NOTES ON GLOBALLY DIVERSIFIED AND ALTERNATIVE STRATEGIES

Strategy Management Process. Each Frontier strategy consists of carefully selected mutual funds that are combined in an effort to achieve the Performance Objectives of the strategy. Strategies are managed using a four-step process. First, we establish a long-term asset allocation mix that we call the "**Target Long-Term Allocation**". Periodically we adjust the Target Long-Term Allocation based on our changing expectations about the future risk and return characteristics of various asset classes to create the "**Target Current Allocation**". Next, we develop an "approved list" of mutual funds that we believe can add value over time. Finally, we test thousands of combinations of mutual funds from our approved list to find the combination that we believe is most likely to perform better than the Target Current Allocation. Over time the mutual funds in the strategy may change.

Adjustments to the Target Long-Term Allocation will typically be made within **"Target Asset Allocation Ranges"** that are established for the following asset class groups: US Equity, International Equity, Alternatives, Real Assets and Fixed Income. We have developed models that help us determine our future risk and return expectations for certain asset classes that fall within these groups. They are shown below. Some of these asset classes contain "sub-asset classes" (e.g., growth, value, mid-cap) that may also be represented in Frontier strategies.

US Equity	**International Equity**	**Fixed Income**	**Alternatives**	**Real Assets**
US Large Stocks	Int'l Small Stocks	High-Quality US Bonds	Absolute Return	REITs
US Small Stocks	Int'l Large Stocks	Long-Term Govt. Bonds	Managed Futures	Commodities
	Emerging Markets	High-Yield Bonds		TIPs
		International Bonds		
		Floating Rate Securities		
		Cash Equivalents		

Not all asset classes are utilized in the construction of all strategies. Asset classes may be added to or removed from the above list at any time. The Target Current Allocation for a strategy may include asset classes that are not included in the Target Long-Term Allocation for that strategy. When determining the asset allocation for a strategy, each mutual fund is assigned to a single asset class. Funds assigned to an asset class group may have exposure to other asset classes.

For the Mutual Funds mentioned herein, a complete description of their investment objectives, along with details of the risks and fees involved is contained in their respective prospectus and statement of additional information, which is available on their websites and should be read fully.

Performance Objectives. The **"Performance Objectives"** represent our long-term targets for non-taxable (unless otherwise noted), discretionary portfolios that use both mutual funds subject to transaction fees and those that are not ("NTF funds"). The performance of portfolios managed on a tax-sensitive basis and those using only NTF funds will differ. Performance Objectives are based on our analysis of historical performance patterns and on the assumption that such patterns will continue in the future. They are not representations about how a portfolio will perform in the future. Future performance will depend on market conditions that prevail at the time. There is no guarantee we will achieve our targets and deviations may be significant, particularly over short time periods. Frontier may modify the Performance Objectives or strategy parameters at any time.

The **"Long-Term Return Expectation"** is Frontier's current annualized nominal return expectation of the asset allocation for this strategy. This expectation is long-term in nature but will change from month to month depending upon Frontier's asset allocation models. The expectation is before fees and taxes which will detract from the return. It is also before manager added value. The expectation is nominal and therefore includes an inflation forecast.

The **“Expected Range of Returns”** shows the range of *annualized* returns we expect for the strategy under most conditions over various time periods. We expect each Frontier strategy’s annual returns to fall within the expected Range of Returns approximately 90% of the time. Historically, there have been occasions when the returns of our clients’ accounts fell outside of these ranges and this may occur again in the future. Please note that our Expected Range of Returns narrows over longer time periods. The Expected Range of Returns narrows over time as a result of expected returns and expected risk for a portfolio. The probability of negative returns is lower the longer a portfolio is invested. Over long periods of time portfolios may fall in value but also have time to increase in value. Frontier’s Expected Range of Returns is based on a log normal distribution of returns over a 15 year time period. Frontier expects 90% of the annualized returns of the portfolio to fall within the ranges.

Hypothetical expected returns have certain limitations, are shown for illustrative purposes only and it should not be assumed that actual results will match the hypothetical expected returns shown. Unlike actual performance, hypothetical expected returns do not represent actual trading and since trades have not been executed, the results shown may have under or over compensated for the impact, if any, of certain unforeseen market factors. Hypothetical expected returns, whether back-tested or forecasted, have many inherent limitations and no representation is being made that any account will or is likely to achieve the results shown. In fact, there are frequently material differences between hypothetical expected results and actual results achieved. One of the limitations of hypothetical expected results is that they do not take into account that material market factors may have impacted the adviser’s decision making process if the firm were actually trading clients’ accounts. Also, when calculating the hypothetical expected returns, the adviser has the ability to change certain assumptions and criteria in order to reflect better returns. There are numerous other factors related to the markets in general or to the implementation of any specific investment strategy that cannot be fully accounted for in the preparation of hypothetical expected results, all of which can adversely affect actual trading and performance. Importantly, it should not be assumed that investors who actually invest in this strategy will have positive returns, or returns that equal either the hypothetical expected results reflected or any corresponding benchmark presented. In addition, performance can, and does, vary between individuals.