FRONTAURA

FRONTAURA CAPITAL LLC
FRONTAURA GLOBAL FRONTIER FUND LLC

Quarterly Letter – 2021 Q3

Performance

We gained 4.49% in Q3.[1] Last quarter, we mentioned that BarclayHedge named Frontaura the best performing global emerging markets equity fund in April and that we snagged a top 10 award from them for May. Since then, we garnered two top 3 awards and another top 10 award for June, July, and August.[2] We want to thank Xi Jinping for our unprecedented run of success.[3] While our break-even result in September (-0.13%) probably ends this string, the MSCI Emerging Markets Index losing 4% last month provides us with a faint hope of further relative recognition.[4]

[1] For the quarter, a hypothetical Series B investor earned 4.49%, while a hypothetical Series A investor earned 4.04%, and a hypothetical Legacy Series investor earned 3.59%, but not all investors in each series will earn the return we indicate for the series. Please see your statement for your account balance. Our stated Frontaura return is 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.

[2] In the category of "Emerging Markets Equity – Global," BarclayHedge ranked Frontaura 1, 4, 3, 8, and 3 each month respectively, April through August. In the category of "Emerging Markets – Global" (which includes fixed income and other non-equity funds), we ranked 4, 4, and 5 each month respectively, April through June. We ranked 4 in this category for August.

[3] We are a frontier markets (FM) fund, but BarclayHedge, like most performance databases, does not have a frontier markets category. They classify us as emerging markets (EM)—the nearest category to frontier. Our universe definition allows us to invest in some of the smallest EMs, but certainly not China. Emerging markets peaked in mid-February with the MSCI index for China, the largest country in MSCI's EM index, having a -30% net return from then through the end of Q3. Whenever China is weak, there's a good chance we will fare relatively well in lists of top performing EM funds. As China's issues began with initiatives led by President Xi Jinping that crimped profitability and sentiment in Chinese tech and for-profit education stocks, we rightfully credit him as integral to our strong relative showing. Humor aside, there is a larger point here that one can invest and profit in developing economies without direct China risk.

[4] Once you begin tallying your winning streaks, those streaks are inevitably nearing their end. Lest you think we are too full of ourselves, let us repeat a few comments we made on pages 2-3 of last quarter's letter: "When it comes to lauding itself with awards, the investing business isn't far behind the entertainment industry. …[U]sually we don't mention them because the awards tend to focus on very short-term performance and often compare amongst groupings of disparate funds. …[W]e don't think these awards provide much insight…."

180 North Stetson Avenue, Suite 1935 Chicago, Illinois 60601 USA t +1 312 777 1500 f +1 312 268 5004 www.frontauracapital.com

Discussion

Here are some discussion points of global macro and portfolio topics on the minds of our investors and prospects:

1. **EM and FM interest rates.** Our July comment listed emerging market (EM) and frontier market (FM) policy rate increases that month. Let's update this through October 6 with all subsequent EM and FM interest rate increases (including Brazil, Mexico, Russia, and South Korea, which are not in our universe).[5]

   In August: Brazil raised 100 basis points (bp) to 5.25%, Chile 75bp to 1.50%, Czech Republic 25bp to 0.75%, Georgia 50 bp to 10.00%, Hungary 30bp to 1.50%, Iceland 25bp to 1.25%, Mexico 25bp to 4.50%, Paraguay 25bp to 1.00%, Peru 25bp to 0.50%, South Korea 25bp to 0.75%, Sri Lanka 50bp to 6.00%,[6] and Uruguay 50bp to 5.00%.

   In September: Brazil 100bp to 6.25%, Czech Republic 75bp to 1.50%, Hungary 15bp to 1.65%, Kazakhstan 25bp to 9.50%, Mexico 25bp to 4.75%, Pakistan 25bp to 7.25%, Paraguay 50bp to 1.50%, Peru 50bp to 1.00%, Russia 25bp to 6.75%, and Ukraine 50bp to 8.50%. For completeness, we'll mention that Turkey, an outlier where the central bank lacks credibility due to the president interfering politically with its independence, cut rates 100bp to 18.00%.

   In October (through October 6): Colombia 25bp to 2.00%, Iceland 25bp to 1.50%, Romania 25bp to 1.50%, and Uruguay 25bp to 5.25%.

2. **Developed world interest rates.** Year-to-date through October 6, here are all policy rate increases in the developed world:

   Norway 25bp to 0.25% on September 23.
   New Zealand 25bp to 0.50% on October 6.

   There were no developed world rate increases this year prior to September 23. Earlier this year, Denmark and Hong Kong *cut* their policy rate, so the weighted average policy rate among MSCI EAFE (developed world) countries is similar to its 2020 ending level.

3. **Misremembering history.** There's a line of thinking that US tapering and eventual higher US rates spell doom for emerging markets and that will spill over into frontier markets. In part, the transmission mechanism could be a dollar that strengthens (thus lowering our returns that occur in other currencies) as US rates increase. We acknowledge that if enough pundits and bulge bracket sell-side firms opine this, it can become a self-fulfilling prophecy. Nevertheless, we are skeptical about the merit of this argument. First, as we've noted before, we did fine in 2013 (+26%), when the

---

[5] We extract this data from Bloomberg, mnemonic BI ECONG 1165. We add supplementary information for New Zealand, Paraguay, and Uruguay of which we were aware.

[6] Bloomberg shows this as an increase from 4.50% to 5.00%. That's the change the Central Bank of Sri Lanka made to the deposit rate. It simultaneously increased the borrow rate from 5.50% to 6.00% as we indicate.

original taper tantrum occurred. Second, we see no clear pattern between US rate-increase cycles and frontier market performance.[7] Third, since the dollar weakened during the last two rate-increase cycles, we also do not see a pattern between higher US rates and dollar strength.[8] Finally, as noted in the prior two points, EM and FM countries are raising rates steadily; developed world rates on average are unchanged this year, with only two small countries increasing just recently; and the US and larger developed countries have done nothing. We believe a majority of Fed voting members, considering the two September 27 retirement announcements, currently favor no US rate changes before 2023. Markets would be very forward looking indeed, not to mention quite myopic, to fixate on what the US may do in two years while ignoring completely the significant record of recent and likely future EM and FM rate hikes.

[7] There have been two rate-increase cycles in the history of the MSCI Frontier Markets (FM) Index. The US raised rates from 1.00% to 5.25% beginning 30 June 2004 and concluding 29 June 2006. The FM index had an impressive total return of 68% in this two-year period. The US raised rates from a range of 0.00%-0.25% to a range of 2.25%-2.50% from 16 December 2015 through 19 December 2018. The FM index had a more modest total return of 14% during this three-year period. The most recent rate-increase cycle occurred entirely within a frontier bear market that began with oil prices crashing in 2014 and ended with the COVID low in 2020. Nevertheless, we had two decent years—2016 and 2017—in the heart of this cycle. The FM and EM indices advanced 32% and 37% in 2017, respectively, for example. In summary, we do not think the experience of the last two rate-increase cycles supports the assertion that FM stocks cannot perform well when the US raises rates. Note that we begin each performance calculation on the day of the first rate increase (most frontier markets closed before the rate-increase announcement and thus had not yet reacted to the news) and end each calculation on the day after the last rate increase (giving each market at least one day to react to the news).

[8] Similar to our FM index analysis in the prior footnote, we analyzed performance of the dollar during the last two rate-increase cycles. In this case, since the dollar trades continuously, we begin our calculation the day before the rate decision and end it on the rate-decision day, each beginning and ending date being one day earlier than what we used for the FM index performance calculation. We find that the dollar index lost 4% during the 2004-2006 rate-increase cycle and it lost 1% during the 2015-2018 rate-increase cycle. Thus, we find the assertion that US rate-increase cycles lead to dollar strength (in turn creating an FM performance headwind) to be false.

We believe many investors incorrectly think the dollar appreciated during the last rate-increase cycle because that cycle was within a dollar bull market that ran from mid-2014 (beginning of the oil crash) through March 2020 (end of the COVID crash). We do not think that anticipation of rate increases or the rate increases themselves explain this dollar bull market. Instead, we think the dollar rally was due primarily to the oil crash as oil and the dollar often are negatively correlated, as we will explain further below. The dollar got a secondary boost from two events that formed a double top within the dollar bull market. The first was the Trump Q4 2016 dollar rally in response to his improving chances and surprise presidential election win; the second was a safe-haven effect from the COVID crash, with its peak marking the end of the dollar bull market. In our opinion, higher rates were not a factor in these three markets moves (oil crash, Trump rally, and COVID crash).

Let us explain the oil crash effect. Traders globally price oil in dollars and oil prices and the dollar are often inversely correlated. We can illustrate this best by comparing price graphs of the two from 2007 through 2009. When oil rose throughout 2007 and the first half of 2008, with Brent spiking to its all-time high of $146 on 3 July 2008, the dollar weakened considerably. When oil then plummeted in the second half of 2008, the dollar soared. In 2009, as oil recovered, the dollar fell back. More recently, oil's plunge and the dollar's spike in the second half of 2014 are mirror images of each other. Saudi Arabia's policy decision to keep supply high, hoping to wipe out US frackers and gain market share was a key driver of the crash and a decision unrelated to interest rates. A bottom in the oil price and a top in the dollar are observable in late 2015/early 2016. From there, oil strengthened and the dollar weakened until May/June 2016 (before Brexit). Notably, this dollar weakness occurred immediately after the rate-increase cycle began in December 2015.

Later, currency markets more than reversed all the Q4 2016 Trump dollar gains in 2017, before the dollar found a bottom in the first half of 2018. This dollar selloff combined with the earlier weakness in the first half of 2016 meant that for the majority of the three year rate-increase cycle, the dollar was weakening, leading to its 1% overall loss.

4. **Exceptional nonsense.** More generally, there is a line of reasoning we've heard in recent years. The exact argument may vary depending on what topic the booster pontificates, but the reasoning goes something like this. If x happens [insert any crisis or risk you can think of], then investors will turn risk-off and exit EM and FM in favor of the safe US even if x emanates from the US. This argument really took off from August 2011 after the S&P downgraded US debt following a debt-ceiling default scare. Rather than falling, treasuries rose in price in the subsequent year and an investment in the S&P 500 doubled in just over three years.

   A corollary argument is that in good times, the US will do best because [insert your favorite reason for US market exceptionalism like quality of management, presence of tech giants, liquidity of US markets, or supportiveness of the Fed]. Put together, these two arguments imply that the US will always do best, no matter what, and by inference or outright assertion EM and FM will always do worst. Each argument by itself has a certain logic to it that is understandable and defensible. Combining the arguments, however, reveals them as a matter of logic to be nonsense. One asset class cannot always be best, and if it has been for too long that will sow the seeds of its eventual and inevitable underperformance. These arguments explain the 2010s. We doubt they will explain the 2020s.

5. **Supply chain challenges.** Beginning with computer chip shortages that first affected the auto industry earlier this year, the global supply chain now has innumerable challenges. These include delays and reductions in final production due to shortages in numerous inputs (chips, component parts), factory closures in Southeast Asia due to COVID lockdowns, rising input prices, rising labor costs and labor shortages (mainly a US problem), jammed ports, container shortages, and multi-fold increases in shipping costs. This means Amazon Prime may not be able to deliver a replacement pair of your favorite running shoes to your doorstep next day and maybe you should order now if you want your children or grandchildren to get this year's hot new toy under the tree by Christmas.

   Factory closures were acute in Vietnam last quarter causing Q3 GDP to fall 6.2% year-over-year. We now expect 2021 GDP growth there of only 1.5%, down from the IMF's forecast six months ago of 6.5%. Our estimate is lower than last year's 2.9% increase, with both numbers well off the pre-pandemic growth level of 7%. Our holdings there make and sell consumer staple food and beverages. We believe our largest Vietnamese holding (6% of our portfolio) should see a significant boost to Q3 results from the lockdown due to increased home consumption. Unfortunately, we think lockdown-induced production and consumption disruptions have likely condemned our much smaller holding (1% of our portfolio) to a poor Q3 and a not-so-good Q4. Altogether, we made 11% in Vietnam before fees in Q3.

   Elsewhere, we own one industrial company where supply chain challenges have had a modest impact that we expect to become more significant. Fortunately, demand for its products significantly exceeds supply. It is 2% of our portfolio.

   We expect these supply chain problems to be present in the Q3, Q4, and 2022 results of companies globally. As with COVID itself, we think there will be some degree of unpredictability with these supply chain issues. Challenges may show up in places unanticipated, while areas we and others thought vulnerable may come through better than expected. There will likely be a tendency of managements to try and explain away any underperformance in second half results as "supply chain issues out of our control." Portfolio managers will need to determine whether that explanation is reasonable or just excuse making.

6. **Earnings.** Amidst the preceding discussion of supply chain issues and the point that follows on inflation and energy prices, we don't want to lose sight of the big picture. Therefore, we reiterate a statement from our September comment that Q2 was "the strongest [earnings growth] quarter on record for us in data we began compiling in 2011." The up-to-date figures now are that with 96% of Q2 earnings in, our portfolio EPS in USD grew 79%. Q3 comparisons won't be quite as easy as Q2, but still aren't too difficult. Although our Q3 growth rate will not be as high, we expect another set of good results.

7. **Inflation and energy prices.** We continue to watch monthly inflation reports from our countries closely, but generally still do not see problems of the magnitude that occurred in 2008 and 2011. Regarding US inflation, we wonder if the word transitory will evolve to have a somewhat different meaning a few years from now.[9]

   Energy prices are a concern for some countries with oil around $80 and natural gas prices spiking to record highs in Europe and Asia during the first week of October. This creates winners and losers depending on whether a country is an energy exporter or importer. To a lesser degree, energy price changes may affect a country or its currency if its trade partners are energy exporters or importers and, for tourist-dependent countries, whether its natural visitors hail from energy-exporting or energy-importing countries. Overall, though, without making this too complex, our portfolio usually has a positive beta toward energy prices. This is not by our design; it is just how frontier skews.

   South Asia can often be the region most hurt by higher energy prices, but we only have 5% of the portfolio there now, far less than normal. The Philippines is an energy importer and our largest portfolio country at 16%. Although this has not happened much yet, higher energy prices could hurt it through an increased import bill, a weaker currency, a higher inflation rate, or diminished economic activity. On the other hand, our second largest country, Kazakhstan at 11%, is an energy exporter. We should explain that we don't tend to change our portfolio as manic energy prices spike and plummet unpredictably. We invest based upon company fundamentals and energy prices do not drive our investment theses. As energy prices move, we may get some unexpected benefits in some places and we may suffer a bit in others, but we think this tends to balance out and we believe it would detract from performance if we tried to trade this once a significant energy price move has occurred.

---

[9] Possible new meanings could include "something initially thought to be short-lived, which annoyingly lasts much longer than expected" or "a label given to something inconvenient to attempt to diminish its importance." For example: "Throughout the 2020s, US strategists labeled the underperformance of US equities relative to non-US equities as transitory."

8. **COVID.** Sixteen of our 23 portfolio countries had COVID cases decline in the week ending 3 October 2021 versus the prior week, using Bloomberg data. Only one, Tanzania, reported a record number of cases, but we note that it only recently began reporting cases again after former President Magufuli, now deceased, stopped case counts in May 2020. Currently weekly cases were less than half of peak weekly cases in 17 of our 23 countries.

   Vaccination rates climbed rapidly around the world in Q3. We have a large universe with more than 100 countries in which we could potentially invest. The developed world media narrative is that our countries are helpless and hopeless when combatting COVID and receiving vaccines. Let's check the facts to see how they are doing compared to the US. If the US was in our universe, it would now rank only number 29 with 65.1% of its population having received at least one vaccine shot.[10] We acknowledge that some countries or markets in our universe are so small as to be practically uninvestable for us and small countries can have an easier time getting high vaccination rates. For the fairest comparison, then, let's look only at the 23 countries in which we presently invest. Four of these—the UAE, Chile, Turkey, and Ecuador—are now ahead of the US. Nine additional countries in which we have invested previously (but have no investments now) also rank ahead of the US.

9. **International reserves.** The IMF allocation of special drawing rights occurred in August, boosting international reserves of our countries. Talk of developed countries redeploying their extra SDR allocation to less developed countries continues, but we can't say whether this will happen or not. It would create further reserve upside if it does occur. We don't think currency markets have priced this in, so we don't see downside should it not happen.

Monthlies

Please see recent monthly comments that discussed the following topics:

July: China selloff, Vietnam COVID surge, July EM and FM rate increases
August: seasonality, Sri Lanka exit
September: Q2 earnings and valuation, September investment conferences, recent portfolio additions, Dubai real estate

We thank you for being a Frontaura investor.

Best regards,

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

---

[10] We calculated this ever-changing ranking around 9:30 AM Chicago time on 7 October 2021 using Bloomberg data.

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[11]
30 September 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	27%	29%	18%	-1%	8%	17%
1 Year	54%	47%	32%	18%	26%	32%
3 Year	26%	26%	36%	28%	25%	58%
5 Year	34%	42%	57%	55%	53%	121%
7 Year	25%	26%	20%	46%	48%	153%
10 Year	82%	95%	97%	80%	118%	371%
Inception to Date	142%		8%	30%	41%	276%
3 Year CAGR	8.1%	8.0%	10.7%	8.5%	7.6%	16.5%
5 Year CAGR	6.1%	7.3%	9.4%	9.2%	8.8%	17.2%
7 Year CAGR	3.2%	3.4%	2.6%	5.6%	5.8%	14.2%
10 Year CAGR	6.2%	6.9%	7.0%	6.1%	8.1%	16.8%
ITD CAGR	6.5%		0.5%	1.9%	2.5%	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.

---

[11] 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[12]
30 September 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%	5%	9%
2014 Q2	4%	7%	12%	7%	4%	5%	2021 Q3	4%	8%	3%	-8%	0%	2%
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.

[12] 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 September 2021[13]

	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%	0.6%	4.0%	-0.1%				27.5%

[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. We discuss our returns and different series here.

Figure A4
Frontaura Global Frontier Fund LLC
Performance by Currency[14 15]
30 September 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 Q3	4%	8%	7%	5%	7%	7%	5%
2021 YTD	27%	36%	27%	34%	34%	29%	31%
1 Year	54%	52%	46%	55%	55%	47%	53%
3 Year	26%	26%	24%	20%	26%	22%	25%
5 Year	34%	42%	30%	29%	30%	29%	34%
7 Year	25%	51%	41%	22%	36%	50%	33%
10 Year	82%	144%	120%	87%	111%	111%	89%
Inception to Date	142%	212%	225%	94%	202%	273%	127%
3 Year CAGR	8.1%	8.0%	7.4%	6.2%	8.1%	6.9%	7.8%
5 Year CAGR	6.1%	7.3%	5.3%	5.2%	5.4%	5.3%	6.0%
7 Year CAGR	3.2%	6.1%	5.0%	2.8%	4.5%	6.0%	4.1%
10 Year CAGR	6.2%	9.3%	8.2%	6.5%	7.7%	7.7%	6.6%
ITD CAGR	6.5%	8.5%	8.8%	4.9%	8.3%	9.9%	6.1%

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

[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 USD results through 2020. We discuss our returns and different series here.

Figure A5
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[16]
30 September 2021

Holdings Summary

Country	Holding
Philippines	16%
Kazakhstan	11%
Vietnam	7%
Ghana	7%
Egypt	6%
Côte d'Ivoire	6%
Rwanda	6%
Turkey	5%
Senegal	5%
Nigeria	4%
United Arab Emirates	4%
Colombia	3%
Papua New Guinea	3%
Botswana	3%
Bangladesh	3%
Pakistan	2%
Georgia	2%
Chile	2%
Uganda	1%
Niger	1%
Kenya	1%
Ecuador	1%
Tanzania	1%

Region	Holding
Sub-Saharan Africa	35%
Southeast Asia	26%
Middle East / North Africa	15%
Eurasia	13%
Latin America & Caribbean	6%
South Asia	5%

Sector	Holding
Financials	41%
Consumer Staples	23%
Communication Services	11%
Consumer Discretionary	7%
Real Estate	5%
Industrials	4%
Energy	3%
Health Care	3%
Cash & accruals (all countries)	2%

Portfolio Statistics	
Portfolio Price to LTM Earnings	7.4
Portfolio Price to Book	1.32
Portfolio LTM Dividend Yield	4.8%
Weighted Median ROEE	20.6%
Positions	36
Countries	23
Weighted Average Market Cap	$2,971m
Weighted Median Market Cap	$1,065m
Portfolio Turnover (12 Months)	20%
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	$138m

[16]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 Q3

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Côte d'Ivoire	1.7	25%	Pakistan	-0.4	-11%
Philippines	1.3	6%	Colombia	-0.2	-6%
Vietnam	1.0	11%	Ecuador	-0.2	-15%
Botswana	0.8	29%	Chile	-0.2	-6%
Egypt	0.7	8%	Senegal	-0.2	-2%

Figure A7
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2021 Q3

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Botswana	0.8	29%	Ecuador	-0.2	-15%
Côte d'Ivoire	1.7	25%	Pakistan	-0.4	-11%
Niger	0.3	20%	Uganda	-0.1	-6%
Papua New Guinea	0.5	12%	Chile	-0.2	-6%
Vietnam	1.0	11%	Colombia	-0.2	-6%

Figure A8
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2021 Q3

Region / Country	Frontaura Return ($millions)[17]	Frontaura Return (%)	MSCI Small Cap Return (%)[18]	MSCI Standard Return (%)
Sub-Saharan Africa	**2.8**	**6%**		
Côte d'Ivoire	1.7	25%	--	--
Botswana	0.8	29%	--	29%
Niger	0.3	20%	--	--
Rwanda	0.3	3%	--	--
Ghana	0.2	2%	--	--
Tanzania	0.0	0%	--	--
Kenya	(0.0)	-1%	6%	2%
Nigeria	(0.1)	-2%	6%	2%
Uganda	(0.1)	-6%	--	--
Senegal	(0.2)	-2%	--	-2%
Southeast Asia	**2.8**	**8%**		
Philippines	1.3	6%	1%	-4%
Vietnam	1.0	11%	7%	-3%
Papua New Guinea	0.5	12%	--	--
Middle East / North Africa	**1.6**	**8%**		
Egypt	0.7	8%	4%	4%
Turkey	0.7	10%	2%	2%
United Arab Emirates	0.2	5%	3%	6%
Eurasia	**0.8**	**4%**		
Kazakhstan	0.6	4%	--	10%
Georgia	0.2	5%	--	--
South Asia	**(0.3)**	**-3%**		
Bangladesh	0.3	8%	23%	9%
Sri Lanka *	(0.1)	-5%	61%	6%
Pakistan	(0.4)	-11%	--	-17%
Latin America & Caribbean	**(0.6)**	**-7%**		
Chile	(0.2)	-6%	-18%	-8%
Ecuador	(0.2)	-15%	--	--
Colombia	(0.2)	-6%	5%	10%

* We present MSCI Sri Lanka returns as they report them, although we think they may overstate performance materially by using the official exchange rate of around 200. See our August comment for our experience in exiting the country. After 5 August 2021, we've had no investments or cash in Sri Lanka, so we no longer have firsthand knowledge of the country's FX situation. Using the actual exchange rates that news reports cited after our departure would turn the MSCI Standard return for Sri Lanka to a loss instead of a gain and would lower the Small Cap return significantly.

---

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

[18] 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[19]
2021 Q3

Country	Percentage Point Change	Explanation
Georgia	+2	Re-entered country

Figure A10
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
2020 Q3 – 2021 Q3

Country	Percentage Point Change	Explanation
Kazakhstan	+7	Added new position and relative outperformance
United Arab Emirates	+4	Re-entered country Q2 2021
Egypt	+4	Added two new positions
Senegal	+3	Increased position size
Georgia	+2	Re-entered country Q3 2021
Chile	+2	Entered country Q1 2021
Colombia	-2	Relative underperformance
Pakistan	-4	Sold three positions and added one
Papua New Guinea	-4	Trimmed position and relative underperformance
Sri Lanka	-7	Exited positions and country Q1-Q3 2021

[19] 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[20]
30 September 2021

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	36	23	0	0	-3	+1
Top 5	34%	47%	+1	0	+7	+3
Top 10	54%	73%	+2	0	+8	+2
Top 20	79%	97%	+1	+1	+10	+2
Top 20 + USA (Cash)	79%	97%	+1	0	+8	-1

[20] 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.