FRONTAURA

FRONTAURA CAPITAL LLC
FRONTAURA GLOBAL FRONTIER FUND LLC

Quarterly Letter – 2022 Q1

This quarter's letter starts with Q1 performance, then in bullet point form we present our thoughts on the Ukraine War and the current macroeconomic situation.

Before that, we begin with a couple of housekeeping items on travel and taxes. Nick will be in Dallas April 12-13 to meet investors. Tim will be on a research trip in Vietnam the last week of April. Please contact us to meet.

For US taxable clients, our administrator distributed K-1 tax forms on March 4 and K-3 forms on March 28. Starting with the 2021 tax year, the IRS requires the K-3 as a supplement to the K-1 for any partnership accounting fund that has foreign income. You need both the K-1 and K-3 to file your US taxes. We talked to several funds and tax preparers about the K-3 and we believe we provided K-3s to our investors sooner than most other funds, some of which are unlikely to complete their K-3s before the April 18 tax deadline.

Performance

Q1. The COVID pandemic brought global economic activity to an abrupt halt in 2020. With similar stunning swiftness two years on, but through different means, Russia has isolated and wrecked its economy and cast some shadow over parts of the world.

Net of fees, we lost 5.28% in Q1, making this quarter's performance the near inverse of our 5.48% gain for a reference investor in the prior quarter, Q4.[1]

Q1 2022 total returns in the indices we track are: MSCI Frontier Markets (FM) Small Cap (SC) Index 0%, MSCI FM Index -8%, MSCI Emerging Markets (EM) Index -7%, MSCI EAFE Index -6%, and the S&P 500 -5%.

Each month of Q1 saw crisis. We lost 2% each in January and February and 1% more in March. January had the surprising outbreak of domestic protests in Kazakhstan. These ended quickly and by mid-February we had nearly recovered the January loss, before Russia's February 24 invasion of Ukraine. March brought the realization that—unlike 2014—Russia's incursion would be neither quick nor easy and Western sanctions would not be limited. By March 8, we had a 6% loss for the month before a global rally ensued.

Despite the significant loss overall in Q1, we made money in half our countries and positions before fees.[2] Inflation and war may have an effect everywhere, but the net change is not

[1] A reference Series B investor lost 9 basis points (-0.09%) combined over these two quarters. All investors present throughout Q1 earned the same -5.28% return in Q1 regardless of series. Q4 returns differed by series as we noted in this same footnote 1 in that letter. Please see your statement for your account balance. Our stated Frontaura return is net of all fees for a reference 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 2021. We discuss our returns and different series here.

[2] There were 22 countries in which we had an investment at some point in Q1. We made money in 12. We had 35 positions at some point in Q1. We made money in 17. We finished the quarter with 31 positions and 21 countries. In the Appendix, Figure A5 shows country mix and Figures A6-A8 show country performance.

materially negative everywhere. In some countries, other factors such as economic re-openings after COVID or liquidity returning to a moribund stock market were a bigger factor affecting stock prices in Q1, and of course commodity-rich countries now have the positive tailwind of higher export prices.

Earnings and valuation. In frontier markets, year-end audits elongate the Q4 reporting season, which runs into April and in some cases overlaps with Q1 earnings. Through March, 90% of our portfolio has reported and USD Q4 EPS growth is 38%, with full year 2021 growth at 45%. The prior year of 2020 has some easy comparisons although our USD EPS dropped only 10% in that year. Naturally, EPS growth in 2022 will be lower due to the strength of the 2021 results.

At quarter-end, our portfolio PE was 5.7 times trailing, as-reported earnings. This is the same multiple we had 17 months ago in October 2020, despite our reference investor achieving a 50% net return since then. This ties for the 10th lowest month-end PE in our history, and low PEs have signaled good future returns in the past.

2021. In February, BarclayHedge named Frontaura the second best performing global emerging markets equity fund for 2021 among those in its database. We were third best among all global emerging market funds, including fixed income. As we have explained before, these databases do not tend to have separate categories for frontier market funds, so we do well in the rankings when large emerging markets and the EM index overall does poorly. We made 34% net for our reference investor last year, while the EM index lost 3%, mainly due to China. A similar dynamic occurred in 2013, when we made 26% for our reference investor while EM again lost 3%. HedgeWorld named Frontaura as the top US-based emerging markets fund that year using Sharpe ratios to measure 2013 risk-adjusted return.

See the Statistical Appendix for performance details. Figure A1 shows annual returns for us and these indices, Figure A2 shows quarterly numbers, Figure A3 presents our monthly numbers, and Figure A4 translates our USD returns into the home currencies of our investors. For those wanting more detail, Figures A5 through A11 show portfolio mix, statistics, attribution, evolution, and concentration.

Investor Macro Discussion Points

Below are points we have recently discussed with investors on the Ukraine War and the macroeconomic topics of inflation, interest rates, and economic growth.

War

We presented our views on Russia's invasion of Ukraine, with some historical perspective, last week in our March comment. As the monthly comment is a limited space format, we summarize and expand on what we said there.

1. Do not trust what Russia says; watch what it does. Remember this when markets rally after peace talks appear to show progress or the parties announce a ceasefire.
2. Ukraine had the world's third largest nuclear arsenal when the USSR broke up. It gave up its nukes in exchange for Russian security guarantees that have proven worthless. Going forward, don't expect other nations to abandon their nukes.

3. Russia could still prevail militarily in southern Ukraine. It would be disastrous for Ukraine if the port city of Odessa fell, allowing Russia the opportunity to make Ukraine a landlocked country.
4. Ukraine appears to be finally giving up on the impossible dream of NATO membership, something that Putin was never going to allow.[3] It is in Georgia's best interests to do the same. EU membership is theoretically less objectionable to Russia but is also probably out of bounds.
5. Putin has bet his life on Ukraine and it is not going well for him. Events have shredded his aura of being a shrewd tactician. This does not make him an easier opponent, though. He must be able to spin an honorable victory if he is to survive domestically, so he may do anything to prevail.
6. "For God's sake, this man cannot remain in power" are words many hope will come true, but it's too optimistic to assume this to be the most likely outcome. Putin has likely coup-proofed his regime. Even if he is deposed, there's no guarantee that what comes next will be better.
7. We expect a protracted conflict, with Russia destroying significant parts of Ukraine beyond recognition.
8. We expect sanctions on Russia to remain and increase.
9. The EU has vowed to end Russian fossil fuel imports by 2027. We expect this move toward zero will occur faster than political leaders state. This could occur because of further revulsion toward Russia or because Russia miscalculates and cuts off energy flow to show they can and will do this, and that hastens the European shift away from an unreliable supplier. Consider the following: President Biden said on February 24 that Russia would remain on SWIFT and that the US would not target Russian fossil fuels. The SWIFT ban occurred two days later on February 26, and the US ban on Russian fossil fuels happened within two weeks on March 8, accompanied by the UK phasing out Russian oil imports. On April 1, the Baltics, formerly part of the USSR and thus once completely integrated into Russia's energy distribution network, stopped the flow of Russian gas. On April 5, the EU proposed an end to Russian coal imports. The pace of these changes, all initially unlikely even after Russia invaded, show how quickly opinion is changing from economic considerations of what a country thinks it can afford to a moral calculation of what a country thinks is correct, regardless of cost. The eventual EU phase out of Russian oil and gas will mean further inflation increases and greater declines in GDP growth for Europe.
10. As the points above reveal, we are pessimistic on this war ending soon and the status quo ante returning. We think equity markets are too sanguine. Consider that the S&P 500 was 7% higher at the end of March than before the invasion and was only 6% away from an all-time high.
11. One must keep an open mind, however. These are the days when anything is possible including an unexpectedly quick war conclusion. We'd be happy for our 10 points above to be wrong and this point to come true. There's always some chance of this.

[3] Counterfactual question: If NATO's 2008 Bucharest Summit never promised eventual membership to Georgia and Ukraine, would this war and the 2008 Georgian War have occurred?

Macroeconomics

On page 4 of our Q4 letter, we said:

> *To summarize the past two years in global equity markets with a single sentence, we would say that 2020 was the year of the COVID crash and recovery sparked by huge fiscal and monetary stimulus while 2021 saw continuing positive price momentum supported by a large rebound in corporate EPS growth. We suppose 2022 might be the year that equity markets must address the reality of inflation and higher benchmark interest rates, two factors that could weigh on returns.*

This remains true. War, which tends to be inflationary, and the West's economic isolation of the aggressor, who happens to be a major global supplier of food and energy commodities, raises inflationary pressure further. The need to raise interest rates certainly has not declined! We said last quarter that it would be difficult for developed world central banks to thread the needle, balancing the need to raise rates enough to tame inflation, but not to so high a level as to trigger a recession, or, given their already high indebtedness, to spark a budget or debt crisis. Three months on, this needle-threading exercise undoubtedly is even more difficult, with a lower chance of success.

A rate-hiking case study. To give an example of how far the developed world is behind the curve, let's focus on one specific country. It is the richest country on its continent, with a long coastline and bountiful natural resources. It recently elected a left-leaning president, notable for his age. It's had low inflation for years but recently inflation prints are around 8%. During the pandemic, consumer spending surged, in large part due to populist stimulative measures that were at least in part a reaction to recent mass protests. Further, central bank policy rates were near zero. Accordingly, GDP growth in 2021 was the highest in decades. With real rates deeply negative, it finally raised rates by 25 basis points.

Our domestic readers may think they recognize this country, but in fact we are talking about Chile, which is 5% of our portfolio. In February 2022, Chile had inflation of 7.8%, nearly identical to the US's 7.9%. Let's see how each country has responded to this inflation surge. Spoiler alert: from a similar starting point of near-zero rates, one country switched tact dramatically; the other has talked tough but done little.

Halfway through 2021, Chile's policy rate was 0.50%. Its June 2021 inflation rate was 3.8%. At that time, US inflation was higher at 5.4% and the US benchmark rate was slightly lower at 0.00%-0.25%. In the middle of last year, then, there wasn't much difference between these two as both had negative real interest rates of more than three percentage points.

Chile's initial rate hike was 25 basis points (to 0.75%), but that occurred in July 2021. Since then, Chile raised 75bp in August to 1.50%, 125bp in October to 2.75%, 125bp in December to 4.00%, 150bp in January to 5.50%, and 150bp in March to 7.00%. The central bank plans to hike further. Chile's real rates have become less negative, from -3.3% after the June 2021 inflation print to -0.8% now.

By comparison, the US made its first 25bp hike in its policy rate only last month in March 2022 to a range of 0.25%-0.50%. Thus, US real rates have become more negative over this period from -5.3% after the June 2021 inflation print to -7.5% now.

With everyone's collective senses dulled by more than a dozen years of post-GFC monetary experimentation, we all may have forgotten that Chile's approach is what traditional monetary policy looks like. They are not alone. Many countries in our universe and the broader EM space are on a similar path. Because of these rate hikes and waning stimulus, Chile will see a sharp growth slowdown this year. Current estimates of real GDP growth are just above zero from 11.7% in 2021. Yet, the commodities boom helped copper giant Chile to be our best Q1 performer, up 56% before fees.

Current discussions. Here are macroeconomic topics we've discussed recently with clients.

1. **Demand destruction.** Inflation can destroy demand in two ways. First, higher prices crimp consumer wallets as necessities cost more, leaving less income for discretionary spending. The greater the share of unavoidable spending that goes toward food and energy, the bigger the spending cutbacks elsewhere. Second, higher interest rates are necessary to check inflation and this higher cost of money is another form of price rise crimping the wallets of borrowers, including corporations and governments.

2. **Country vulnerabilities.** Economic factors most important to us now are those measuring a country's vulnerabilities, such as: inflation; consumer share of wallet spent on food and energy; domestic production of food and energy; domestic subsidies; interest rate hiking progress; fiscal space (deficits, debt levels, current account, and foreign reserves); and currency valuation, credibility, and importance.

   For example, if a country is a net food and energy importer, higher import costs can pressure a country's current account, international reserves, and its currency level. If a country subsidizes food or energy, then the rising cost of these items will negatively affect its fiscal deficit and its debt levels.

   This focus led us to exit Sri Lanka, Turkey, Pakistan, and Ghana profitably during last year and into January this year. These four countries were over one-fifth of our portfolio a year ago. They all now have some form of economic, political, or currency crisis, with steep USD losses occurring after we sold.

3. **Behind the curve.** Returning to our rate-hike case study, just as Chile is not alone in hiking rates aggressively, the US is not alone in its timidity. Norway is the only MSCI developed country that has been able to reduce its negative real interest rates during this rate-hiking cycle. In the other developed countries that have raised rates, the increase in the inflation rate exceeds the increase in their policy rate, such that their negative real interest rate hole is deeper than before their hiking cycles began. We suspect this may become the case even in Norway once it reports March inflation on April 11, at which point all developed countries will be losing ground on policy

normalization.[4] The developed world seems massively behind the rate-hiking curve and the equity markets of these countries seem to barely acknowledge this.

4. **Higher rate impact.** Gauging the impact of interest rates is tricky. If a country started its rate-hiking cycle last year and made significant hikes, all things equal the time-delayed, growth-slowing effects of those hikes are closer at hand. If a country's rate-hiking cycle is only just beginning, then the subsequent growth slowing is further away. We take the view that it is better for a country to already be well into its rate-hiking cycle because they need the inflation-taming benefits of higher rates now. If economic activity slows later, these countries could begin to cut rates. It is not our base case this will occur because we think inflation will remain high, but the option exists. Laggardly rate hikers will find it more difficult to ease should their economies weaken. They may yet again have to resort to quantitative easing with all the side effects that may bring. Many of the biggest hikers are commodity exporters getting an economic boost from higher commodity prices that will help stave off near-term recession worries.

5. **COVID stimulus hangover and COVID re-opening oomph.** Another economic factor we consider now is how the economic experience of COVID will help or hurt a country or company going forward. Past COVID lockdowns hurt growth, while COVID-related fiscal and monetary stimulus boosted growth. The removal of these factors will cause the opposite effect on growth. Further, each country has or will experience each factor (and its absence or removal) in different magnitudes, duration, and points in time. To consider what future composite boost or drag the absence of COVID may have on a country's growth going forward, we can compare the country's current level of GDP to its 2019 pre-COVID GDP level. Where current GDP is below 2019 GDP, you could say the country still has an actual GDP gap, meaning that it had a relatively bad COVID experience economically, but, ironically, this gives it good prospects for catch-up economic growth this year. The opposite country, where current GDP exceeds 2019 GDP, does not have an actual GDP gap. This country may be one that had a relatively better economic experience with COVID, but one where the near-term growth outlook is less robust.[5]

   Every country is its own story, so let's make this point more relatable with a simple example that compares two countries. One is our largest country weight, the Philippines, and for the other we will again call upon the US since it is well known and because conveniently its 5.7% real GDP growth rate last year[6] was nearly identical to

[4] Norway's policy rate was zero before the first of its three 25bp rate hikes on September 23, 2021. August 2021 inflation was 3.4%, so its real rate was -3.4%. February 2022 inflation was 3.7% and its policy rate is now 0.75%, so its real rate -2.95%, making for a 45-basis point improvement during this hiking cycle. Due to base effects, however, the March year-over-year inflation rate is likely to increase. Norway will need its March price level to rise by 0.2% or less month-over-month from February to keep its negative real rate from worsening beyond its -3.4% starting point. Anything is possible with a single month-over-month print, but February prices rose 1.1% from January, so this may be a challenge.

[5] You can examine this in a more sophisticated (but less precise manner) by considering a country's potential GDP gap. Do this by comparing current GDP to theoretical GDP had COVID never happened and had the country continued growing at its prevailing pre-COVID rate in 2020 and 2021. Every country in theory has some potential GDP gap.

[6] The latest US report for 2021 GDP growth of 5.7% is subject to later revision.

5.6% growth in the Philippines. The Philippines has a longer growth runway from COVID reopening, in our opinion, because it had tough COVID stringency measures and only modest stimulus. It still has an actual GDP gap. This may allow the Philippines GDP growth rate in 2022 and 2023 to rise. The government estimates 7%-9% real growth in 2022. We think that is too high, but it illustrates the point.[7] The US is the opposite case. Massive fiscal and monetary stimulus have pushed US GDP above pre-COVID levels. The economy is doing well now, but it will be difficult to match 2021's GDP growth rate that was the highest since 1984. If we look at economists' forecasts posted to Bloomberg from April 1 through the morning of April 6, we see the range of US real GDP growth estimates at 2.4%-3.6%.

6. **Inflation spike precedes recession.** The press has had many articles where pundits argue that inflation levels this high always lead to recession (because of demand destruction). The pundits cite partial yield curve inversions as confirming evidence of recession risk. These articles are usually in a US context, but the logic would apply to other countries and a US recession would have some effect on the entire world. We generally believed in this inflation-then-recession line of thinking because in our memory (e.g., Nick's lifetime), that's what has happened. We looked at this in more detail and came away with some interesting conclusions.

   How you view this question probably has a lot to do with your lifespan and how much historical data you consider. If you are Nick's age, the lesson of your lifetime (mid-1960s on) is that inflation spikes like we are having now in the US will become recessionary and recessions pretty much only occur after spikes like this. This did not hold true for the 2020 pandemic recession which had no preceding price spike, but that appears easily explained by a once-in-a-century pandemic where humanitarian concerns trumped economic ones, with lockdowns leading to a two-month recession, the shortest in US history.

   However, if you are Nick's parents age, the lesson of your lifetime up until his birth (i.e., World War II to the mid-1960s) is entirely different, as there was no link between inflation and recessions.[8] Finally, if you were Nick's grandparents, the lesson of your life up until you became a parent (i.e., World War I until World War II) was different still. Sometimes inflation preceded recessions (e.g., the Forgotten Depression of

[7] The case for faster economic growth in the Philippines in 2022 is that COVID reopening and spending around the May presidential election will more than offset demand destruction from inflation and any interest rate increases. The government and most forecasters expect this. Our cautious nature forecasts similar growth in 2022 to 2021 but there is upside risk to our view and we observe that Philippine election years do tend to have higher GDP growth. The point stands that Philippine growth ought to be similar or higher than last year while US growth looks to be significantly lower, primarily due to different economic experiences each country had during COVID.

[8] There were five recessions in this period. Four show no preceding price spike: 1945, 1948-1949, 1953-1954, and 1960-1961. One did: 1957-1958. Three other prominent price spikes had no recession: 1941-1942, 1946-1947, and 1950-1951. World War II and the Korean War explain most of this. Mobilization for war beginning in 1941 and 1950 boosted prices and economic activity. The economy remained robust as multi-year wars continued. Demobilization in 1945 and 1953 caused technical recessions. Pent-up consumer spending after World War II caused a price spike in 1946 and the normalization of this spending caused recession in 1948. The two later recessions were not war related. One saw a preceding price spike; the other did not.

1920-1921) and sometimes it did not (e.g., The Great Depression).[9] Our conclusion: we all should be worried about what the present level of inflation and the interest rate hikes that will come may do to the US and global economy. Recent experience suggests that recession is coming down the line, maybe in 2023. But this is not an absolute, as earlier historical episodes reveal. The peculiar circumstances of a pandemic, massive stimulus, inattentive monetary policy, COVID re-openings, and war make this future a hard one to foresee.[10]

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.

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[9] From World War I to World War II: inflation spikes preceded the recessions of 1918-1919, 1920-1921, 1923-1924, and 1937-1938. Inflation was not present before recessions in 1926-1927 and 1929-1933 (Great Depression). The price spike heading into the 1918 recession came from World War I spending, then demobilization led to recession. Prices rose further due to post-war consumer spending and hyperinflation in parts of Europe, culminating soon afterward in the short, sharp 1920-1921 Forgotten Depression that had the largest US deflation on record.

[10] This statement is likely a truism. At most points in history, we suppose future uncertainty was high with the outcome obvious only to those who did not live through it firsthand and who know of the events through history books that explain everything afterward in a coherent narrative no contemporaneous account could have foretold.

The parallels of 2020-2022 to events a century ago in 1918-1920 are too tantalizing to ignore. Each period had a pandemic, recession, war, huge government spending, changes in the conduct of monetary policy, inflation, and unleashed pent-up spending. It's tempting to see the 1920s as a template for the 2020s. Depending on your personal discount rate, this may either elate you (the Roaring 20s!) or deflate you (the Great Depression that followed ☹). However, we caution that even if similar factors were present a century ago, the sequence of events was different then and the driver and magnitude of each factor was different (e.g., war came first then and encompassed all of Europe and eventually the US). One might be able to draw any conclusion they wanted as to our future.

Statistical Appendix

Figure A1
Frontaura Global Frontier Fund LLC
Annual Frontaura and Index Performance[11]
31 March 2022

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%
2021	34%	42%	20%	-3%	11%	29%
YTD 2022	-5%	0%	-8%	-7%	-6%	-5%
1 Year	25%	35%	9%	-11%	1%	16%
3 Year	27%	47%	23%	16%	25%	68%
5 Year	28%	32%	34%	34%	38%	110%
7 Year	38%	61%	32%	38%	42%	150%
10 Year	82%	117%	77%	39%	84%	292%
Inception to Date	141%		0%	20%	36%	293%
3 Year CAGR	8.3%	13.7%	7.3%	4.9%	7.8%	18.9%
5 Year CAGR	5.0%	5.7%	6.0%	6.0%	6.7%	16.0%
7 Year CAGR	4.7%	7.0%	4.0%	4.7%	5.1%	14.0%
10 Year CAGR	6.2%	8.1%	5.9%	3.4%	6.3%	14.6%
ITD CAGR	6.3%		0.0%	1.2%	2.2%	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. This issue persists. A similar issue occurred in 2021 in Sri Lanka, although we believe the magnitude is less, at 0-1 percentage point. We discuss Sri Lanka's foreign exchange issues in our August 2021 comment. This issue is correcting itself in Q1 and Q2 2022 as Sri Lanka began to allow its currency to float in March 2022.

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[11] Frontaura returns are net of all fees for a reference 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 2021. Index returns are in USD 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]
31 March 2022

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%	1%
2014 Q3	1%	4%	2%	-3%	-6%	1%	2021 Q4	5%	10%	1%	-1%	3%	11%
2014 Q4	-7%	-11%	-12%	-5%	-4%	5%	2022 Q1	-5%	0%	-8%	-7%	-6%	-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. This issue persists. A similar issue occurred in 2021 in Sri Lanka, although we believe the magnitude is less, at 0-1 percentage point. We discuss Sri Lanka's foreign exchange issues in our August 2021 comment. This issue is correcting itself in Q1 and Q2 2022 as Sri Lanka began to allow its currency to float in March 2022.

[12] Frontaura returns are net of all fees for a reference 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 2021. Index returns are in USD 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
31 March 2022[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%	4.0%	0.1%	1.3%	34.4%
2022	-2.1%	-1.9%	-1.4%										-5.3%

[13] Frontaura returns are net of all fees for a reference 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 2021. We discuss our returns and different series here.

Figure A4
Frontaura Global Frontier Fund LLC
Performance by Currency[14 15]
31 March 2022

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	34%	42%	34%	39%	44%	36%	37%
2022 Q1	-5%	-8%	-6%	-4%	-3%	-2%	-5%
1 Year	25%	27%	25%	22%	33%	31%	26%
3 Year	27%	21%	19%	18%	29%	26%	27%
5 Year	28%	30%	20%	18%	23%	22%	24%
7 Year	38%	40%	36%	31%	34%	55%	36%
10 Year	82%	152%	128%	86%	119%	122%	96%
Inception to Date	141%	201%	220%	92%	216%	282%	126%
3 Year CAGR	8.3%	6.4%	6.0%	5.6%	8.8%	8.0%	8.3%
5 Year CAGR	5.0%	5.5%	3.7%	3.3%	4.2%	4.1%	4.4%
7 Year CAGR	4.7%	4.9%	4.5%	3.9%	4.2%	6.5%	4.5%
10 Year CAGR	6.2%	9.7%	8.6%	6.4%	8.2%	8.3%	7.0%
ITD CAGR	6.3%	8.0%	8.4%	4.6%	8.3%	9.7%	5.8%

[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 reference 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 2021. We discuss our returns and different series here.

Figure A5
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[16]
31 March 2022

Holdings Summary

Country	Holding
Philippines	16%
Côte d'Ivoire	7%
Vietnam	7%
United Arab Emirates	7%
Rwanda	6%
Kazakhstan	6%
Senegal	5%
Kenya	5%
Chile	5%
Egypt	5%
Nigeria	5%
Cambodia	4%
USA (cash & accruals)	3%
Georgia	3%
Botswana	3%
Bangladesh	3%
Papua New Guinea	3%
Colombia	2%
Tanzania	2%
Uganda	2%
Niger	1%
Ecuador	1%

Region	Holding
Sub-Saharan Africa	36%
Southeast Asia	30%
Middle East / North Africa	11%
Eurasia	9%
Latin America & Caribbean	8%
USA (cash & accruals)	3%
South Asia	3%

Sector	Holding
Financials	38%
Consumer Staples	23%
Cash & accruals (all countries)	9%
Industrials	8%
Real Estate	7%
Communication Services	5%
Consumer Discretionary	4%
Health Care	3%
Energy	2%

Portfolio Statistics	
Portfolio Price to LTM Earnings	5.7
Portfolio Price to Book	1.09
Portfolio LTM Dividend Yield	4.7%
Weighted Average ROEE	24.6%
Weighted Median ROEE	22.4%
Positions	31
Countries	21
Weighted Average Market Cap	$2,094m
Weighted Median Market Cap	$797m
Portfolio Turnover (12 Months)	34%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	18%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.59
Beta to S&P 500 (ITD)	0.49
Assets Under Management	$134m

[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)
2022 Q1

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)[17]	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Chile	2.6	56%	Kazakhstan	-7.7	-51%
Côte d'Ivoire	1.4	16%	Georgia	-2.2	-35%
Botswana	1.1	29%	Egypt	-2.0	-21%
Senegal	0.7	10%	Bangladesh	-0.9	-20%
Tanzania	0.7	32%	Philippines	-0.5	-2%

Figure A7
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2022 Q1

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Chile	2.6	56%	Kazakhstan	-7.7	-51%
Tanzania	0.7	32%	Georgia	-2.2	-35%
Botswana	1.1	29%	Egypt	-2.0	-21%
Niger	0.3	24%	Bangladesh	-0.9	-20%
Côte d'Ivoire	1.4	16%	Kenya	-0.5	-7%

[17] 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 here for an explanation of how we calculate country returns.

Figure A8
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2022 Q1

Region / Country	Frontaura Return ($millions)[18]	Frontaura Return (%)	MSCI Small Cap Return (%)[19]	MSCI Standard Return (%)
Sub-Saharan Africa	**3.4**	**7%**		
Côte d'Ivoire	1.4	16%	--	--
Botswana	1.1	29%	--	32%
Senegal	0.7	10%	--	11%
Tanzania	0.7	32%	--	--
Niger	0.3	24%	--	--
Rwanda	0.0	0%	--	--
Nigeria	(0.0)	-1%	10%	1%
Ghana	(0.1)	-5%	--	--
Uganda	(0.1)	-5%	--	--
Kenya	(0.5)	-7%	-3%	-9%
Latin America & Caribbean	**2.8**	**33%**		
Chile	2.6	56%	12%	30%
Ecuador	0.1	9%	--	--
Colombia	0.1	3%	10%	34%
Southeast Asia	**(0.2)**	**-1%**		
Cambodia	0.4	7%	--	--
Vietnam	0.0	0%	0%	-8%
Papua New Guinea	(0.1)	-3%	--	--
Philippines	(0.5)	-2%	-5%	2%
South Asia	**(0.9)**	**-20%**		
Bangladesh	(0.9)	-20%	-3%	0%
Middle East / North Africa	**(1.9)**	**-10%**		
United Arab Emirates	0.2	2%	3%	21%
Egypt	(2.0)	-21%	-16%	-23%
Eurasia	**(9.9)**	**-46%**		
Georgia	(2.2)	-35%	--	--
Kazakhstan	(7.7)	-51%	--	-42%

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

[19] 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[20]
2022 Q1

Country	Percentage Point Change	Explanation
Cambodia	+4	Re-entered country
Ghana	-2	Exited position and country
Egypt	-2	Exited position
Kazakhstan	-5	Relative underperformance

Figure A10
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
2021 Q1 – 2022 Q1

Country	Percentage Point Change	Explanation
United Arab Emirates	+7	Re-entered country Q2 2021
Cambodia	+4	Re-entered country Q1 2022
Kenya	+4	Added new position Q4 2021
Georgia	+3	Re-entered country Q3 2021
Chile	+3	Increased size of existing position, relative outperformance
Philippines	+2	Relative outperformance and numerous portfolio moves that increased weight slightly
Papua New Guinea	-2	Exited position Q1 2022
Colombia	-2	Exited position Q4 2021 and relative underperformance
Pakistan	-3	Exited positions and country Q2-Q4 2021
Sri Lanka	-5	Exited positions and country Q2-Q3 2021
Kazakhstan	-5	Relative underperformance
Turkey	-6	Exited position and country Q4 2021
Ghana	-7	Exited positions and country Q4 2021-Q1 2022

[20] 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[21]
31 March 2022

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	31	21	-2	0	-6	-1
Top 5	32%	43%	0	-4	+3	-2
Top 10	53%	69%	+1	-4	+3	-2
Top 20	79%	96%	0	-1	+3	-1
Top 20 + USA (Cash)	82%	99%	+1	0	+5	+1

[21] 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.