Quarterly Letter – 2021 Q2

There are four text sections in this letter: Performance, Outlook, Discussion, and our occasional What We Sold write-up which this time covers sales in the past year July 2020 through June 2021. Our usual Statistical Appendix follows our text.

We are all now vaccinated and—following the US July 4 holiday—we are all working from Frontaura's Chicago office. Some of us have been in the office consistently for more than one year now after the initial COVID outbreak, so this is more of an incremental change than a major return to work, but nevertheless it is good to all be together again in one physical place. Tim or Nick may dial your phone soon as we periodically check in with our investors. We are available for in-person meetings as well.

Performance

We gained 19.90% in Q2, the third best quarter in our history, slightly behind the 20.49% gain two quarters ago in Q4 2020.[1] Q2 2009, right after the global financial crisis (GFC), remains our best quarter ever at 28.22%. Our fourth-best quarter also followed the GFC, in Q3 2009, when we gained 17.40%. Thus, all our top four quarters were after major global selloffs, either the GFC or COVID.

We digress for a note on performance. As is the case with most private funds, the fund administrator calculates performance specific to each investor. Throughout our history, one investor's return may differ from another's based on when they invested and when they may have made additional investments or withdrawals. For simplicity then, we have always quoted a single performance figure, net of all fees, for a hypothetical investor who joined at inception, made no further investments, and made no withdrawals. Investors who joined at other times, made additional investments, or made withdrawals may possibly have had different returns historically, depending on the timing of those events relative to that investor's high water mark. When we introduced Series B, which has no incentive fee, in late 2019, we expected it to become our most popular series (which it has), so we said that our hypothetical investor would convert to Series B when they hit their high water mark. This occurred in Q2 and for this reason our official Q2 performance has no incentive fee deduction. At the end of Q2, 64% of fee-paying investors (i.e., ignoring internal capital) are in Series B, 16% are in Series A, and 21% are in the Legacy Series.

Investors remaining in Series A or the Legacy Series at the end of Q2 would have had performance of 19% and 18%, respectively, in Q2, if they otherwise met the same conditions of the hypothetical investor. In practice, however, many investors in those series did make follow-on investments or withdrawals, so their actual performance may differ. As these various performance numbers can be confusing and lengthy to explain, for simplicity, going forward we will quote a single official return figure for the hypothetical investor, now in Series B. In our quarterly letters, where we are not space constrained like we are in our monthly comment, we will provide the reference Series A and Legacy Series performance for the

[1] Frontaura returns are net of all fees for a hypothetical investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020. We discuss our returns and different series here.

quarter in the text or a footnote. All figures in the Statistical Appendix are for the hypothetical investor, now in Series B. All investors, regardless of series should view the statements the fund administrator e-mailed to them July 7-10 for their actual performance and account balance. We explain performance and series differences further in this link. Please contact us if you wish to discuss your individual return or series conversion.

Figure 1 shows a baker's dozen of our top 13 months, with the months of the just-completed quarter placing 4th, 9th, and 13th. Five of the top 13 occurred after the COVID crash just as seven of the top 13 occurred in 2009 and 2010 following the GFC.

Figure 1
Frontaura Global Frontier Fund LLC
Baker's Dozen of Best Performing Months[2]
30 June 2021

Rank	Month	Return (%)
1.	May 2009	14.39%
2.	September 2009	10.57%
3.	November 2020	9.50%
4.	April 2021	8.54%
5.	April 2009	7.68%
6.	December 2020	7.45%
7.	January 2013	7.34%
8.	March 2010	6.62%
9.	May 2021	5.95%
10.	August 2009	4.69%
11.	September 2010	4.69%
12.	April 2010	4.48%
13.	June 2021	4.27%

When it comes to lauding itself with awards, the investing business isn't far behind the entertainment industry. Frontaura collected several awards in Q2. BarclayHedge named Frontaura the best performing fund in its emerging markets equity – global category in April. In May, we finished fourth best in the same category. Including fixed income funds, BarclayHedge ranked us as the fourth best global EM fund overall in both April and May. We've collected these virtual trophies numerous times in our history[3] and usually we don't mention them because the awards tend to focus on very short-term performance and often

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[3] For example, in the past five calendar years, we won similar awards from BarclayHedge in September 2020, January 2020, May 2019, December 2018, October 2018, June 2018, June 2017, May 2017, December 2016, November 2016, May 2016, and April 2016. We won numerous other times in the years before this.

compare amongst groupings of disparate funds. Although we don't think these awards provide much insight, other managers frequently cite them and so we mention them infrequently just so our readers don't incorrectly assume that we never bring home the gold.

Outlook

We said the following in point 11 on page 5 of our Q4 2020 letter:

> *We think how we perform in 2021 rests primarily on 1) to what degree does 2020's ending price momentum and the serial correlation of positive returns carry into 2021 and 2) how strong is the EPS recovery of our portfolio. We think momentum will be the bigger factor in the first half of the year with fundamentals performance perhaps becoming more important in the second half. Regarding fundamentals, a question for our companies with the strongest earnings growth in 2020 will be whether the pandemic brought demand forward and will 2021 earnings be soft as a result.*

Certainly, positive price momentum was present in the first half, with our 22% gain only slightly behind the 25% rise we notched in the second half 2020. This came despite only a modest return in Q1 as country leadership rotated while digesting prior gains. In contrast, each month in Q2 was strong. A pause similar to Q1 in July or Q3 would not surprise us and would not necessarily disrupt the upward trend that began in April 2020. We are around -1% through July 14.

The Q1 earnings performance of our portfolio did positively surprise us. In USD, our portfolio grew EPS 26% versus Q1 2020. This puts our Q1 EPS well ahead of the same quarter in 2019 since Q1 2020 EPS fell only 9% from Q1 2019. Comparisons will be even easier in Q2, as Q2 2020 EPS was off 27% from Q2 2019.

For context, remember that our frontier portfolio had only a small drop in full-year 2020 EPS, down 10% in USD, much less than in other parts of the world. Thus, we expect our portfolio companies to have less of an earnings rebound in 2021 than companies in non-frontier markets. Again, in our Q4 letter, we wrote (point 10, page 5):

> *Earnings of our portfolio companies fell less than those of US companies [in 2020] and less than we forecast when the pandemic began. Therefore, do not be surprised by the expected if, after the poor US showing in 2020, US companies post higher EPS growth rates than our portfolio companies in 2021.*

Even if other markets grow earnings relatively better than us this year (having done relatively worse last year), it appears we are set to have a good earnings year in 2021, better than we expected when this year began, barring some material macro deterioration.

Discussion

Here are some recent global macro issues that investors and prospects have asked us about:

1. **Inflation.** We cited inflation as our second biggest macro worry in our Q4 letter (points 12-13 on pages 5-6) and our biggest macro worry in our Q1 letter (points 10-11 on pages 4-5). Using the US as an example, we explained how only a slight

acceleration in month-over-month inflation rates might give the US 4% inflation year-over-year in May. 4-handle inflation arrived sooner than this, in April, with the US May inflation rate at 5.0% and June hitting 5.4%. Transitory or not, these were three consecutive terrible inflation reports, in our opinion. The month-over-month price changes, which are <u>not</u> affected by the low base effect from the beginning of COVID one year ago, all exceeded consensus forecasts significantly. The core US inflation rate of 4.5% that excludes food and energy is the highest in nearly three decades.

Fortunately, inflation in our universe has generally been within our expectations, with in line and better-than-expected reports outnumbering bad reports. The US economic situation is closer to pre-pandemic normal than most countries, due to its vaccination level, so it may be that the inflation it is seeing will come later to other parts of the world. Conversely, US monetary and fiscal largess is proportionally beyond what other countries have done, so there could be less of a price spark elsewhere. For example, labor shortages likely have hit the US hard and it's too early to know the extent to which this condition will surface elsewhere. Some conditions transmit globally with little delay, however, such as higher commodity prices, be they food or oil, and global shortages of physical goods. Food and energy are a bigger part of the inflation basket in frontier countries than in the developed world. Overall, we are not seeing frontier inflation spikes like in 2008 and 2011, but we continue to watch this closely.

2. **Currency.** Currency was immaterial to our Q2 results, as we booked an immaterial profit. We made money in April and May on exchange rate moves and lost in June, in line with global dollar trends. This quarterly result was an improvement from Q1's manageable loss. So far this year, the global dollar trend was up in Q1 (hurting our returns), down in April and May (helping our returns), and up in June (hurting). Overall, currency has not been much of a factor for us in 2021. Remember, we do not need a weak dollar to do well. We just need the absence of a continually strengthening dollar that acts as a persistent headwind against us. Currency is a perennial issue, but it is not a large worry for us now. Our countries generally have more orthodox monetary policy and higher real interest rates than the developed world, as well as lower debt levels. Of course, exceptions will always exist.

3. **FX reserves.** The IMF plans an extra allocation of Special Drawing Rights (SDRs) that could collectively boost foreign currency reserves for our universe before year end by up to $85 billion per one estimate we've seen. While such an inflow would not directly impact exchange rates, it should certainly be supportive of frontier currencies by making it easier for these countries to repay debts and otherwise satisfy demand for hard currency. There is also talk of developed countries redeploying their extra SDR allocation to less developed countries, which, if this were to happen, would further boost reserves of our universe, although this is less certain and would occur later.

4. **COVID.** Q2 2021 was the worst quarter yet globally for COVID cases and deaths, but this has long stopped mattering to equity markets. Consider India (not in our universe). This was the country that COVID affected most in Q2, yet the MSCI India Index had a 7% total return in Q2, reaching its all-time high in mid-June. This outcome was nearly identical to the 8% total return of the S&P 500 in the US—arguably the country that made the most improvement against COVID in Q2. The Delta variant of the coronavirus that originated in India is now dominant in much of the world, including

the US and parts of our universe. US cases seem destined to keep rising from a mid-June low,[4] but if this variant did not much affect India's economy[5] and market, just where will it leave a lasting financial impact? The risk that we can see is less from Delta, as terrible as it may be in human terms, but from something even worse: a future even-more-deadly-or-contagious variant and possibly one that vaccines are ineffective against. This is possible until the scourge of COVID disappears. Markets certainly are not expecting this to happen and chances are that it won't, in our opinion. But this virus has humbled our opinion on multiple occasions.

5. **China.** We don't invest in China, but investors ask us about it with some frequency. Our view for over a year now is that the US and China are in a cold war and that this will continue to slowly escalate in the coming generation regardless of what US political party is in control. We think eventually China equities could become uninvestable for US investors because of both US and Chinese pressure and regulation. We think the main EM index for US and perhaps all Western investors may change or evolve at some point to an ex-China EM index. We think China's recent crackdown on its own tech companies makes clear that the Chinese Communist Party values domestic control more than the interests globally of its private tech companies. These tech champions may continue to do well globally, but political considerations may constrain their dominance to a Sino-centric global camp that excludes the US, Australia, the UK, and other Western countries. We expect US manufacturers will continue to migrate manufacturing away from China because of cost and increasingly now because of politics. Country winners from this migration have been and we think will continue to be places like Vietnam and Bangladesh (both large workforce frontier countries cheaper than China) and Mexico (a large workforce EM country closer to the US).

   It pains us to see this China/US split. Nick first invested in China personally in 1993 and, pre-Frontaura, he traveled around China for two weeks in 2004 and for one month in 2005. Nevertheless, we must assess things as they are and where they are going, not from where they have been and where we want them to be. The long run

[4] Per Bloomberg, US cases were 79,966 for the week ending 20 June 2021. They have risen in each of the three weeks since and were 136,351 for the week ending 11 July 2021. The 20 June figure is the lowest since the week ending 22 March 2020 at the beginning of the pandemic. We can get some idea of how high US cases may go by looking at the UK, which has similar vaccination levels to the US and where the Delta variant struck earlier. For the week ending 23 May 2021, the UK had 11,801 cases, the lowest in six weeks and the second lowest since August 2020. Seven weeks later, for the week ending 11 July, UK cases were 19 (!) times higher at 218,994. If we assume US cases increase at the same pace from its 20 June low, they would be at 1,483,948 for the week ending 8 August 2021. This would be the fifth-highest weekly case number ever for the US, exceeded only by the post-Thanksgiving and Christmas surges in the weeks ending 13 December 2020, 3 January 2021, 10 January 2021, and 17 January 2021. We think this is too aggressive of a US case projection for the 8 August week because so far, from each country's respective low, US cases are rising at a slower pace than the UK. We note that 1) the UK numbers are still rising (so the US could get to the figure we cited eventually, even on a slower pace) and 2) the UK has had more stringent lockdown measures throughout the past seven weeks than the US has had so the rate of US spread could accelerate (other than public transportation, most US stringency measures no longer exist). Nevertheless, UK hospitalizations and deaths have not climbed at the same rate as UK cases have and it is planning to eliminate its COVID mandated restrictions soon. If the market and economic growth in India, which is less vaccinated, carried on during its Delta outbreak, we suppose the US too may just get on with it. There could be some psychological effect though as businesses and consumers who assumed the pandemic was over in the US confront a worsening reality.

[5] India's estimated real GDP growth for fiscal 2022 (April 2021 through March 2022) is 9.0% per the Bloomberg consensus on 14 July 2021. This consensus is down from 11.0% at the end of March 2021 yet is identical to the 9.0% consensus at the end of December 2020.

implications for Hong Kong, three decades ago Nick's favorite city in the world, and for Taiwan, are not positive either from a Western investor mindset. Finally, on timing we note that China's had a run of bad news in recent months causing its market to suffer. It wouldn't surprise us if, on a near term basis, news flow randomly turns better and the Chinese market responds positively. That's not a prediction: we are just saying that our negative long run view does not imply that the short run must also continue to be negative. For our long run view to change, we would need to see a different direction from China's leadership, which we presently do not expect. Lest you think we are unreasonably negative on China, as an aside, we note that China's central bank (and Russia's too) currently operate more orthodox monetary policy than the US Federal Reserve. We do praise them for this!

What We Sold

With occasional exceptions, we don't name companies currently in our portfolio because our comments and letters circulate widely and we don't want to give away our ideas to other frontier investors who might compete with us in the market on stocks we are buying, especially since positions we hold can be illiquid and hard to trade. Nevertheless, our investors and prospects want to read about what we bought and why, so the compromise we made many years ago was to write about a position after we sold it, assuming we were not likely to buy it again soon. We believe that writing about position sales is more insightful than discussing buys because you can evaluate whether you were right or wrong and how the position performed. All positions are going to make money in your mind when you first buy them; writing after the sale provides a more balanced assessment.

Periodically, then, we report on position exits over an earlier six- or 12-month period.[6] Figure 2 lists all nine exits from July 2020 through June 2021: good or bad, large or small. In one case, we cannot yet discuss the company for competitive reasons, so while we list the data in Figure 2, we do not provide the name and we do not discuss this position.

We made money on seven of these nine exits, but the two losers were a couple of stinkers, so overall we were just above break-even on this group. Profit or loss figures for individual stocks are before fees and expenses, as we subtract these at the fund level and not at the stock level.

Three of the winners had great IRRs—32%, 67%, and 68%—but made only $1.2 million collectively due to small position sizes because of limited liquidity or the price trading away before we could buy as much as we wanted. A fourth winner itself made $1.0 million, but this was over 8 years, so its IRR was an unimpressive 4%. The final three winners were slightly above break-even. The two stinkers did have a few redeeming qualities. Neither was a large position and both had high yields which limited the loss in each to around $1 million. Both had a good second act in that they were solid money makers and outperformers in the final two years or so that we held them. While the purchase price on each was a mistake (too

[6] Here's the list of past What We Sold letters: 2020 Q4 (covering sales 1H 2020 sales), 2020 Q3 (covering sales 2H 2019 sales), 2019 Q2 (covering sales 1H 2019 sales), 2019 Q1 (2H 2018), 2018 Q2 (July 2017 – June 2018), 2017 Q2 (July 2016 – June 2017), 2016 Q2 (1H 2016), 2015 Q4 (2H 2015), 2015 Q2 (July 2014 – June 2015), 2014 Q2 (July 2013 – June 2014), and 2013 Q2 (July 2012 – June 2013).

high), each partially redeemed itself by performing eventually from a low point and thankfully we did not capitulate at the low as often is tempting to do.

Overall, however, we don't find this collection of nine exits a particularly compelling entry in the Frontaura historical record. The 2018-2020 frontier bear market—where our fund lost over one-third of its value from peak to trough—battered the performance of many of these stocks. Further, the pandemic created many opportunities elsewhere that were more attractive. We used the cover of the rebound over the past year to exit some less liquid positions that may have been more difficult to sell at other times.

In some of these debriefs we convey anecdotes that provide color on how we think and make decisions so that the reader can better understand our investment management, risk control, and trading process.

Figure 2
Frontaura Global Frontier Fund LLC
Positions Exits July 2020 – June 2021[7]
30 June 2021

Company	Country	Description	Exit Reason	First Buy	Last Sell	Cost ($000K)	Proceeds ($000K)	Profit ($000K)	Return Multiple	IRR	Holding Period (Years)	Price / IV First Buy	Price / IV Last Sell	PE Buy Date	PE Sell Date
Turk Tuborg Bira	Turkey	brewery	governance	16-Oct-19	03-Dec-20	1,075	1,379	304	1.28	31.8%	1.1	-9%	11%	6.9	11.0
Pakistan basket	Pakistan	various	trade	12-Jun-19	15-Jan-21	5,310	5,460	150	1.03	3.8%	1.6	na	na	na	na
ASA International	Pakistan	microfinance	fundamentals	17-Jun-20	02-Mar-21	1,296	1,863	567	1.44	67.9%	0.7	-49%	-17%	4.4	13.1
Banco Continental	Paraguay	bank	fundamentals	20-Mar-18	09-Mar-21	910	913	3	1.00	0.1%	3.0	-28%	-15%	5.7	7.4
Chevron Lubricants	Sri Lanka	motor oil	fundamentals	29-Jun-16	19-Mar-21	2,863	1,957	(906)	0.68	-9.6%	4.7	1%	-5%	10.8	9.5
Kido Frozen Foods	Vietnam	ice cream	acquisition	19-Jul-19	26-Mar-21	439	731	291	1.66	66.8%	1.7	-12%	46%	28.2	36.8
Metro Retail Stores	Philippines	grocery stores, department stores, hypermarkets	fundamentals	09-Mar-20	15-Apr-21	1,910	1,941	30	1.02	2.5%	1.1	-23%	39%	4.4	(9.9)
Saif Power	Pakistan	independent power producer	fundamentals	16-Jul-15	08-Jun-21	3,853	2,490	(1,362)	0.65	-9.8%	5.9	-21%	7%	7.3	3.6
undisclosed	undisclosed	undisclosed	country	01-Apr-13	10-Jun-21	7,617	8,652	1,035	1.14	3.9%	8.2	-1%	-46%	5.6	3.8

[7] Here are definitions for the Figure 2 columns. Exit Reason is a standardized reason why we sold a stock. First Buy and Last Sell are the dates we first bought a stock and last sold a stock. Buys after the first date we show could continue for months or years; likewise, sells could precede the last date we show for months or years. Cost is the USD sum of all buys including commissions, trading fees, and foreign exchange costs (FX). Proceeds are the total USD sale and dividend proceeds, net of all commissions, trading fees, FX, and tax withholding. Profit is the Proceeds minus the Cost. Return Multiple is Proceeds / Cost. IRR is the internal rate of return on all USD cash inflows and outflows in the Profit calculation. Holding Period is the number of years between the First Buy and the Last Sale dates. We annualize the IRR, except for when the Holding Period is less than one year. Note that the Cost, Proceeds, Profit, Return Multiple, and IRR figures are before any management fees, fund expenses, or incentive compensation, as those deductions occur at the fund level and not at the individual stock level. Price / IV First Buy and Price / IV Last Sell show the discount or premium of the price we paid on the First Buy date and the price at which we sold on the Last Sell date to our estimate of intrinsic value on those dates. A negative percentage indicates a discount to intrinsic value; a positive percentage indicates a premium. PE Buy Date and PE Sell Date show the trailing reported PE using the price we paid or the price we received on the day of First Buy and Last Sell, or a nearby date if we do not have data on the trade date. In this table in letters prior to 2019, we used the stock's closing price for the day in the Price / IV and the PE columns. From 2019 onward, we use our actual transaction prices.

Turk Tuborg Bira

Tuborg is the number two brewer in Turkey that has gained share in recent years on the market leader Efes. The original parent Carlsberg sold its stake in 2008 to a new owner that retained the Tuborg brands and company name. The new management team eventually revitalized what had been a loss-making company. We first researched Tuborg in March 2018 but it was too expensive for us. Turkey was not in our investible universe then, but one of its periodic currency crises was just beginning. The subsequent decline in USD country market cap dropped Turkey into our universe for the first time in May 2018. Tuborg's price drifted down to where we could finally buy it in October 2019. In dollar terms, it had become 58% cheaper in the 18 months since our first look. Its liquidity had also diminished so it was always a small position for us. Two developments in the latter months of 2020 led us to sell the position. First, a retail stock mania took hold in Turkey, focused on stocks with tiny floats. The meme stock phenomenon that occurred later in the US in the first half of 2021 reminded us of what we saw in Turkey in the second half of 2020. Tuborg was not one of the main targets of this buying craze, but nevertheless it did benefit indirectly, with its price spiking by 35% in four trading days in late September 2020. We trimmed some into this strength. The issue that caused us to exit was that the Turkish regulator announced plans to demote to a lesser trading board stocks like Tuborg that had long been out of compliance with the 5% minimum float requirement. Our interaction with management and others knowledgeable about the company and the regulator indicated that the company was unlikely to comply and that the regulator was likely to carry out its threat in January 2021. We decided to sell our shares in November 2020, completing the exit the following month. The regulator did demote Tuborg and others from continuous trading to an auction-only market when 2021 began. Retail buying continued to boost the shares until they reached an all-time USD high in mid-February. From there though, the USD price has declined to where it ended June 2021 about where it began its September 2020 liftoff. Further, shares traded in June 2021 were only 3% of the volume in December 2020, the month we exited. With our fear of what the demotion would mean coming true, we are glad to have sold, earning a 32% IRR in just over a year and making a modest $0.3 million on this small position.

Pakistan Basket

An October 2017 research trip to Pakistan convinced us the country was in a crisis that was going to get much worse, but which eventually could become interesting for investment purposes around the bottom.

We added macro exposure to Pakistan in June 2019 through a basket of stocks that gave us broad exposure to the economy. The country had just entered an IMF program that ushered in a series of economic reforms, including—most importantly to us—freely floating its currency from a previously pegged, overvalued level. We have observed this script in several countries over the years and have found this setup to be one where the probability is in our favor for stock outperformance. Usually, this occurs only after government authorities have gone through a long period of denial and trying in vain every solution other than the hard but inevitable one of swallowing the harsh medicine of reform. The period of denial usually sees poor returns in local stocks and in the currency, a double dose of underperformance. True to form, the MSCI Pakistan Index had fallen 54% in USD terms in the two years prior to our basket initiation. Boosting our confidence in Pakistan's outlook was the government's appointment of a credible finance minister and a new central bank chief, the latter coming directly from the IMF where he was its resident representative in Egypt. In 2016, Egypt embarked on a similar IMF program/currency floatation/economic reform package, circumstances directly relevant to Pakistan's situation in 2019.

Our Pakistan basket did well through the end of 2019, before COVID hit, making $0.9 million (36% IRR, unannualized), an outperformer compared to a slight loss in our fund overall during this period. The pandemic changed the investment environment globally. In March and April 2020, we eliminated just over half the basket, selling companies vulnerable to the pandemic. From September 2020 through mid-January 2021, we gradually sold the rest as we preferred to redeploy cash from this macro idea into our highest-conviction individual stocks. Given our performance this year, led by our largest positions, we think this was the correct decision.

In general, Pakistan equities have not done that well during COVID. At the end of Q2 2021, the MSCI Pakistan Net Return Index had regained only around two-fifths of the selloff from its January 2020 high to its March 2020 low. Overall, the Pakistan basket was an in-line performer for us over 1.6 years, with its initial outperformance offset by COVID weakness. We made $0.2 million, or 3%, on the basket. This was slightly better than -2% in our fund overall before fees during the same period and slightly worse than the +10% total return in the MSCI Frontier Small Cap Index (FM SC).

Macro baskets can be successful as our initial experience illustrates, but their thesis is vulnerable to shocks. If valuations drop globally, macro baskets are often best redeployed into higher conviction ideas, even if the macro thesis remains valid.

ASA International

We bought ASAI after its severe COVID selloff. We enjoyed an immediate and sharp rebound (although we were not able to buy as much as we wanted), and we then sold as it became clear to us that the surging market price was not accounting fully for downside scenarios that might take longer to resolve than we originally thought. We made $0.6 million in 8.5 months, a 68% unannualized IRR, or 44% on every dollar invested. The downside scenarios emerged and the stock ended Q2 at a lower price than our last sale.

ASA International is one of the world's largest microfinance lenders, issuing credit to low-income entrepreneurs, primarily women, in Southeast and South Asia and Africa. We evaluated and rejected the company due to a high valuation the month prior to its July 2018 London IPO at a price of 313 pence per share. In August 2018, the stock hit an all-time high of 510. We met the company twice in September 2018 and September 2019 and while we liked the story, the price remained far out of our range. We next looked at it on 20 April 2020 when the COVID crash had pushed its price down to 76. We should pause here and explain that we find the London Stock Exchange to be a fertile hunting ground for frontier stock bargains after a global selloff as non-frontier investors tend to discard these stocks at whatever price they can get. This occurred in 2008 and 2009 during the GFC and again in 2020 due to COVID. This was a time of volatile price moves for the stock, as investors guessed at how badly the pandemic would hurt its credit quality and loan activity across more than a dozen countries, and whether its in-person lending model would survive (it did). The stock bottomed at 50 on 28 April 2020 but was back to 137 three trading days later. We concluded our research and made our buy decision on 14 May 2020 after the market close.

The price raced from 93 to 157 without us buying any shares, but eventually we bought between 119 and 140 from mid-June through mid-July 2020.

To its credit, ASAI began issuing regular country-level monthly operating statistics and conducting Zoom calls after these data releases in addition to regularly appearing at virtual conferences. This made it easy for us to maintain an ongoing dialogue with the CEO and to monitor how the business was handling COVID. The stock responded positively to this transparency and the improvement in operating performance from the pandemic trough. We thought the stock price move was somewhat too-much-too-soon however, and we trimmed our position at prices ranging from 190 to 255 from the end of September to mid-November. While the operating performance was improving, a few countries were giving ASAI trouble and we forecasted profitability to be down more than 70% in 2020 from the prior year. We had a few doubts now on the recovery pace and the adequacy of information management and control systems across a highly decentralized global operation. On 26 February 2021, the company announced that asset quality had worsened in a few of its problematic countries and 2020 results would be around break-even. This reinforced our earlier doubts on trends and systems. Two trading days later we exited what remained of our position in a single block trade at the prior-day close of 150. The company later reported a small loss for 2020 and the stock finished Q2 at 130.

While taxable investors may not like the short-term capital gain our ASAI sale will give them (which may be hard for us to offset in a year like this where most stocks to date are up), we have no doubt that exiting was the right decision. We were able to recycle the ASAI proceeds immediately into other more promising opportunities that have since appreciated. Evaluating our entire ASAI experience from before its IPO until now, we highlight three things that helped us. First, we always had a good sense of what the shares were worth and we stuck to that. We bought only when the price came to us, we stopped when it went beyond our buy point, and, even before our fundamental doubts formed, we began to trim when the price ran away. Second, given the constantly evolving nature of COVID in the various ASAI countries, we stayed current on its operating situation. We developed some doubts in Q4 as new information arrived. Third, we were decisive after the company's disappointing profit announcement at the end of February 2021. We decided to sell, contacted multiple brokers who trafficked in this often-difficult-to-trade stock, and sold everything at the first block-trade opportunity. We think the second point of being well on top of the numbers facilitated our quick sell decision, when the 26 February information confirmed our earlier doubts. If we were less current, we think we may have taken longer to process the 26 February announcement and we may not have acted as decisively, viewing it only as a first strike against the investment case instead of a second strike. Importantly, we did not lament that the stock was already well off its recent high prior to our final sale.

Banco Continental (Paraguay)

We broke even on the leading bank in Paraguay in the three years we owned it. This modest result is a slight outperformance against our portfolio and the FM SC index, reflecting the tough environment for frontier stocks during its holding period. As with other exits, the bargains that COVID created meant better opportunities laid elsewhere, so we sold these illiquid shares patiently over seven months without disturbing the market price.

Chevron Lubricants (Sri Lanka)

We acknowledge that our 4.7-year ownership of Chevron Lubricants was a mistake, but it was one with a decent final act after a terrible opening. The final act was that over the last two years we owned the shares, we made 54% on them, or $0.5 million, while the FM SC managed only a 5% gain. The first act saw us lose half our money, or $1.4 million. Overall, we lost 32%[8] or $0.9 million.

What we got right was not capitulating at the low, an opportunity we had in a moment-of-truth middle-of-the-night phone call that Nick received while on a family vacation in Jamaica. It's a rule of thumb in investing that the worst news comes at the most inconvenient time, often while on vacation, or out of the country, or both. Chevron Lubricants, which makes and sells motor oil for vehicles, planes, and boats, had a run of poor results from Q4 2016 through Q4 2018. The Q4 2018 numbers saw revenue down by a fifth and profit halving. We would sum up the situation like this. We bought Chevon because it was a reasonably priced blue chip with a market leadership position, a high return on capital above 50%, and a high dividend yield (generally >= 10%). The company became too complacent however, taking its entrenched position for granted. Its margins suffered as it responded too timidly to competition encroaching on its market position. As long-term investors, we were relaxed about this, figuring that if management didn't fix the problem, the parent Chevron would fix it by changing management. This is a key insight we have had over the years and we have seen it proven true repeatedly by different multinationals in different sectors in different countries. In this case, however, we were too complacent. We underestimated the time to change the situation and the amount of profit that would erode while awaiting the solution.

The stock was 75.30 before the Q4 2018 earnings release. We did our work and were willing to sell in the next trading session but couldn't agree on price with a potential buyer. Two days later, we agreed to the seller's bid of 65 and went to bed thinking the trade would happen. The broker woke us sometime after midnight to inform us that the buyer would take our shares…at 50. A phone ring rousing us from a deep sleep is a recurring event for a frontier manager considering that we have markets open for 22.5 hours in a 24-hour day. If you don't answer, you will miss trades, and given the illiquidity of some positions, a trade missed could mean an opportunity foregone forever, especially on the buy side. Decision making in the fog of sleep is not ideal, but the key we have learned is to anticipate what may happen and determine exactly how far you will go ahead of time, so that the decision in the moment is largely just conveying a decision you already made.[9]

The case for selling Chevron at the knockdown price of 50 is that we would exit in a single trade and we would no longer have a problem position where the bottom on the fundamentals and the stock price was unknown. The case against selling was that the price was below what

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[8] Chevron Lubricants paid a high dividend throughout our ownership, so while our total return loss was 50% to the low, our ongoing investment at this point was only about one-third of its original size, so the subsequent 54% gain made up less of the total percentage loss than you might expect.

[9] Having worked with numerous individual brokers for years, we've learned who we can trust and where we can leave matters to the judgment of the broker. Often, then, we convey these instructions ahead of time, eliminating the need for a call. Trading is dynamic though and we cannot anticipate every scenario in advance, and sometimes it is not to our advantage to reveal our full intention. Thus, middle-of-the-night calls remain necessary, even if we have fewer of them than we once did.

we thought the shares were worth, the double-digit yield (even with diminished earnings) would support the stock price over time, and that the company recently brought in a new CEO to fix the issues. This being his first full quarter on the job and the end of a fiscal year increased the probability that these results would be an earnings trough (they were). Again, the pattern here was familiar to us. A historically successful foreign subsidiary faces a new challenge that a too-long-in-the-saddle CEO does not address with enough alacrity. Results deteriorate. Eventually, the multinational replaces the CEO. We contact the new CEO immediately to size them up, often before they have even moved to the country. The profile we like to see is someone younger, say in their 40s, who has had several postings in the multinational, and where this new role clearly is a promotion and a chance to shine and define their career if they can turn around the struggling subsidiary. Having recently observed this kind of positive change occurring at Bralirwa, the Heineken-owned brewer and Coke bottler in Rwanda, we were hoping for a repeat with Chevron.[10]

We passed on the sale at 50, a local currency price the stock never reached, adjusting for dividends. Operating conditions remained tough for Chevron in Sri Lanka with a terrorist Easter bombing in 2019 and COVID in 2020. Nevertheless, gross profit[11] and earnings grew in both years from the 2018 trough and the stock advanced. We cut our loss on the position by over a third before eventually selling in 2021.

Kido Frozen Foods (Vietnam)

Kido Frozen Foods (Kido), which sells ice cream and frozen vegetables in Vietnam, was a big percentage winner (we made $1.66 on every dollar invested, with a 67% IRR over 1.7 years) but a minor money maker ($0.3 million) for us due to its small position size. We had loosely followed the parent Kido Group (formerly Kinh Do Corp.) since meeting them in Vietnam in 2010 and they subsequently visited us a few times in Chicago. In 2017, the parent IPO'd Kido, but at too high of a valuation, in our opinion. We bought it in July 2019, for about half the IPO price. Kido's 28 PE was high, but the results were turning around and the company's 5-month operating statistics (through May 2019) gave us confidence to own it. We saw it as a unique opportunity to buy the company with 40% market share in the Vietnamese ice cream market with a market cap under $70 million. While the idea was a good one, its implementation presented challenges we often run into. The float was small as the parent still owned 65% and employees had another 10%, trading was thin, and the price was often just above our buy point. We accumulated only $0.4 million of shares. In Q2 2020, Kido Group proposed reacquiring the shares of Kido Frozen Foods it did not own in a stock swap at a premium price. The valuation of Kido Group was well above our intrinsic valuation estimate, so we were not interested in holding the parent's shares once we received them. In Vietnam, transactions that involve share conversions have a long tail, so this played out over several quarters, until we finally exited the last of our new Kido Group shares in March 2021.

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[10] The bad news is that if the new CEO is successful, the multinational will promote them again out of country in two or three years and this happened eventually at both Bralirwa and Chevron.

[11] Oil prices, a factor that Chevron Lubricants cannot control, make its revenue volatile. Gross profit is the best measure of Chevron's top-line performance, in our opinion, to the point that in our model we use gross profit in the revenue line and ignore reported revenue altogether.

Metro Retail Stores (Philippines)

Metro Retail operates grocery stores, department stores, and hypermarkets that have elements of both, primarily in the central Philippine region of the Visayas. They have a smaller presence on the northern island of Luzon, where the capital and largest city Manila sits. We liked that Metro's focus is on regions less competitive than Metro Manila and that they are the market leader in their home area of Cebu, the country's second largest metropolitan area. In 2018, fire destroyed the company's flagship department store that accounted for around a tenth of sales. While it was insured, revenue and profit were under pressure until a rebuilt store came online. We viewed the fire as a transitory issue that could provide an opportunity, but the shares were too expensive for us in May 2018 when we first researched the company.

In March 2020, we observed that stocks in the Philippines were declining sharply across the board due to COVID, with the market not seeming to distinguish between businesses that would suffer from the pandemic and those that might benefit, such as a supermarket operator. We bought Metro Retail at less than half its price in May 2018. We held it about a year, breaking even on it. Our 2% gain was an underperformance versus the 19% increase that both our fund and the FM SC had over the same period.

Our thesis that Metro Retail would benefit from the pandemic was wrong. Lockdowns in the Philippines affected its department store sales and sales of general merchandise items within its hypermarkets more than we forecast, with the pandemic-related increase in grocery sales failing to offset this. We could possibly have looked through this issue as COVID provided many surprises to us. Some companies we thought would suffer did well and vice versa. More important than our educated guesses on results under lockdown was how these companies ought to fare under normalizing conditions and how the market priced the stock relative to that outlook. We sold Metro Retail because we reached the conclusion that it simply was not a good operator. In retail, we believe the best operators win in the long run and our view of the company's ability to win diminished. Luzon has tougher competition and inevitably the larger players there may encroach more on Metro Retail's home territory.

There were warning signs we were aware of prior to our purchase. For example, the company, although growing, fell short of its IPO targets for store and square footage expansion and the rebuild of the flagship store was delayed, missing a critical Christmas selling season. A truly awful 2020 for Metro Retail confirmed the pattern of poor execution and knocked down any excuses to explain away the earlier warning signs. What we got right though was that the stock price became too cheap,[12] so despite a 15% revenue plunge in 2020 and a loss in the seasonally strong fourth quarter and for the entire year, we eked out a minimal profit.

Saif Power (Pakistan)

Saif Power is one of two independent power producers (IPPs) that we once owned in Pakistan, the other being Nishat Power that we sold in 2018. We refer you to page 5 of our What We Sold discussion in our [2019 Q1 letter] for our recap on Nishat, as these are conceptually similar

[12] An alternative explanation is that the stock price did not fall enough in response to 2020's bad news and we were lucky or wise to sell at the prices we did. That could prove true in the future, but since the Q2-ending stock price was a bit above our last sale price from April (i.e., the stock has not fallen yet), we will go with the theory that the price was too low in 2020.

businesses and the macro issues that dogged Nishat affected Saif similarly. In summary, we bought Nishat first in 2014 and it was a big winner through January 2017. With some initial success in the sector, we invested in Saif Power in July 2015, after it IPO'd the prior year. We liked Saif even better than Nishat because 1) it had an 18.5% guaranteed USD ROE over a 30-year term ending in 2040, compared to Nishat's 15.0% guaranteed USD ROE over a 25-year term ending in 2035 and 2) its natural gas energy source was just over half the cost of Nishat's fuel oil energy source. You can think of Saif as a very high-yielding utility. It had a 13.2% yield when we bought and a 20.9% yield when we sold.

Our return on Saif was just above break-even through end of 2016, then it lost money steadily through early August 2019 as Pakistan's macro issues worsened. See our earlier Nishat write-up for a discussion of these events, which were not company specific and from which Saif (and Nishat) ought to have been somewhat immune fundamentally. It didn't matter—these stocks went down with the market. Pakistan hit a then-bottom in August 2019. At this point, we had lost 48%, or $1.8 million on Saif. Then, with the IMF program in place and the currency free floating (as we discussed above in the Pakistan basket section), things began to improve. In the final 22 months we held Saif Power, including the COVID selloff, we made 47%, more than double the FM SC return. This $0.5 million recovery reduced our total Saif Power loss to $1.4 million. Our tenure with Saif Power resembled our experience with Chevron Lubricants. A terrible beginning, but a respectable second act. Overall, though, there's no hiding that Saif Power was a loser, costing us 35% of our capital invested.

Why sell Saif if the stock was performing and the yield was so high? When 2021 began, Saif's position size was under 1% of our portfolio, yet we owned 2.7% of this $35 million market cap company. The stock's liquidity was poor after 2015 and we were not willing to increase our position size. Volume increased in the second half of December 2020 and the price really began moving in January 2021. We thought it prudent to sell into this strength and we were able to gradually exit our position at ever-higher prices throughout the first half 2021.

Our Pakistan IPP theme that we expressed through Nishat Power and Saif Power looked promising in early 2017. On 24 January 2017 (the day our IPP return peaked), we had a combined $4.5 million gain on these two stocks. For that peak through 8 June 2021 (the day we sold Saif, our last IPP), we lost 52% combined. Over these same dates, the net USD return of the MSCI Pakistan Index was -55%, virtually the same. Bad macro trumps everything, perhaps to a greater extent than it should, is the lesson here. As our Pakistan basket write-up explained, we knew by Q4 2017 that the currency crisis was underway and was likely to get worse, but we were completely wrong that the IPPs USD-denominated contracts would protect them. In a currency crisis, so much can go wrong that the safe havens you expect to work often do not. We should not have stubbornly held on so long.

We thank you for being a Frontaura investor.

Best regards,

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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. 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.

Please see Figure A5 for portfolio mix by country, region, and sector, along with our portfolio statistics. Figures A6 and A7 show quarterly country attribution by dollar and percentage returns. Figure A8 shows regional attribution, including at the country level within each region. Figures A9 and A10 show changes in country mix for the quarter and the last 12 months. Figure A11 shows portfolio concentration and how it has changed in the last three and 12 months.

Statistical Appendix

Figure A1
Frontaura Global Frontier Fund LLC
Annual Frontaura and Index Performance[13]
30 June 2021

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%
2020	3%	5%	1%	18%	8%	18%
YTD 2021	22%	20%	15%	8%	10%	15%
1 Year	53%	48%	38%	41%	34%	41%
3 Year	15%	12%	29%	38%	28%	67%
5 Year	31%	38%	56%	85%	65%	125%
7 Year	21%	22%	18%	54%	42%	151%
10 Year	57%	60%	68%	52%	79%	298%
Inception to Date	131%		4%	42%	43%	268%
3 Year CAGR	4.7%	3.9%	8.9%	11.3%	8.6%	18.6%
5 Year CAGR	5.6%	6.7%	9.4%	13.1%	10.5%	17.6%
7 Year CAGR	2.7%	2.9%	2.4%	6.4%	5.1%	14.1%
10 Year CAGR	4.6%	4.8%	5.3%	4.3%	6.0%	14.8%
ITD CAGR	6.3%		0.3%	2.6%	2.6%	10.0%

* We present MSCI returns as they report them, although we think they overstate performance by 1-2 percentage points in 2020 by not marking down the Nigerian naira. See our discussion on page 3 of the 2020 Q4 letter.

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[13] Frontaura returns are net of all fees for a hypothetical investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020. Index returns are in US dollars on a total return basis, net of any withholding tax. We discuss our returns and different series and we explain the different indices we show here.

Figure A2
Frontaura Global Frontier Fund LLC
Quarterly Frontaura and Index Performance[14]
30 June 2021

Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500	Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500
2007 Q4	2%		4%	-7%	-5%	-5%	2015 Q1	-3%	-4%	-3%	2%	5%	1%
2008 Q1	1%		-2%	-11%	-9%	-9%	2015 Q2	3%	2%	0%	1%	1%	0%
2008 Q2	6%		2%	-1%	-2%	-3%	2015 Q3	-6%	-6%	-11%	-18%	-10%	-6%
2008 Q3	-11%		-23%	-27%	-21%	-8%	2015 Q4	1%	-1%	-1%	1%	5%	7%
2008 Q4	-25%		-41%	-28%	-20%	-22%	2016 Q1	-1%	-1%	-1%	6%	-3%	1%
2009 Q1	-2%		-17%	1%	-14%	-11%	2016 Q2	4%	5%	0%	1%	-1%	2%
2009 Q2	28%		35%	35%	25%	16%	2016 Q3	2%	4%	3%	9%	6%	4%
2009 Q3	17%		11%	21%	19%	16%	2016 Q4	1%	6%	0%	-4%	-1%	4%
2009 Q4	-1%		-10%	9%	2%	6%	2017 Q1	4%	12%	9%	11%	7%	6%
2010 Q1	10%		11%	2%	1%	5%	2017 Q2	7%	3%	6%	6%	6%	3%
2010 Q2	5%		-10%	-8%	-14%	-11%	2017 Q3	3%	3%	8%	8%	5%	4%
2010 Q3	9%		14%	18%	16%	11%	2017 Q4	3%	3%	6%	7%	4%	7%
2010 Q4	9%		8%	7%	7%	11%	2018 Q1	2%	-1%	5%	1%	-2%	-1%
2011 Q1	2%	-12%	-5%	2%	3%	6%	2018 Q2	-7%	-9%	-15%	-8%	-1%	3%
2011 Q2	-1%	-2%	0%	-1%	2%	0%	2018 Q3	-5%	-4%	-2%	-1%	1%	8%
2011 Q3	-10%	-12%	-12%	-23%	-19%	-14%	2018 Q4	-3%	-5%	-4%	-7%	-13%	-14%
2011 Q4	-6%	-7%	-2%	4%	3%	12%	2019 Q1	2%	-1%	7%	10%	10%	14%
2012 Q1	6%	6%	6%	14%	11%	13%	2019 Q2	3%	0%	5%	1%	4%	4%
2012 Q2	-3%	-6%	-7%	-9%	-7%	-3%	2019 Q3	-5%	-3%	-1%	-4%	-1%	2%
2012 Q3	5%	6%	7%	8%	7%	6%	2019 Q4	-1%	2%	7%	12%	8%	9%
2012 Q4	9%	1%	3%	6%	7%	0%	2020 Q1	-22%	-24%	-27%	-24%	-23%	-20%
2013 Q1	10%	7%	8%	-2%	5%	11%	2020 Q2	6%	12%	15%	18%	15%	21%
2013 Q2	5%	9%	3%	-8%	-1%	3%	2020 Q3	4%	8%	8%	10%	5%	9%
2013 Q3	1%	1%	6%	6%	12%	5%	2020 Q4	20%	14%	11%	20%	16%	12%
2013 Q4	7%	12%	7%	2%	6%	11%	2021 Q1	2%	5%	1%	2%	3%	6%
2014 Q1	-1%	6%	7%	0%	1%	2%	2021 Q2	20%	14%	14%	5%	6%	8%
2014 Q2	4%	7%	12%	7%	4%	5%							
2014 Q3	1%	4%	2%	-3%	-6%	1%							
2014 Q4	-7%	-11%	-12%	-5%	-4%	5%							

* We present MSCI returns as they report them, although we think they overstate performance by 1-2 percentage points in 2020 by not marking down the Nigerian naira. See our discussion on page 3 of the 2020 Q4 letter.

[14] Frontaura returns are net of all fees for a hypothetical investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020.   Index returns are in US dollars on a total return basis, net of any withholding tax. We discuss our returns and different series and we explain the different indices we show here.

Figure A3
Frontaura Global Frontier Fund LLC
Monthly Frontaura Performance
30 June 2021[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%
2020	1.3%	-4.9%	-19.3%	3.1%	0.6%	1.9%	1.7%	0.3%	1.8%	2.4%	9.5%	7.5%	2.8%
2021	0.9%	2.7%	-1.8%	8.5%	5.9%	4.3%							22.0%

[15] Frontaura returns are net of all fees for a hypothetical investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020. We discuss our returns and different series here.

Figure A4
Frontaura Global Frontier Fund LLC
Performance by Currency[16] [17]
30 June 2021

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%
2020	3%	-6%	1%	-6%	-6%	0%	1%
2021 Q1	2%	3%	0%	8%	6%	1%	3%
2021 Q2	20%	21%	18%	18%	19%	19%	20%
2021 YTD	22%	25%	19%	27%	26%	21%	24%
1 Year	53%	41%	39%	49%	45%	37%	47%
3 Year	15%	13%	8%	7%	13%	10%	13%
5 Year	31%	31%	26%	25%	23%	27%	31%
7 Year	21%	52%	40%	26%	39%	49%	30%
10 Year	57%	124%	102%	73%	92%	82%	72%
Inception to Date	131%	188%	204%	85%	183%	248%	115%
3 Year CAGR	4.7%	4.3%	2.7%	2.4%	4.2%	3.1%	4.3%
5 Year CAGR	5.6%	5.5%	4.7%	4.5%	4.2%	4.8%	5.6%
7 Year CAGR	2.7%	6.1%	4.9%	3.3%	4.9%	5.9%	3.8%
10 Year CAGR	4.6%	8.4%	7.3%	5.6%	6.7%	6.2%	5.6%
ITD CAGR	6.3%	8.1%	8.5%	4.6%	7.9%	9.6%	5.8%

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

[17] Frontaura returns are net of all fees for a hypothetical investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited USD results through 2020. We discuss our returns and different series here.

Figure A5
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[18]
30 June 2021

Holdings Summary

Country	Holding
Philippines	15%
Kazakhstan	11%
Ghana	8%
Vietnam	7%
Egypt	6%
Rwanda	6%
Senegal	5%
Côte d'Ivoire	5%
Turkey	5%
Nigeria	4%
United Arab Emirates	3%
Papua New Guinea	3%
Colombia	3%
Pakistan	3%
Bangladesh	2%
Chile	2%
Botswana	2%
Sri Lanka	2%
Uganda	1%
Ecuador	1%
Kenya	1%
Niger	1%
Tanzania	1%
USA (cash & accruals)	1%

Region	Holding
Sub-Saharan Africa	35%
Southeast Asia	26%
Middle East / North Africa	14%
Eurasia	11%
South Asia	7%
Latin America & Caribbean	6%
USA (cash & accruals)	1%

Sector	Holding
Financials	41%
Consumer Staples	22%
Communication Services	12%
Consumer Discretionary	8%
Industrials	5%
Real Estate	4%
Energy	3%
Health Care	2%
Cash & accruals (all countries)	2%

Portfolio Statistics	
Portfolio Price to LTM Earnings	7.9
Portfolio Price to Book	1.26
Portfolio LTM Dividend Yield	4.8%
Weighted Median ROEE	21.0%
Positions	36
Countries	23
Weighted Average Market Cap	$2,927m
Weighted Median Market Cap	$787m
Portfolio Turnover (12 Months)	18%
Portfolio Turnover (ITD)	29%
Standard Deviation (36 Months)	17%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.51
Beta to S&P 500 (ITD)	0.49
Assets Under Management	$134m

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

Figure A6
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Dollar Return)
2021 Q2

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions) [19]	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Philippines	5.4	35%	Colombia	-0.3	-5%
Kazakhstan	4.2	38%	Bangladesh	-0.0	-0%
Ghana	3.3	39%	Ecuador	-0.0	-0%
Rwanda	1.6	25%	Chile	0.1	5%
Vietnam	1.3	15%	Nigeria	0.2	3%

Figure A7
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2021 Q2

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Ghana	3.3	39%	Colombia	-0.3	-5%
Botswana	0.8	39%	Ecuador	-0.0	-0%
Kazakhstan	4.2	38%	Bangladesh	-0.0	-0%
Philippines	5.4	35%	Nigeria	0.2	3%
Tanzania	0.3	26%	Egypt	0.4	4%

[19] This footnote applies to all columns labeled "Frontaura Return ($millions)" and "Frontaura Return (%)" on this page and any similar page. 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
Performance by Region and Country
2021 Q2

Region / Country	Frontaura Return ($millions)[20]	Frontaura Return (%)	MSCI Small Cap Return (%)[21]	MSCI Standard Return (%)
Sub-Saharan Africa	**8.3**	**21%**		
Ghana	3.3	39%	--	--
Rwanda	1.6	25%	--	--
Senegal	1.0	16%	--	15%
Botswana	0.8	39%	--	41%
Côte d'Ivoire	0.7	12%	--	--
Tanzania	0.3	26%	--	--
Niger	0.2	13%	--	--
Kenya	0.2	13%	5%	15%
Uganda	0.2	9%	--	--
Nigeria	0.2	3%	5%	8%
Southeast Asia	**7.7**	**27%**		
Philippines	5.4	35%	4%	8%
Vietnam	1.3	15%	24%	17%
Papua New Guinea	1.0	22%	--	--
Eurasia	**4.2**	**38%**		
Kazakhstan	4.2	38%	--	32%
Middle East / North Africa	**1.4**	**8%**		
Turkey	0.8	14%	-11%	0%
Egypt	0.4	4%	2%	-9%
United Arab Emirates	0.2	6%	7%	11%
South Asia	**1.3**	**11%**		
Sri Lanka	1.0	20%	2%	-5%
Pakistan	0.3	8%	--	-7%
Bangladesh	(0.0)	-0%	12%	12%
Latin America & Caribbean	**(0.1)**	**-1%**		
Chile	0.1	5%	-11%	-14%
Ecuador	(0.0)	-0%	--	--
Colombia	(0.3)	-5%	-7%	-3%

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

[21] 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 A9
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes[22]
2021 Q2

Country	Percentage Point Change	Explanation
United Arab Emirates	+3	Re-entered country
Egypt	+2	Added new position
Sri Lanka	-3	Exited position

Figure A10
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
2020 Q2 – 2021 Q2

Country	Percentage Point Change	Explanation
Philippines	+7	Added two positions, sold one, increased position size, and relative outperformance
Kazakhstan	+6	Added new position and relative outperformance
Egypt	+4	Added two new positions
United Arab Emirates	+3	Re-entered country Q2 2021
Senegal	+3	Increased position size
Bangladesh	+2	Re-entered country Q3 2020
Chile	+2	Entered country Q1 2021
Papua New Guinea	-4	Trimmed position, relative underperformance
Sri Lanka	-4	Exited two positions

[22] 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 here for a discussion of how we classify cash by country.

Figure A11
Frontaura Global Frontier Fund LLC
Portfolio Concentration[23]
30 June 2021

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	36	23	-1	+1	+2	+2
Top 5	33%	47%	+4	+2	+7	+10
Top 10	52%	73%	+2	+1	+7	+7
Top 20	78%	96%	+1	-1	+9	+9
Top 20 + USA (Cash)	79%	97%	+2	-1	-2	-2

[23] 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 here for a discussion of how we classify cash by country.