Quarterly Letter – 2019 Q4

We lost 0.92% in Q4 and 0.87% in 2019, a disappointing conclusion to a year that began with much promise. The drawdown in 2018 made for low valuations entering 2019, and a rally commenced December 2018 and continued through July 2019. After eight straight months of gains, we were up 6% YTD through July and under the impression the worst was behind us. Now, as Yogi Berra said, "It's déjà vu all over again." Valuations are below even last year with our portfolio PE equal to the low of the financial crisis over a decade ago. Just like last year, a positive December broke a string of negative months, leaving us hopeful that this momentum will continue so that the year to come is better than the year just concluded.

With Q4 performance not too far from break-even, the situation is largely as we laid out in our Q3 letter. One change we can now speak of is that our late September fee cuts have had the intended effect of generating more investor interest. For our prospects, the apathy toward frontier markets that we discussed previously has improved; however, sentiment toward the asset class as a whole and our style of investing remains out of favor, and our examination of the environment in the Q3 letter still holds.

Later in the Fund and Management Company News section, we discuss some important considerations for existing investors when converting to our new series to obtain lower fees and we list some features we offer that both prospects and existing investors may not know about. On the former point, we've found that several existing investors have misunderstood exactly how conversion works and may be unnecessarily delaying their conversion election, so we urge anyone thinking of converting to read that section.

2019 Performance Discussion

Large beats small by 20 points in frontier. Returning to performance, large cap and growth stocks trounced small cap and value stocks globally in 2019. The small cap underperformance was most acute in frontier markets, where the MSCI Frontier Markets Small Cap Index (FM SC) had a total net return of -2% in 2019 versus +18% for the MSCI Frontier Markets Index (FM), which is its standard frontier index that consists of large and mid-cap stocks. This is the third year in a row of frontier small cap underperformance. During this time, FM SC is flat while FM is up 30%. We are +1% from 2017-2019.

We are an all cap fund, so we have always compared ourselves to FM, especially since FM SC did not exist until three years after our founding. We tilt toward small caps however, as this dramatic performance divergence shows. For example, the weighted median market cap in our portfolio is $481 million. In contrast, we calculate the weighted median of the MSCI FM 100 Index[1] to be $5.8 billion.[2]

[1] The MSCI Frontier Markets 100 Index (FM 100) is a derivative of the FM Index that is somewhat more investable but conceptually similar. FM 100 had a 19% total net return in 2019, one percentage point better than FM. FM 100 is the underlying index for the FM ETF; thus, its constituent data is readily available and we use it for various calculations we make in this section.

[2] MSCI reports the median FM 100 market cap on its fact sheet as $532 million, nearly the same as the $481 million weighted median of our portfolio. However, there are two material differences in their calculation method compared to ours. First, they use the free-float market cap (they exclude shares held by corporate insiders), whereas our number uses the total market cap including all shares outstanding. While indices commonly use free float for index weights, when investors talk of a company's market cap, they are usually referring to the entire company size. We think it would be better if MSCI labeled their free-float markets caps as such on their fact sheet as we think most

Growth beats value by 12-13 points globally. MSCI does not have frontier growth and frontier value indices. If it did, we believe in 2019 they would have shown a pattern like the growth and value indices for the US, other developed markets (EAFE), and emerging markets. In each of these cases, growth stocks outperformed value stocks by a double-digit number of percentage points in 2019.[3] Our intrinsic value approach has a strong value bias—evident in our portfolio's trailing 5.9 PE and 7.0% dividend yield at year-end—so we too suffered from the present global bias against value stocks.

Kuwait drives frontier. Our own analysis concludes that three Kuwaiti bank stocks that we do not own (because we think they are too highly valued) powered the majority of the FM 100's 2019 gains. These three trade in a PE range of 14-21 with a price/book between 2.1 and 2.8. In contrast, our financials portfolio at year-end collectively had a PE below 5, a price/book below 1, and a yield over 8%. If history holds, Kuwait stocks will crash in mid-2020 around the event of MSCI promoting Kuwait from frontier to emerging market status, effective June 1.[4] Frontier indices have advanced due to a Kuwait run-up, and they will benefit from any further gains before promotion while avoiding any post-promotion crash.[5]

Frontier outflows. In addition to the double whammy of small cap underperformance and value stock underperformance in recent years, we have a third factor working against us: our frontier markets asset class has been for out of favor for more than five years now. Despite a good recovery in 2019, at year-end FM was still 1% below its 2014 high. We show the revulsion toward frontier visually in Figure 1. This is an AUM time series of six large frontier

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people will misinterpret their figure, assuming it is the entire company market cap. Second, MSCI calculates a simple unweighted median, as if all positions were equal size, which they never are in a market-cap weighted index. We use a weighted median that reflects each position's weight in the portfolio. A basic and exaggerated example will make the difference clear. Suppose a portfolio consisted of three stocks: a 98% weight in a $10 billion stock, a 1% weight in a $100 million stock, and a 1% weight in a $50 million stock. MSCI's method would state the portfolio median market cap as $100 million, because that is the second largest market cap of the three stocks owned. Our method would state that the median is $10 billion, because half the portfolio is equal to or greater than $10 billion and half the portfolio is less than or equal to $10 billion. In other words, given a sorted list of all positions by size, we pick the position that is the midpoint by weight and MSCI picks the midpoint by position count, ignoring weight. Either method has validity depending on application, but in a portfolio context, we think weighted median is far more revealing as to how the portfolio will behave, whereas a simple median, especially for a market cap weighted index, can be completely misleading and ultimately useless.

The MSCI FM 100 fact sheet states that its average market cap is $1.134 billion, which is also quite similar to our weighted average market cap of $1.170 billion. Again, the MSCI figure is flawed, in our opinion, by the same two calculation differences as their median. Their average market cap is free float only, but not labeled as such, and it is a simple average, not a weighted average using the actual position sizes. Using our method, we calculate the weighted average market cap of the FM 100 to be $8.6 billion, seven times larger than our $1.2 billion.

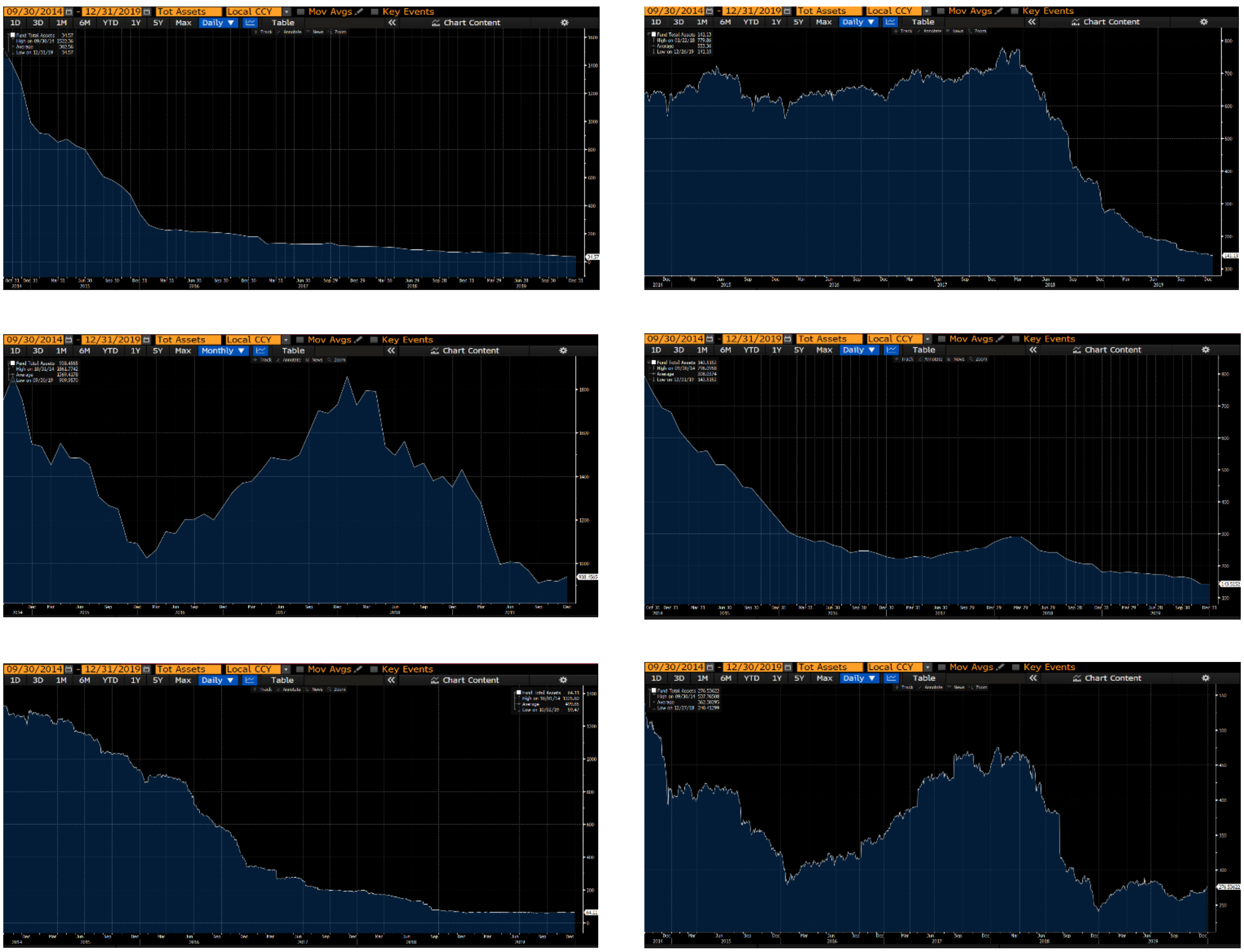
[3] The outperformance of growth over value in 2019 widened from what we showed in Figure 2 on page 4 of our Q3 letter. Here are the final figures for 2019. US Growth 37.3%, US Value 24.6%, a difference of 12.7 percentage points. EAFE Growth 27.9%, EAFE Value 16.1%, a difference of 11.8 percentage points. EM Growth 25.1%, EM Value 11.9%, a difference of 13.2 percentage points. All data are total USD returns, net of withholding taxes.

[4] Of the three bank stocks, one is acquiring another in a stock swap deal. The acquiree may avoid crashing if the deal completes before Kuwait's promotion.

[5] We have discussed this promotion effect several times before so here we will just recite the crash effect post-promotion. Country promotions from frontier market status to emerging market status occur after the close of the last trading day in May. In the month of June 2014, the MSCI UAE Index fell 24% and the MSCI Qatar Index fell 22% after MSCI promoted those two countries. MSCI promoted Pakistan at the end of May 2017. The MSCI Pakistan Index fell 66% from its May 2017 high to its August 2019 low. The MSCI indices for Pakistan, Qatar, and UAE have yet to regain their pre-promotion highs. MSCI promoted Argentina at the end of May 2019. By year-end, it lost 22%. All data are total USD returns, net of withholding taxes.

funds. As asset class performance was flattish over this period, AUM changes roughly approximate net outflows. Two brand name frontier funds that each once had more than $1 billion in AUM have lost over 95% of their assets, and collectively these six funds shrank from $6.6 billion to $1.6 billion. One might reasonably conclude that foreign investors have withdrawn more money from frontier than remains. If true, this would mean—as a matter of math and logic—that frontier asset class withdrawals must diminish going forward.

Figure 1
Frontaura Global Frontier Fund LLC
Six Prominent Frontier Funds Now in Sixth Year of Outflows
October 2014 – December 2019



A change is gonna come. Academics and market practitioners have thoroughly studied small cap/large cap and value/growth stock style preferences. Research conclusively shows that not only do style preferences reverse eventually, but over a full cycle small caps outperform large caps and value stocks outperform growth stocks. Unless it is different this time (and we strongly believe it is not), we can look forward to not only a catch-up period but also an outperformance period when the current trend ends, as we inevitably think it must.

Two thousand zero zero party over, oops, out of time. Others agree. MSCI itself said in a November posting that value was the cheapest it had been since the technology bubble of the late 1990s:

> *While value factors struggled over the last decade, they have experienced similar prolonged periods of underperformance in the past. Value struggled during weakening economic environments, as well as growth-/momentum-driven markets, such as the technology bubble of late 1990s. The silver lining may be that, historically, value factors performed better after periods of poor performance. Current valuation spread scores from the MSCI Integrated Crowding Model indicate that value factors are out of favor, while momentum continues to be very popular with investors. The magnitudes of these scores have only been exceeded during the technology bubble.*

Global asset allocator GMO also noted recently that valuation differences between assets classes are approaching, although not as extreme as, late 1990s levels:

> *The years leading up to the 2000 stock market bubble were extraordinary and unprecedented. They caused unique pain to the portfolios of valuation-driven investors. The valuation extremes, though, created the greatest opportunity set for valuation-driven investors since the Great Depression. While the events of the last decade have not been as striking as those of the late 1990s, the recent cycle has gone on for significantly longer and the pain caused to our portfolios has begun to approach 1990's levels. As the current cycle has ground on slowly but surely, the valuation extremes have moved wider, creating an opportunity set for valuation-driven investors that looks as extraordinary as what we saw 20 years ago.*

GMO's projections for seven-year asset class returns, which assume valuation levels and company profit margins revert to the mean, show emerging value stocks enjoying compounded returns that are 13 percentage points higher *annually* than US large cap stocks. Its return projection for US large cap stocks is worse than before the financial crisis as it expects that category to lose money over the next seven years while emerging value more than doubles. GMO doesn't project returns for frontier markets, but we think that if it did the frontier value case would be as compelling as emerging value, or even more so.

Sleigh bells ring, are you listening? A frontier markets research piece from the broker Tellimer that hit our e-mail inbox on Christmas Eve summarized the current mood in our markets:

> *We focus on the feedback from c80 meetings we have conducted with public equity fund managers globally in the past couple of months. The mood is extremely bleak as redemptions continue, share trading liquidity is low and the mainstream benchmarks are so unfit for the purpose of defining the investment opportunity….*
>
> *Given the cheap valuation versus history and relatively robust FX rates of most frontier and small emerging markets, the fundamental investment case has rarely looked more attractive and the life of a professional investor has rarely felt so depressing.*

A contrarian reading these words may have heard the faint sound of Santa's sleigh bells ringing to signal an extreme in pessimism and a bottom for the type of investing we do.

Fund and Management Company News

In September, we announced new series with lower fees.[6] These fee cuts have had the intended effect of generating more investor interest. Q4 inflows to our onshore fund from brand new investors were the largest since an identical amount in Q1 2013. In two sections that follow, we outline considerations for existing investors when converting to new series and we highlight features we offer that may not be widely known. These features could appeal to prospects and to existing investors.

Series Conversion Considerations for Existing Investors

We now have three series,[7] all of which presently have a 2% management fee.[8] The different series offer tradeoffs between lower incentive fees above an investor's high water mark and longer redemption exit periods.

- **Legacy Series.** 20% incentive fee, 1-quarter exit, subject to some restrictions for large investors.[9] This series is only available to investors who joined us prior to October 2015.
- **Series A.** 10% incentive fee, 4-quarter full redemption, with quarterly payments.
- **Series B.** No incentive fee, 8-quarter full redemption, with quarterly payments.

By signing a one-page form, Legacy Series investors may convert to Series A or Series B. Series A investors may convert to Series B. Whether to convert and when to do so is each investor's choice, of course. We are neutral as to what series an investor chooses. We provide the information below to allow investors to make the best decision. From our discussions with investors, we realized that some were mistaken initially in their assumptions about how conversion worked. People assumed, incorrectly, that we would convert them immediately once they submitted the conversion form.

Actually, we delay conversion until the optimal time for investors, that is once they are at their high water mark. In other words, if you elect to convert, we manage the timing for you, so that you do not have to worry about this. As you pay no incentive fees when below your high water mark, it would not make sense for us to convert you while you are underwater. There is no reason to switch to a longer exit before the fee relief is available.

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[6] We summarize certain features of each series in this section. We do not explain all terms provisions that may apply. For full details, please see the Frontaura Global Frontier Fund LLC Amended and Restated Operating Agreement.

[7] We mentioned two other series when announcing the fee cuts. The Relative Performance Series and the Absolute Performance Series will become available if we secure a lead investor of $5 million or more to cover the administrative and legal overhead of introducing these series.

[8] The management fee for Series A and Series B reduces automatically to 1.75% when AUM is $200 million and 1.50% when AUM is $400 million. We index both AUM thresholds to inflation. We have never been at those AUM levels and there is no guarantee we will ever be at those levels, so investors may never realize this theoretical benefit.

[9] These large investor restrictions apply to all investors, but they are less likely to affect Series A or Series B investors who already have a four- or eight-quarter exit. The restriction is that the most an investor can redeem quarterly is the larger of 2.5% of fund AUM or $2.5 million, with some allowances for larger redemptions based upon inflows. This restriction would only affect Series A investors who exceed 10% of fund AUM, since they already have a four-quarter exit. This restriction would only affect Series B investors who exceed 20% of fund AUM, since they already have an eight-quarter exit. Other fund-level gates may apply to all investors.

Once the quarterly accounting is complete, if we see that any investors who elected conversion exceed their high water mark at quarter end, we will retroactively convert these investors such that they get the reduced (or eliminated) incentive fee for the entire quarter.

Finally, we allow investors to revoke their conversion decision, provided the actual conversion has not yet occurred. Thus, if you are certain you want to convert, you should sign the form now. Because we delay conversion until it is optimal for you and you can revoke your decision if you change your mind before the conversion has occurred, there is no downside to electing conversion now. On the other hand, if you decide to wait until you are close to your high water mark before electing conversion, the risk is that you hit your high water mark in an earlier quarter than you expected and you pay higher incentive fees in that quarter than you would have if you elected conversion before the quarter began.

We must receive completed conversion forms 10 days before a quarter begins (e.g. March 21 or earlier for Q2 2020) to be eligible for conversion in that quarter.

Series B is proving popular. All new investors joining since our fee cut announcement are in Series B and we have had more than a dozen existing investors elect to convert to this series. We consider it our default series now.

Features We Offer That May Not Be Well Known

Below we list some of the helpful things we have done for other investors to facilitate a Frontaura investment. All the ideas here originated from investors or prospects, so if you have an idea that would be useful, please let us know and we will evaluate whether we can implement it.

Dividend payouts of our high yield. Our practice is to retain dividends rather than pay them out, but we can pay them to investors who request this. We've found this to be an important option for some investors and prospects in a world where high income choices are more limited than what was available historically. If you are searching for income yield, Frontaura could fit the bill, as our companies ended 2019 with a 7.0%[10] trailing weighted average dividend yield. (Our portfolio yield has never been lower than 4.3% in our 12-year history.) When an investor opts for this, we redeem on March 31 of each year an amount equal to the investor's proportional share of total fund dividends from the prior calendar year as shown in the dividends box on their K-1 tax form that we issue in March. This method of paying a proportional share of fund dividends also works for offshore investors even though we do not issue them K-1s.

Staging initial commitments. Subject to our agreement, investors can fund their initial commitments over one year, in whatever customized schedule they prefer, based on their risk and market assessment or their cash flow situation. For example, an investor could fund

[10] The actual yield we receive is lower due to the presence of dividend withholding taxes in some countries; however, these taxes may reduce your home country tax liability. Further, even beyond taxes, actual dividend amounts can vary, up or down, from our stated yield for numerous reasons. Our stated yield is a weighted average of the local currency yield of the stocks we presently own. Each stock's yield divides the sum of the dividends per share that went ex within the prior 12 months by its current stock price. If we did not own the company on the ex-date, we did not actually receive the dividend. Likewise, we will have received dividends from companies within the past year that we no longer presently own and that we no longer include in our stated yield. Finally, changes in foreign exchange rates between the ex-date, the payment date, and the FX date affect the US dollar dividend amount we receive and foreign exchange transaction costs reduce the amount we receive.

a $1 million investment in $100,000 increments over 10 months, or $250,000 quarterly, or any other variant, such as $600,000 upfront and $400,000 six months later.

Recurring dollar-cost average. Existing investors can add to their Frontaura account in any amount, with no minimum, unlike many private funds that only want to deal in increments of $50,000 or $100,000. Investors with a US bank account that allows ACH transfers can set up recurring monthly transfers to our subscription bank account to minimize the hassle and fees of wiring money.

FX fee avoidance on subscriptions and redemptions. Foreign investors whose home currency is a major currency other than US dollars can save the often high FX fees their bank may charge them and the often poor FX rates their bank may give them by having us perform the foreign exchange from and to their home currency without any fees and at the institutional rates we can access. For example, an Australian investor can wire us Australian dollars (AUD) and we will convert those funds to US dollars at the prevailing rate in the market at the time we perform the FX. In this example, we could also convert proceeds from USD to AUD and wire those Australian dollars when the investor makes a redemption.

Home currency reporting. One year ago in these letters, we began showing our returns in the home currencies of our foreign investors. As Figure A4 reveals, there is a huge difference in our percentage performance, depending on what currency units we use. For example, from our inception, we have made 84% in US dollars, but 189% in British pounds. Although we have not done it, we could offer a foreign currency series of Frontaura if that made a difference as to whether an investor invested with us or not. This would mean an investor could subscribe and receive redemptions in their home currency (exactly as we describe in the prior point), and our administrator could provide investors performance statements in their home currency (like the calculations we make now in Figure A4 for a hypothetical investor).[11]

Travel and Visits

We had a busy travel schedule in Q4, altogether meeting 86 different companies from 19 different countries. During the quarter, Nick and Raefe attended conferences in Prague (meeting Turkish companies primarily along with a couple from Eastern Europe) and New York (global frontier companies), respectively. In December, Tim did a South Asia trip to Pakistan, Sri Lanka, and Bangladesh, and traveled to Chile over the Christmas holidays. We discussed the protests in Chile and the recent Presidential election in Sri Lanka in our November comment, and we covered key observations from our South Asia trip and our Chilean vacation in our December comment. During Q4 we also hosted companies from Georgia, Myanmar, Romania, and Vietnam and analysts, economists, and strategists from Cairo, Dubai, Ho Chi Minh City, Istanbul, Johannesburg, and London in our Chicago office.

[11] Behind the scenes, we would not be doing anything different. We would continue to operate and hold most cash in US dollars and we would do no incremental hedging. To be clear, performance would be no different than now, but the currency units on the performance statements would differ. By analogy, think of the difference between miles and kilometers. A destination is the same physical distance regardless of whether you say it is 100 miles away or 161 kilometers away (rounded). What we are saying here is that we could issue statements in an investor's home currency to make it easier for them to understand our results in the currency that matters most to them. Naturally, there is some overhead to doing this, so we only want to do it if would make a difference as to whether an investor invested with us or not.

Statistical Appendix

Our Statistical Appendix follows this section. Figure A1 shows annual, cumulative, and compounded returns for us and the indices we typically cite. Figure A2 shows quarterly performance for Frontaura and these indices. Previously, this quarterly data was in Figure A1, but we now break it out separately for readability. We have added the MSCI Frontier Small Cap Index to these two figures and changed the index column orientation, left to right, from the global importance of an index to the relevance of an index to Frontaura. Figure A3 shows our monthly returns since inception. Figure A4 shows Frontaura's returns in US dollars and six foreign currencies that are the home currencies of our investors.[12]

Please see Figure A5 for portfolio mix by country, region, and sector, along with our portfolio statistics. Figures A6-A9 show country attribution by dollar and percentage returns, first for Q4 and then for 2019. Figure A10 shows regional attribution, including at the country level within each region, for Q4 and Figure A11 repeats this information for 2019. Figures A12 and A13 show changes in country mix for the quarter and the last 12 months, and Figure A14 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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[12] 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
Annual Frontaura and Index Performance[13]
31 December 2019

Period	Frontaura	MSCI Frontier Small Cap	MSCI Frontier	MSCI Emerging	MSCI EAFE	S&P 500
2008	-28%		-54%	-53%	-43%	-37%
2009	46%		12%	79%	32%	26%
2010	37%		24%	19%	8%	15%
2011	-15%	-29%	-19%	-18%	-12%	2%
2012	18%	6%	9%	18%	17%	16%
2013	26%	32%	26%	-3%	23%	32%
2014	-3%	6%	7%	-2%	-5%	14%
2015	-5%	-8%	-14%	-15%	-1%	1%
2016	7%	15%	3%	11%	1%	12%
2017	17%	23%	32%	37%	25%	22%
2018	-13%	-17%	-16%	-15%	-14%	-4%
2019	-1%	-2%	18%	18%	22%	31%
1 Year	-1%	-2%	18%	18%	22%	31%
3 Year	1%	0%	30%	39%	32%	53%
5 Year	2%	5%	14%	31%	32%	74%
7 Year	25%	47%	54%	25%	54%	162%
10 Year	72%		68%	44%	71%	257%
Inception to Date	84%		-10%	11%	21%	170%
3 Year CAGR	0.4%	-0.1%	9.2%	11.6%	9.6%	15.3%
5 Year CAGR	0.4%	0.9%	2.7%	5.6%	5.7%	11.7%
7 Year CAGR	3.2%	5.6%	6.3%	3.3%	6.3%	14.7%
10 Year CAGR	5.6%		5.3%	3.7%	5.5%	13.6%
ITD CAGR	5.2%		-0.9%	0.9%	1.5%	8.5%

[13] 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 A2
Frontaura Global Frontier Fund LLC
Quarterly Frontaura and Index Performance[14]
31 December 2019

Period	Frontaura	MSCI Frontier Small Cap	MSCI Frontier	MSCI Emerging	MSCI EAFE	S&P 500
2007 Q4	2%		4%	-7%	-5%	-5%
2008 Q1	1%		-2%	-11%	-9%	-9%
2008 Q2	6%		2%	-1%	-2%	-3%
2008 Q3	-11%		-23%	-27%	-21%	-8%
2008 Q4	-25%		-41%	-28%	-20%	-22%
2009 Q1	-2%		-17%	1%	-14%	-11%
2009 Q2	28%		35%	35%	25%	16%
2009 Q3	17%		11%	21%	19%	16%
2009 Q4	-1%		-10%	9%	2%	6%
2010 Q1	10%		11%	2%	1%	5%
2010 Q2	5%		-10%	-8%	-14%	-11%
2010 Q3	9%		14%	18%	16%	11%
2010 Q4	9%		8%	7%	7%	11%
2011 Q1	2%	-12%	-5%	2%	3%	6%
2011 Q2	-1%	-2%	0%	-1%	2%	0%
2011 Q3	-10%	-12%	-12%	-23%	-19%	-14%
2011 Q4	-6%	-7%	-2%	4%	3%	12%
2012 Q1	6%	6%	6%	14%	11%	13%
2012 Q2	-3%	-6%	-7%	-9%	-7%	-3%
2012 Q3	5%	6%	7%	8%	7%	6%
2012 Q4	9%	1%	3%	6%	7%	0%
2013 Q1	10%	7%	8%	-2%	5%	11%
2013 Q2	5%	9%	3%	-8%	-1%	3%
2013 Q3	1%	1%	6%	6%	12%	5%
2013 Q4	7%	12%	7%	2%	6%	11%
2014 Q1	-1%	6%	7%	0%	1%	2%
2014 Q2	4%	7%	12%	7%	4%	5%
2014 Q3	1%	4%	2%	-3%	-6%	1%
2014 Q4	-7%	-11%	-12%	-5%	-4%	5%
2015 Q1	-3%	-4%	-3%	2%	5%	1%
2015 Q2	3%	2%	0%	1%	1%	0%
2015 Q3	-6%	-6%	-11%	-18%	-10%	-6%
2015 Q4	1%	-1%	-1%	1%	5%	7%
2016 Q1	-1%	-1%	-1%	6%	-3%	1%
2016 Q2	4%	5%	0%	1%	-1%	2%
2016 Q3	2%	4%	3%	9%	6%	4%
2016 Q4	1%	6%	0%	-4%	-1%	4%
2017 Q1	4%	12%	9%	11%	7%	6%
2017 Q2	7%	3%	6%	6%	6%	3%
2017 Q3	3%	3%	8%	8%	5%	4%
2017 Q4	3%	3%	6%	7%	4%	7%
2018 Q1	2%	-1%	5%	1%	-2%	-1%
2018 Q2	-7%	-9%	-15%	-8%	-1%	3%
2018 Q3	-5%	-4%	-2%	-1%	1%	8%
2018 Q4	-3%	-5%	-4%	-7%	-13%	-14%
2019 Q1	2%	-1%	7%	10%	10%	14%
2019 Q2	3%	0%	5%	1%	4%	4%
2019 Q3	-5%	-3%	-1%	-4%	-1%	2%
2019 Q4	-1%	2%	7%	12%	8%	9%

[14] 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
Monthly Frontaura Performance
31 December 2019[15]

	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%	-0.9%	-0.6%	0.5%	-0.9%

[15] 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.

Figure A4
Frontaura Global Frontier Fund LLC
Performance by Currency[16 17]
31 December 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%
2019	-1%	0%	-6%	-2%	1%	-5%	-2%
1 Year	-1%	0%	-6%	-2%	1%	-5%	-2%
3 Year	1%	4%	-2%	-4%	-5%	-6%	-6%
5 Year	2%	19%	14%	-1%	10%	20%	4%
7 Year	25%	85%	63%	32%	47%	53%	38%
10 Year	72%	120%	113%	61%	120%	110%	65%
Inception to Date	84%	145%	154%	54%	138%	189%	71%
3 Year CAGR	0.4%	1.3%	-0.7%	-1.3%	-1.7%	-1.9%	-2.0%
5 Year CAGR	0.4%	3.5%	2.7%	-0.2%	2.0%	3.7%	0.7%
7 Year CAGR	3.2%	9.2%	7.3%	4.0%	5.6%	6.3%	4.7%
10 Year CAGR	5.6%	8.2%	7.8%	4.9%	8.2%	7.7%	5.1%
ITD CAGR	5.2%	7.7%	8.0%	3.6%	7.4%	9.1%	4.5%

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

[17] 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 A5
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[18]
31 December 2019

Holdings Summary

Country	Holding
Vietnam	11%
United Arab Emirates	10%
Egypt	9%
Sri Lanka	9%
Papua New Guinea	8%
Nigeria	8%
Rwanda	8%
Pakistan	6%
Côte d'Ivoire	6%
USA (cash only)	5%
Turkey	3%
Kazakhstan	3%
Kenya	2%
Philippines	2%
Ghana	2%
Uganda	2%
North Macedonia	2%
Ecuador	1%
Botswana	1%
Niger	1%
Paraguay	1%
Tanzania	1%

Region	Holding
Sub-Saharan Africa	30%
Middle East / North Africa	22%
Southeast Asia	21%
South Asia	16%
USA (cash only)	4%
Eurasia	3%
Latin America & Caribbean	2%
Eastern Europe	1%

Sector	Holding
Financials	48%
Consumer Staples	18%
Real Estate	7%
Consumer Discretionary	7%
Cash	6%
Industrials	4%
Energy	3%
Utilities	2%
Materials	2%
Health Care	2%
Information Technology	1%

Portfolio Statistics

Portfolio Price to LTM Earnings	5.9
Portfolio Price to Book	1.13
Portfolio LTM Dividend Yield	7.0%
Return on Ending Equity	22.0%
Positions	39
Countries	21
Weighted Average Market Cap	$1,170m
Weighted Median Market Cap	$481m
Portfolio Turnover (LTM)	32%
Portfolio Turnover (ITD)	29%
Standard Deviation (36 Months)	7%
Standard Deviation (ITD)	12%
Beta to S&P 500 (36 Months)	0.09
Beta to S&P 500 (ITD)	0.44
Assets Under Management	$109m

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

Figure A6
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Dollar Return)
2019 Q4

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions) [19]	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Pakistan	1.3	22%	Egypt	-1.4	-12%
Sri Lanka	0.8	7%	Turkey	-0.7	-16%
Côte d'Ivoire	0.5	9%	Philippines	-0.5	-17%
Papua New Guinea	0.4	4%	Vietnam	-0.4	-4%
Kazakhstan	0.3	10%	Rwanda	-0.3	-3%

Figure A7
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2019 Q4

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Pakistan	1.3	22%	Zambia	-0.1	-100%
Kazakhstan	0.3	10%	Philippines	-0.5	-17%
Côte d'Ivoire	0.5	9%	Turkey	-0.7	-16%
Niger	0.1	8%	Botswana	-0.2	-13%
Sri Lanka	0.8	7%	Egypt	-1.4	-12%

[19] 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.

Figure A8
Frontaura Global Frontier Fund LLC
10 Best and Worst Performing Countries (Dollar Return)
2019

10 Best Countries			10 Worst Countries		
Country	Frontaura Return ($millions)[20]	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Papua New Guinea	2.0	25%	Botswana	-1.4	-49%
Vietnam	1.2	6%	Nigeria	-1.1	-9%
Philippines	0.7	39%	Rwanda	-0.7	-7%
United Arab Emirates	0.7	6%	Turkey	-0.7	-16%
North Macedonia	0.7	26%	Kenya	-0.4	-7%
Pakistan	0.6	9%	Uganda	-0.2	-10%
Côte d'Ivoire	0.5	9%	Egypt	-0.2	-1%
Bahrain	0.5	35%	Lebanon	-0.2	-5%
Ghana	0.3	16%	Tanzania	-0.1	-10%
Georgia	0.1	4%	Zambia	-0.1	-97%

Figure A9
Frontaura Global Frontier Fund LLC
10 Best and Worst Performing Countries (Percentage Return)
2019

10 Best Countries			10 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Philippines	0.7	39%	Zambia	-0.1	-97%
Bahrain	0.5	35%	Botswana	-1.4	-49%
North Macedonia	0.7	26%	Turkey	-0.7	-16%
Papua New Guinea	2.0	25%	Mongolia	-0.0	-16%
Ghana	0.3	16%	Tanzania	-0.1	-10%
Pakistan	0.6	9%	Uganda	-0.2	-10%
Côte d'Ivoire	0.5	9%	Nigeria	-1.1	-9%
Vietnam	1.2	6%	Kenya	-0.4	-7%
United Arab Emirates	0.7	6%	Rwanda	-0.7	-7%
Peru	0.0	5%	Iraq	-0.1	-6%

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

Figure A10
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2019 Q4

Region / Country	Frontaura Return ($millions)[21]	Frontaura Return (%)	MSCI Small Cap Return (%)[22]	MSCI Standard Return (%)
South Asia	**2.1**	**12%**		
Pakistan	1.3	22%	28%	27%
Sri Lanka	0.8	7%	5%	7%
Bangladesh	(0.0)	-3%	-9%	-13%
Eurasia	**0.3**	**10%**		
Kazakhstan	0.3	10%	10%	6%
Latin America & Caribbean	**0.1**	**3%**		
Ecuador	0.0	4%	--	--
Paraguay	0.0	2%	--	--
Eastern Europe	**0.1**	**3%**		
North Macedonia	0.1	3%	--	--
Sub-Saharan Africa	**(0.1)**	**0%**		
Côte d'Ivoire	0.5	9%	--	--
Niger	0.1	8%	--	--
Nigeria	0.1	1%	6%	1%
Tanzania	(0.0)	0%	--	--
Burkina Faso	(0.0)	-6%	--	--
Kenya	(0.0)	0%	34%	22%
Ghana	(0.0)	-1%	--	--
Zambia	(0.1)	-100%	--	--
Uganda	(0.1)	-6%	--	--
Botswana	(0.2)	-13%	--	-13%
Rwanda	(0.3)	-3%	--	--
Southeast Asia	**(0.5)**	**-2%**		
Papua New Guinea	0.4	4%	--	--
Vietnam	(0.4)	-4%	-6%	-5%
Philippines	(0.5)	-17%	-1%	3%
Middle East / North Africa	**(2.2)**	**-8%**		
Jordan	(0.0)	-7%	0%	1%
United Arab Emirates	(0.1)	-1%	2%	-2%
Turkey	(0.7)	-16%	7%	0%
Egypt	(1.4)	-12%	-7%	6%

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

[22] This footnote applies to all columns labeled "MSCI Small Cap Return" and "MSCI Standard Return" on this page and any page with a similar table. We state MSCI small cap and MSCI standard (large cap and mid-cap stocks) country indices on a total return basis with dividends net of any withholding tax. We show "--" if MSCI does not have a small cap or a standard index for a given country.

Figure A11
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2019

Region / Country	Frontaura Return ($millions)[23]	Frontaura Return (%)	MSCI Small Cap Return (%)[24]	MSCI Standard Return (%)
Southeast Asia	**3.9**	**14%**		
Papua New Guinea	2.0	25%	--	--
Vietnam	1.2	6%	-7%	8%
Philippines	0.7	39%	3%	10%
South Asia	**0.7**	**4%**		
Pakistan	0.6	9%	1%	10%
Sri Lanka	0.1	1%	-12%	3%
Bangladesh	(0.0)	-3%	-17%	-17%
Eastern Europe	**0.7**	**26%**		
North Macedonia	0.7	26%	--	--
Eurasia	**0.1**	**2%**		
Georgia	0.1	4%	--	--
Mongolia	(0.0)	-16%	--	--
Kazakhstan	(0.0)	-1%	--	21%
Middle East / North Africa	**0.0**	**0%**		
United Arab Emirates	0.7	6%	-1%	4%
Bahrain	0.5	35%	-2%	61%
Jordan	(0.0)	-2%	14%	1%
Kuwait	(0.0)	-1%	13%	36%
Iraq	(0.1)	-6%	--	--
Lebanon	(0.2)	-5%	--	-46%
Egypt	(0.2)	-1%	5%	42%
Turkey	(0.7)	-16%	19%	11%
Latin America & Caribbean	**0.0**	**0%**		
Peru	0.0	5%	--	5%
Ecuador	(0.0)	-1%	--	--
Paraguay	(0.0)	-2%	--	--
Sub-Saharan Africa	**(3.4)**	**-8%**		
Côte d’Ivoire	0.5	9%	--	--
Ghana	0.3	16%	--	--
Burkina Faso	(0.0)	-5%	--	--
Niger	(0.1)	-6%	--	--
Zambia	(0.1)	-97%	--	--
Tanzania	(0.1)	-10%	--	--
Uganda	(0.2)	-10%	--	--
Kenya	(0.4)	-7%	25%	49%
Rwanda	(0.7)	-7%	--	--
Nigeria	(1.1)	-9%	-18%	-16%
Botswana	(1.4)	-49%	--	-58%

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

[24] The MSCI footnote on the first attribution table on a prior page applies to all MSCI columns on this page.

Figure A12
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes[25]
2019 Q4

Country	Percentage Point Change	Explanation
Turkey	+3	Entered country
Pakistan	+3	Increased position size and outperformance

Figure A13
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
2019

Country	Percentage Point Change	Explanation
Pakistan	+5	New position and outperformance
Côte d'Ivoire	+4	New position and increased size of existing position
Turkey	+3	Entered country
Kazakhstan	+3	Re-entered country
UAE	+3	Increased position size and outperformance
Philippines	+2	Increased position size and outperformance
Georgia	-3	Exited position and country Q3 2019
Lebanon	-3	Exited position and country Q1 2019
Kuwait	-5	Exited position and country Q3 2019
Vietnam	-6	Exited multiple positions

[25] 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 A14
Frontaura Global Frontier Fund LLC
Portfolio Concentration[26]
31 December 2019

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	39	21	-1	-2	-10	-6
Top 5	29%	47%	+1	-1	0	-2
Top 10	50%	78%	+2	+3	+4	+3
Top 20	73%	95%	+2	+4	+3	+2
Top 20 + USA (Cash)	78%	99%	-3	0	+3	+3

[26] 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.