent recovery, despite no material change in outlook for our countries or companies.[2] Where are we now, one might reasonably ask?

As we said, we are quite disappointed. This feeling is amplified by the now approaching five-year anniversary of our pre-oil-crash peak of October 2014. For five years now, our asset class and our fund has had slightly negative performance.[3] We know our results are frustrating for our investors, and they are certainly upsetting to us as an investment manager and as large investors ourselves in the fund. We are unhappy with our absolute and our relative performance in recent years.

In assessing the situation, one must put emotion aside and consider the facts, which remain encouraging. We grounded the case we made a year ago in a reasonable extrapolation of history, and the conclusion today is even better because our valuation is lower still. We know

[1] Where's Frontaura's usual outperformance in a downturn, you may ask? Well, it was there, at least initially. Now please excuse us while we engage in a bit of whininess, although we will support our diatribe with facts. During the 13 trading days from its July 26 peak to its August 14 trough, the S&P 500 fell 6.0% and we lost 2.8%. The issue is from that point the S&P gained 5.1% through quarter-end to recover most of its losses, finishing the quarter down only 1.2% from its July 26 peak. Meanwhile, we lost another 3.1% from August 14 through quarter-end. That's the injustice we feel. A US-initiated issue caused a delayed reaction where our portfolio is the one that ends up suffering. The S&P 500 has had four selloffs in 2018 and 2019 ranging from 6% to 19%. Our performance during these four events ranges from -3% to +1%, measured from S&P 500 peak to trough. (MSCI's EAFE, EM, and FM indices lost less than the S&P 500 but more than us on average.) With each selloff, the S&P 500 recovers: three times it hit subsequent highs (it has yet to top its July 26 high that preceded the most recent selloff). We have performed far worse during the recoveries and twice have suffered significant losses (in the recoveries following the 1Q18 and 3Q19 S&P 500 selloffs). One can have various opinions on how long this will continue. Will the S&P 500 always recover from every new negative fundamental development in the US? Will Frontaura's portfolio continually cheapen due to events that have little to do with its holdings? You be the judge.

[2] If you argue that incremental Q3 trade war events weaken our prospects, fine, but you should acknowledge that developed and emerging companies, which have far greater global trade connectivity than our portfolio companies, got off light in Q3 compared to us.

[3] The five-year total return CAGR is -0.8% for Frontaura and -1.3% for the MSCI Frontier Markets Index. Our all-time high occurred in January 2018, or March 2018 on a quarter-end basis. We are 15% below our January 2018 month-end level and 14% below our March 2018 quarter-end level.

we sound like a broken record, but repetition does not make what we say invalid or mean that it won't eventually come true.

Further, while we do not like excuse making, it is obvious, to us at least, that several cyclical factors have worked against us and cannot continue indefinitely. With excellent starting valuation and likely trend reversal, we think we are positioned well.

We'll support these assertions later with sections entitled Valuation and Out of Style, but we acknowledge we cannot control or predict the timing of these reversals. That's the nature of investing. Not wanting to be totally helpless in this situation, we decided to do something dramatic now, as we lay out in the Terms Changes section that follows.

Regardless of reason, our performance is inadequate, and these changes will provide some future performance boost, all else equal. For example, if we were to recast our historical performance using our soon-available new default series that will have a 2% management fee and no incentive fee, our inception-to-date (ITD) CAGR from November 2007 through September 2019 would rise from 5.4% to 7.0%. For comparison, ITD total return CAGRs for the indices we commonly cite are: S&P 500 7.9%, MSCI EAFE 0.9%, MSCI Emerging Markets (EM) 0.0%, and MSCI Frontier Markets (FM) -1.5%. Upon request, we can provide other pro forma return figures for different time periods and different series.

Terms Changes

On September 25 we announced several changes that, all else equal, should boost long-run investor performance by lowering or eliminating incentive fees, reducing minimums to access these lower fees, and providing ways to lower management fees. We highlight some key announcement points in this section, but you'll need to click here to see the full announcement, with all of the details.

In summary, our default series from January 2020 will have a 2% management fee with no incentive allocation. Some of the other series will have a lower starting management fee and an incentive paid to us only if we exceed an absolute performance hurdle or a hurdle relative to the FM ETF. Within the absolute performance series, the management fee is an advance on the incentive; investors do not pay incentive until we earn all past management fees (i.e. the structure is fee OR incentive instead of fee AND incentive). Finally, the management fee on all these series will drop if AUM hits specified levels.

We are making these changes for numerous reasons:

1. We see tremendous value in our markets today. However, we lack the capital to take full advantage of the bargains available.
2. Having discouraged inflows to keep our fund small to a degree that hardly any other manager would have done, we recognize that some enticement for inflows is now appropriate.
3. The market has moved to lower fee structures.
4. We want to boost the performance our investors receive.
5. By lowering minimums, we allow our loyal, long-time high net worth clients the same choices that our institutional clients have.
6. Management company changes give us increased fee flexibility, and now is the time for us to take advantage of this and pass along these fee savings to our clients.

7. Having multiple series with differing exit terms, management fees, incentive levels, and hurdles allows us to address the quite-varied term preferences that institutional allocators have. Many wanted something different than what we offered before, but there was no consensus as to what they wanted. Therefore, we provide a range of choices from which investors can select.
8. Our long exit terms are a strong Frontaura differentiator that have allowed us to typically outperform in down markets; several times we have increased our edge here and we do so again with these changes (see document link for details), making it even tougher for our competitors to match us.

Valuation

At quarter-end, our portfolio-wide metrics, all on a trailing, as-reported basis, were: PE 5.9, dividend yield 7.5%, price/book 1.14. Our companies had a weighted average return on ending equity (ROEE) of 23.9%. Unlike in the developed world, we do not strip out any expenses from earnings in our PE calculation. In fact, in countries like Egypt, Vietnam, and others, we reduce stated profit by including extra expenses such as employee and board of directors' bonus and profit share costs where the local custom is to report profit that ignores these items. Further, we calculate our PEs against *historical* earnings (facts), not *forward projections* of earnings (hopes). For these reasons, our PE figure is a higher quality, more trustworthy number than what you typically see in the US and from other fund managers.

We are unaware of a globally diversified portfolio with better metrics than these. Of 139 month-end datapoints that we have, the dividend yield is our third best ever, the PE our eighth best ever, and the price/book and ROEE are both above average in attractiveness. Our Quality Value Score (QVS), which equally weights the percentile ranks of these four metrics and scales the result from 0 to 100, was 94 at the end of September, ninth best in our history. The only superior QVSs occurred during the global financial crisis, from October 2008 through June 2009, and in August 2019. Our PE has only been cheaper May 2012 through November 2012, concurrent with and preceding periods of strong performance in the second half 2012 through 2013. In the global financial crisis, our PE was never cheaper than it is now, although it did equal our current level in January 2009, around where our performance bottomed. Our yield was higher only in October 2008 and June 2009.

Out of Style

Unfashionable. Value stocks are out of favor this year, and small stocks have been out of favor over the past year. We are not strictly small value investors within frontier markets, but our intrinsic value style does tilt toward value, even if we own some growth companies, and value tends to be more concentrated in small companies, even if we own some large companies.

Growth and large winning globally now. Value and small have underperformed badly for the past year. This is true globally. Figures 1 and 2 show this. Figure 1 looks at the past year's total net returns for MSCI's standard indices (large caps and mid-caps) versus MSCI's small-cap indices for the US,[4] EAFE, EM, and FM. Consider FM, where the standard index has returned +5.9% while the small-cap index is over 14 percentage points worse at -8.5%.

[4] Note that for consistency we use MSCI indices for all net returns in Figures 1 and 2, so the US figures are the MSCI US standard, small-cap, standard growth, and standard value indices. These are not the S&P 500 or Russell 2000 returns—indices US investors commonly use as proxies for large-cap and small-cap performance.

Frontaura's return is -2.9% for the past 12 months.[5] In the US, the small-cap underperformance is 9 percentage points, for EAFE it's 5 percentage points, and in EM it's 3 percentage points.

Figure 1
Frontaura Global Frontier Fund LLC
Small Stocks Lagging Globally
Last 12 Months (1 October 2018 – 30 September 2019)

Geography	Standard	Small Cap	Small Cap Underperformance in Percentage Points
USA	3.5%	-5.3%	8.8
EAFE	-1.3%	-5.9%	4.6
Emerging Markets	-2.0%	-5.5%	3.5
Frontier Markets	5.9%	-8.5%	14.4

Figure 2 compares growth to value globally. Here the performance difference globally is more pronounced in 2019 than over the past 12 months, so we show year-to-date numbers. Within 2019, growth's advantage over value is 8 percentage points in the US, 10 percentage points in EAFE, and 8 percentage points in EM. MSCI doesn't have growth and value indices for FM, but our strong suspicion is that we would see a similar result if they did.

Figure 2
Frontaura Global Frontier Fund LLC
Value Stocks Lagging Globally
2019 YTD (1 January 2019 – 30 September 2019)

Geography	Growth	Value	Value Underperformance In Percentage Points
USA	24.0%	16.3%	7.7
EAFE	17.9%	7.7%	10.2
Emerging Markets	10.0%	1.8%	8.2

But value and small win over time. Academics have documented a statistically significant value and small-cap phenomena in numerous countries, where, over time, low valuation stocks and small companies outperform high valuation stocks and large companies. Nevertheless, there are periods, often long, where one factor leads the other before a reversal occurs. Thus, while the present trend of large cap and growth stocks doing better is against the long-term record, it is not unusual. We won't venture to guess when a reversal in these style preferences will occur as we think this is unknowable and unpredictable. We will forecast, however, that the longer the present trend continues, the more certain a reversal becomes and the more dramatic a reversal may be. While today's bias against our style may frustrate us all, we think it sows the seeds for later outperformance.

[5] If we look only at 2019, the FM standard index has a total return of 10.66%, while FM small-cap is -4.04%. Frontaura is +0.05% year-to-date.

Moving the goal posts? We do not like it when managers who have long compared themselves to one index move the goal posts and begin comparing themselves to another index. Usually, this happens after a period of underperformance: can't beat the original index, so let's find something that has done worse and start comparing ourselves to that! With this section, one might now say this about us, we suppose, but in discussing this issue with clients it became clear that if we've erred, it's in waiting too long to present this data on recent global style performance divergence. So, with the encouragement of some clients who have found this data enlightening, we wrote this section. To be clear, we are not discarding the FM index in favor of any other measures we discuss here. The purpose of this section is to inform our clients and prospects on what's happening globally and how that affects us.

Universe unchanged. We have a precise investible universe definition that we have never changed in our 12-year history.[6] We don't consider the FM index a benchmark per se, but of the indices investors commonly use, it maps reasonably well to our universe, so we will continue to reference it. Regardless, we make benchmark-neutral portfolio decisions. We do not care what counties or companies MSCI includes or excludes in the FM index. If we don't like something, we won't own it, period. We don't think in terms of overweights and underweights versus a benchmark. We invest where we see value and expect to make money. If we don't expect to profit, we won't own something. We cite the FM index and other indices merely for informational purposes, to provide a snapshot of global market performance.

Figure 3
Frontaura Global Frontier Fund LLC
Monthly Performance
1 November 2007 – 30 September 2019

Month	Gain-Loss Record	Winning Percentage	Average Return	Winning Percentage Rank	Average Return Rank
January	7-5	.583	0.5%	5	7
February	6-6	.500	0.5%	9	6
March	10-2	.833	1.6%	3	3
April	11-1	.917	2.3%	1	1
May	9-3	.750	1.8%	4	2
June	5-7	.417	0.3%	10	9
July	7-5	.583	0.6%	5	5
August	4-8	.333	-0.9%	12	11
September	7-5	.583	0.4%	5	8
October	6-5	.545	-0.8%	8	10
November	5-7	.417	-1.4%	10	12
December	11-1	.917	1.1%	1	4
Total / Average	88-55	.615	0.5%	--	--

[6] A country is in our universe if its weight in the MSCI All-Country World Index (ACWI) is less than 0.10%. The ACWI consists of all countries MSCI classifies as either developed or emerging. Thus, our universe consists of all countries that MSCI does not classify as either developed or emerging (regardless of whether they are in the MSCI Frontier Markets Index or not) and some of the smallest MSCI developed and emerging countries that many investors ignore. Once in our universe, a country remains until its ACWI weight equals or exceeds 0.20%, at which point we will not make additional investments in that country. Our rules do not force us to sell positions in countries that leave our universe.

Seasonality

The topic of seasonality has come up recently with some investors evaluating timing of possible new investments. We've discussed seasonality before and explained why it occurs,[7] but we have not previously presented Figure 3. It shows that we enjoy positive returns on average in the eight months from December through July. In fact, our recent eight-month winning streak occurred during exactly these months. August through November, however, are tougher for us, as we lose money on average in three of these four months.

The Timing Decision

Most prospects we talk with acknowledge the points we make in this letter on valuation and our future return prospects, but are unable to pull the trigger due to worries about something bad happening such as a US or global recession. We share their concerns, although not necessarily their conclusion.

We believe if everyone who thinks emerging and frontier markets offer great value were to invest, they likely would create a self-fulfilling prophecy, ensuring good performance. We see investors too fearful of non-US equity markets and too complacent about US equity markets, as is common after a long bull run in the latter. Frankly, we need a greedier attitude toward non-US equities! We have no doubt that eventually the human greed gene will assert itself.

We see a parallel in EM's history. There are multi-year stretches where this asset class oscillates from out of favor to in vogue. Consider that after a hot run into the early 1990s, EM lost money in USD terms seven of nine years 1994-2002. US performance was strong for most of this period, as was the US dollar,[8] and investors lost patience in EM with its recurring crises, content to make money domestically. Eventually, though, the invincible US market of the 1990s cracked, followed by the dollar peaking, then falling. Emerging markets amply rewarded those who persevered with five golden years where the EM index grew 4.8-fold in USD, for a 37% CAGR 2003-2007. Those who made no attempt to time anything, remaining invested through the entire nine-year rough period 1994-2002 still enjoyed around an 8.5% CAGR[9] over 14 years from 1994-2007, more than tripling their money, despite starting at a peak. Frontier investors today certainly are not starting at a peak, so results would be even better for them if we apply this historical EM episode to FM going forward.

The point is that with valuations as low as they are, future returns from here have a reasonably high probability of being quite good. This is true even if something bad causes

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[7] Unlike the developed world, some frontier stocks do not decline in price when they go ex-dividend, boosting our returns. The heaviest dividend activity occurs March through June as this is when companies tend to concentrate the ex-dates for dividends on the prior year's profit. This hasn't helped June's performance much, but it does visibly increase returns March through May. Equity markets in the US and other countries have positive seasonal performance November through April. We believe we may also experience this seasonal effect, but with a slight lag, as our positive period begins one month later in December and continues for three additional months through July.

[8] The dollar has been strong in 2019 against developed currencies, but it has not had much impact on our portfolio. We've lost only 20-30 basis points to currency this year, far less than our annual average, which we guesstimate is around 300-400 basis points.

[9] The MSCI EM total gross return before withholding taxes had an 8.7% CAGR 1994-2007. Typically, we reference the net return series after withholding taxes, but it did not exist during all years within this timeframe. For the years 1999-2007, the net series had a CAGR 0.2 percentage points below the gross series and we think it reasonable to reduce the 8.7% gross return by this amount, making our estimate of the net return 8.5% compounded annually.

further losses before future gains, assuming you don't lose faith and capitulate at the wrong time. Our experience from 2008 shows this. The problem with waiting for the low to occur is multi-fold. The low usually occurs when the headlines are terrible, either making you too terrified to invest then or diverting your attention to bigger problems such that you don't get around to investing in Frontaura at the right time. Our experience is that most who think they will invest in the future at lower prices either never invest or end up doing so at a higher entry point than today.

In most cases, our investors have a low percentage, often in the single digits, of their investment portfolio invested in Frontaura. From a portfolio perspective, this is a further reason to just invest now and not worry about Frontaura for many years.

We make these points with prospects, but they resonate more with individuals than institutions. Career risk constantly colors institutional portfolio allocation decisions, and few are willing to stick their neck out to make an allocation to obscure frontier markets amidst worsening global economic conditions. No one loses their job for not investing in frontier, but someone might if they do invest and it does not work out. Individuals don't have this risk as they answer primarily to themselves.

We say these things not to insult our institutional clients, but to explain to all how a situation like the present develops and persists (although not indefinitely) and to make the contrarian argument to invest in Frontaura.

Intuition suggests that an FM portfolio priced below 6 times earnings and yielding 7.5% will perform eventually as the global search for value and yield finds its way into our stocks. We can't know when returns will improve, but there ought to be a strong run ahead for those invested when sentiment changes.

What would you rather invest in? Fund A is up by two-thirds in the last five years, has grown to 3.5 times its original value in the past decade, and trades on a trailing PE of 22 times reported earnings with a yield below 2%. There is concern about the economic prospects of its companies, with recession fears widespread. Fund B has lost you money for five years, has only grown to 1.7 times its original value in 10 years, but offers a trailing PE below 6, a yield of 7.5%, and has less exposure to the economic concerns of the companies in Fund A. Most choose A. We offer B and believe it to be a far superior choice.

Fund and Management Company News

Team additions. We added three new members to our team in recent months: Christian Andrews, Shaheen Bharwani, and Leah Brozovic.

Leah joined in July as our Director of Operations, overseeing all non-investments aspects of our business. We previewed her hire in this section in our Q1 letter. Leah previously conducted operational due diligence for GCM Grosvenor in Chicago, a $55 billion manager of fund of funds, private equity, and other alternative strategies. Prior to that, Leah audited hedge funds for Ernst & Young. She graduated from Notre Dame with a bachelor's in business administration and is a certified public accountant (CPA).

Christian joined us in June as an operations analyst. He replaces Perry Ginsburg who left us at the beginning of August after more than four and one-half years to pursue an MBA in his home state at the University of Texas. Christian is a 2019 economics graduate from the

University of Virginia. In addition to handling daily trade settlements, cash movements, trade and portfolio accounting, and related brokerage and custodial activities, Christian is the frontline contact for investor inquiries. Some of you have already interacted with Christian or with Leah, who will address more complicated client matters such as tax inquiries.

Shaheen joined in August as a research analyst. He replaces Nicholas Reyner who moved to New York City at the end of May after three years with us to become a sell-side analyst covering US pharmaceuticals. Shaheen is a 2019 *summa cum laude* economics graduate of Middlebury College.

These hires improve our language skills with Christian fluent in Spanish and Shaheen fluent in Urdu and conversational in Arabic and French.

Travel and visits. Travel lessens over the summer months, but we did attend three investment conferences in September in Istanbul (Turkish companies), London (global frontier companies), and New York City (Pakistani companies), altogether seeing 67 different companies from 17 countries. Click here to read our observations on Turkey. During Q3, we also hosted companies from Nigeria, Turkey, and Zimbabwe and analysts, economists, and strategists from Dubai and London in our Chicago office.

Statistical Appendix

Our Statistical Appendix follows this section. Figure A1 shows quarterly, annual, cumulative, and compounded returns for us and the indices we cited earlier in the Performance section. Figure A2 shows our monthly returns since inception. Figure A3 shows Frontaura's returns in US dollars and six foreign currencies that are the home currencies of our investors.[10]

Please see Figure A4 for portfolio mix by country, region, and sector, along with our portfolio statistics. Figures A5 and A6 show country attribution by dollar and percentage returns, while Figure A7 shows regional attribution, including at the country level within each region. Figures A8 and A9 show changes in country mix for the quarter and the last 12 months, and Figure A10 shows portfolio concentration and how it has changed in the last three and 12 months.

Please e-mail us if you are interested in an end-of-quarter phone call or visit. We thank you for being a Frontaura investor.

Best regards,

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[10] We don't show Hong Kong dollars (HKD) in the table due to its peg to the US dollar. The value of HKD has changed only 1% relative to USD since our inception, meaning that Frontaura returns in HKD are similar to Frontaura returns in USD. No peg lasts forever, but this peg has been in place since 1983.

Statistical Appendix

Figure A1
Frontaura Global Frontier Fund LLC
Frontaura and Index Performance[11]
30 September 2019

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%
2016 Q4	1%	4%	- 1%	- 4%	0%
2017 Q1	4%	6%	7%	11%	9%
2017 Q2	7%	3%	6%	6%	6%
2017 Q3	3%	4%	5%	8%	8%
2017 Q4	3%	7%	4%	7%	6%
2018 Q1	2%	- 1%	- 2%	1%	5%
2018 Q2	- 7%	3%	- 1%	- 8%	- 15%
2018 Q3	- 5%	8%	1%	- 1%	- 2%
2018 Q4	- 3%	- 14%	- 13%	- 7%	- 4%
2019 Q1	2%	14%	10%	10%	7%
2019 Q2	3%	4%	4%	1%	5%
2019 Q3	-5%	2%	-1%	-4%	-1%
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	7%	12%	1%	11%	3%
2017	17%	22%	25%	37%	32%
2018	- 13%	- 4%	- 14%	- 15%	- 16%
YTD 2019	0%	21%	13%	6%	11%
1 Year	-3%	4%	-1%	-2%	6%
3 Year	3%	46%	21%	19%	23%
5 Year	-4%	67%	17%	12%	-6%
7 Year	38%	139%	52%	18%	48%
10 Year	72%	247%	61%	39%	43%
Inception to Date	86%	148%	11%	0%	-16%
3 Year CAGR	1.1%	13.4%	6.5%	6.0%	7.0%
5 Year CAGR	-0.8%	10.8%	3.3%	2.3%	-1.3%
7 Year CAGR	4.7%	13.3%	6.1%	2.4%	5.8%
10 Year CAGR	5.5%	13.2%	4.9%	3.4%	3.6%
ITD CAGR	5.4%	7.9%	0.9%	0.0%	-1.5%

Figure A2
Frontaura Global Frontier Fund LLC
Monthly Frontaura Performance
30 September 2019

	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%	-0.4%	0.7%	0.8%	6.6%
2017	2.9%	-0.1%	1.0%	0.4%	4.1%	2.1%	1.3%	1.0%	0.5%	2.3%	-0.2%	0.8%	17.2%
2018	2.3%	-1.1%	0.4%	0.4%	-6.8%	-0.7%	-0.8%	-1.9%	-2.2%	-3.2%	-0.9%	1.2%	-12.8%
2019	1.2%	0.8%	0.1%	0.3%	1.2%	1.9%	0.4%	-4.0%	-1.7%				0.0%

[11] Returns commence 1 November 2007 and are audited through 2018. 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 will likely 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.

Figure A3
Frontaura Global Frontier Fund LLC
Performance by Currency[12] [13]
30 September 2019

Period	USD	AUD	CAD	CHF	EUR	GBP	SGD
2008	-28%	-10%	-12%	-32%	-25%	-2%	-29%
2009	46%	14%	26%	41%	42%	32%	43%
2010	37%	20%	30%	24%	47%	42%	25%
2011	-15%	-15%	-13%	-15%	-12%	-14%	-14%
2012	18%	16%	15%	15%	16%	13%	11%
2013	26%	47%	35%	23%	21%	24%	30%
2014	-3%	6%	6%	8%	10%	3%	2%
2015	-5%	6%	13%	-5%	5%	0%	1%
2016	7%	8%	4%	8%	10%	27%	9%
2017	17%	8%	10%	12%	3%	7%	8%
2018	-13%	-3%	-5%	-12%	-9%	-8%	-11%
YTD 2019	0%	4%	-3%	2%	5%	4%	1%
1 Year	-3%	4%	0%	-1%	3%	3%	-2%
3 Year	3%	17%	4%	6%	7%	9%	5%
5 Year	-4%	24%	14%	0%	11%	27%	4%
7 Year	38%	112%	85%	46%	62%	81%	55%
10 Year	72%	124%	112%	65%	130%	123%	68%
Inception to Date	86%	158%	161%	60%	147%	215%	78%
3 Year CAGR	1.1%	5.5%	1.4%	2.0%	2.1%	3.0%	1.6%
5 Year CAGR	-0.8%	4.5%	2.6%	0.1%	2.2%	4.8%	0.8%
7 Year CAGR	4.7%	11.3%	9.2%	5.6%	7.2%	8.9%	6.5%
10 Year CAGR	5.5%	8.4%	7.8%	5.1%	8.7%	8.4%	5.3%
ITD CAGR	5.4%	8.3%	8.4%	4.0%	7.9%	10.1%	4.9%

[12] USD = US dollar, AUD = Australian dollar, CAD = Canadian dollar, CHF = Swiss franc, EUR = euro, GBP = British pound, SGD = Singapore dollar.

[13] Returns commence 1 November 2007. USD returns are audited through 2018. Returns in other currencies are unaudited Frontaura calculations. 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 will likely have different returns.

Figure A4
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[14]
30 September 2019

Holdings Summary

Country	Holding
Vietnam	11%
Egypt	10%
United Arab Emirates	10%
USA (cash only)	9%
Nigeria	9%
Papua New Guinea	8%
Rwanda	8%
Sri Lanka	7%
Côte d'Ivoire	5%
Pakistan	4%
Philippines	3%
Kenya	3%
Kazakhstan	2%
North Macedonia	2%
Ghana	2%
Uganda	2%
Botswana	1%
Ecuador	1%
Niger	1%
Paraguay	1%
Tanzania	1%

Region	Holding
Sub-Saharan Africa	31%
Southeast Asia	22%
Middle East / North Africa	20%
South Asia	11%
USA (cash only)	9%
Eurasia	2%
Eastern Europe	2%
Latin America & Caribbean	2%

Sector	Holding
Financials	49%
Consumer Staples	18%
Cash	10%
Real Estate	8%
Consumer Discretionary	5%
Information Technology	2%
Health Care	2%
Industrials	2%
Energy	1%
Utilities	1%
Materials	1%

Portfolio Statistics

Portfolio Price to LTM Earnings	5.9
Portfolio Price to Book	1.14
Portfolio LTM Dividend Yield	7.5%
Return on Ending Equity	23.9%
Positions	40
Countries	23
Average Market Cap	$1,185m
Median Market Cap	$414m
Portfolio Turnover (LTM)	35%
Portfolio Turnover (ITD)	29%
Standard Deviation (ITD)	13%
Beta to S&P 500 (ITD)	0.44
Assets Under Management	$110m

[14]Click this link for an explanation of our holdings and portfolio statistics.

Figure A5
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Dollar Return)
2019 Q3

5 Best Countries				5 Worst Countries			
Country	Frontaura Return ($millions)[15]	Frontaura Return (%)	MSCI Return[16]	Country	Frontaura Return ($millions)	Frontaura Return (%)	MSCI Return
Papua New Guinea	0.3	4%	--	Philippines	-1.1	-26%	-5%
Sri Lanka	0.1	2%	5%	Botswana	-1.0	-40%	-41%
United Arab Emirates	0.1	1%	0%	Egypt	-0.9	-7%	7%
North Macedonia	0.1	3%	--	Côte d'Ivoire	-0.8	-13%	--
Kuwait	0.0	1%	-4%	Vietnam	-0.8	-6%	4%

Figure A6
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2019 Q3

5 Best Countries				5 Worst Countries			
Country	Frontaura Return ($millions)	Frontaura Return (%)	MSCI Return	Country	Frontaura Return ($millions)	Frontaura Return (%)	MSCI Return
Papua New Guinea	0.3	4%	--	Botswana	-1.0	-40%	-41%
North Macedonia	0.1	3%	--	Philippines	-1.1	-26%	-5%
Sri Lanka	0.1	2%	5%	Côte d'Ivoire	-0.8	-13%	--
Zambia	0.0	1%	--	Kazakhstan	-0.3	-11%	-7%
Bahrain	0.0	1%	4%	Burkina Faso	-0.0	-10%	--

[15] This footnote applies to all columns labeled "Frontaura Return ($millions)" and "Frontaura Return (%)" on this page and any page with a similar table. Frontaura individual stock, country, and regional 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, country, or regional level. Click this link for an explanation of how we calculate country returns.

[16] 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 A7
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2019 Q3

Region / Country	Frontaura Return ($millions)[17]	Frontaura Return (%)	MSCI Return (%)
South Asia	**0.2**	**1%**	
Sri Lanka	0.1	2%	5%
Pakistan	0.0	0%	1%
Eastern Europe	**0.1**	**3%**	
North Macedonia	0.1	3%	--
Latin America & Caribbean	**(0.1)**	**-6%**	
Paraguay	(0.0)	-2%	--
Ecuador	(0.1)	-8%	--
Eurasia	**(0.4)**	**-8%**	
Mongolia	(0.0)	-8%	--
Georgia	(0.1)	-4%	--
Kazakhstan	(0.3)	-11%	-7%
Middle East / North Africa	**(0.8)**	**-2%**	
United Arab Emirates	0.1	1%	0%
Kuwait	0.0	1%	-4%
Bahrain	0.0	1%	4%
Jordan	(0.0)	-3%	-4%
Egypt	(0.9)	-7%	7%
Southeast Asia	**(1.5)**	**-6%**	
Papua New Guinea	0.3	4%	--
Vietnam	(0.8)	-6%	4%
Philippines	(1.1)	-26%	-5%
Sub-Saharan Africa	**(3.0)**	**-8%**	
Ghana	0.0	1%	--
Tanzania	0.0	0%	--
Zambia	0.0	1%	--
Burkina Faso	(0.0)	-10%	--
Kenya	(0.0)	-1%	2%
Uganda	(0.1)	-3%	--
Niger	(0.1)	-10%	--
Rwanda	(0.4)	-5%	--
Nigeria	(0.6)	-5%	-11%
Côte d'Ivoire	(0.8)	-13%	--
Botswana	(1.0)	-40%	-41%

[17] The Frontaura Return footnote on the first attribution table on a prior page applies to all Frontaura Return columns on this page.

Figure A8
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes[18]
2019 Q3

Country	Percentage Point Change	Explanation
Kazakhstan	+2	Initiated position and re-entered country
Georgia	-3	Exited position and country
Kuwait	-5	Exited position and country

Figure A9
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
2018 Q3 – 2019 Q3

Country	Percentage Point Change	Explanation
Côte d'Ivoire	+5	Re-entered country in Q4 2018, built positions over the past four quarters
United Arab Emirates	+3	Increased size of existing positions, relative outperformance
Philippines	+3	Re-entered country in Q4 2018, built position through Q2 2019, relative outperformance
Kazakhstan	+2	Initiated position and re-entered country in Q3 2019
Lebanon	-3	Exited position and country in Q1 2019
Georgia	-3	Exited position and country in Q3 2019
Vietnam	-5	Lower in-country cash balance, trimmed position, and exited position
Kuwait	-6	Exited position and country Q3 2019

[18] 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.

Figure A10
Frontaura Global Frontier Fund LLC
Portfolio Concentration[19]
30 September 2019

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	40	23	-3	-3	-12	-2
Top 5	29%	48%	+1	0	-1	-3
Top 10	48%	75%	0	0	+2	-2
Top 20	71%	91%	-1	-3	+3	-3
Top 20 + USA (Cash)	81%	100%	+3	+2	+8	+2

[19] 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.