

MONTHLY BRIEFING

More buyers than sellers

Why did the market rebound so strongly in April? When the market appears to be exploding higher for no apparent reason, investors' go-to quip is, "more buyers than sellers." While this catch-all answer humorously brushes off the question as unanswerable, it actually is a universal truth. Philosophically, the only reason the market goes up is "more buyers than sellers."

In the short-run there are a myriad of reasons why investors may be buying. However, when sudden selling occurs, the reason is often obvious – like a war in Iran. Day to day, month to month, this ebb and flow of investor reactions can be quite emotional, unpredictable, and downright irrational.

In the long run though, the single best predictor of future stock performance is earnings yield. Stocks follow earnings – when future earnings prospects improve – investors should be more interested in owning stocks. And, if you can buy high earnings growth at low prices, that's the chef's kiss.

The big story this month is investors shifting their focus from the war in Iran to the ever-improving earnings growth prospects of businesses around the world.

HERE'S WHAT'S UP!

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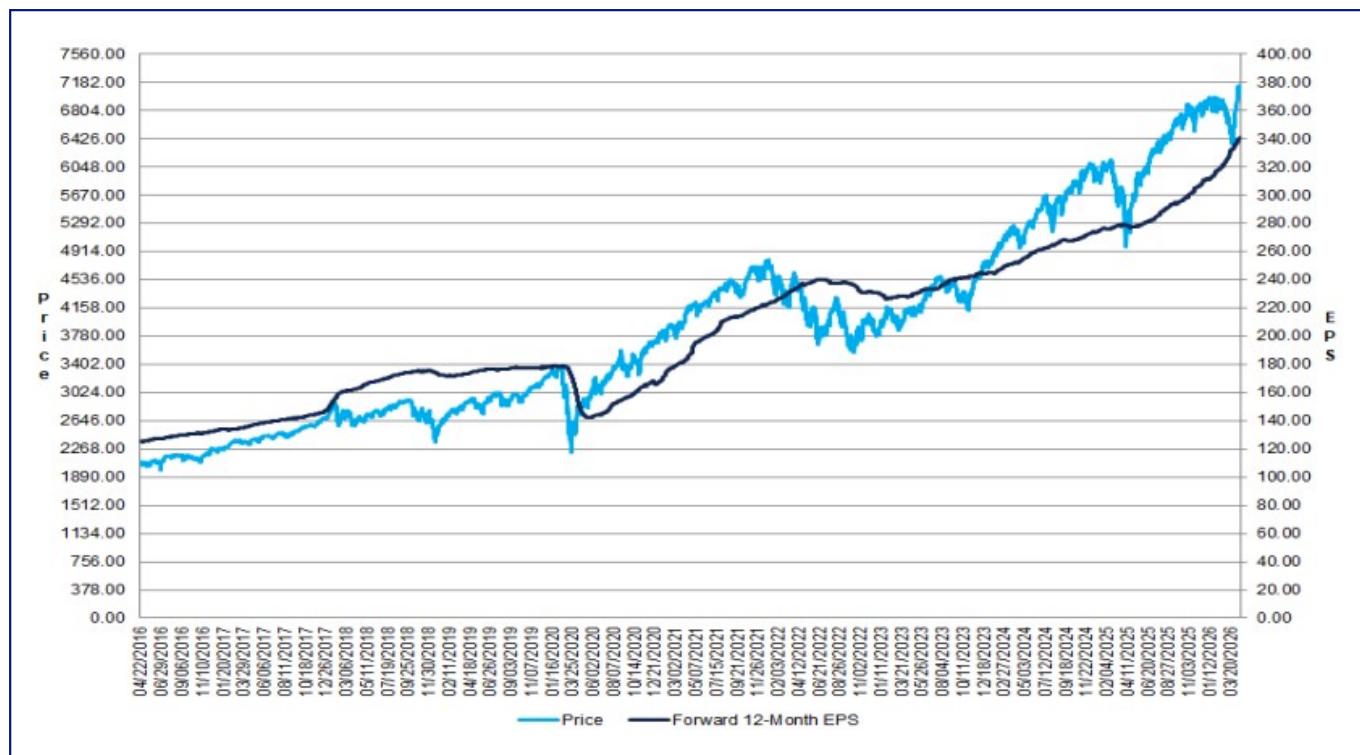
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S&P 500® INDEX: PRICE VS. FORWARD EARNINGS TREND — LAST 10 YEARS



Source: FactSet Earnings Insight. Data as of April 24, 2026.

The realization in April is that businesses are demonstrating the ability to maintain profitability despite geopolitics and inflationary pressures. The following are some key S&P 500 earnings insights:

- **Improving estimates:** Analysts have been revising estimates upward; the projected aggregate growth for Q1 rose from 14% to 16% in April as early reports consistently beat expectations.
- **2026 full-year outlook:** For the full calendar year 2026, analysts are projecting total earnings growth improving to 18%.
- **Historically high margins:** The S&P 500 Index reported a blended net profit margin of 13% for Q1 2026, the highest since tracking began in 2009.
- **Continued margin expansion:** Analysts expect margins to climb even further, with projections reaching 14% in Q2 and hitting 15% in the second half of the year.

Source: FactSet Earnings Insight. Data as of March 31, 2026.

While investors remain concerned about the war and inflation – below the surface of noisy headlines – earnings are not only improving, but they are also improving at an accelerating rate. This phenomenon is not only occurring in the U.S., but also around the world.

Stock prices likely improved so dramatically in April because “more buyers” stepped in to take advantage of low prices relative to high earnings growth.



Major current themes

A return to AI

The explosive price gains felt around the world this month were actually driven by a narrow group of AI and tech-related stocks. The difference in return between tech and everything else was like a 2024 level event, with the tech heavy large cap growth indexes outperforming pure value indexes by close to 15% in one month. This narrow but dramatic outcome occurred overseas as well, thus, we can safely say that the performance of tech stocks clobbered value stocks this month.

A month for indexing

Just like 2024, in market environments when the popular and largest owned sectors – like technology stocks today – experience abnormally high returns, it is hard for diversified, risk managed, or selective managers to outperform. Furthermore, since indexes are market cap weighted, and they are highly concentrated in popular stocks. This month was one for the indexers, as this outcome was an acutely difficult environment for active management.

Higher for longer

Metals prices have been rising for nearly a year. While gold often captures the headlines, the metals that matter are the foundational materials of the global economy: copper, steel, and aluminum. Input prices for these metals have a direct relationship with inflation. Now add the new war in Iran, with its obvious consequences of rising energy prices and potential supply chain disruptions. The new risk of unexpected inflation was only reinforced this month with a continuation of two wars, now combined with renewed global economic strength.

Performance highlights



April was a surprisingly solid month for Frontier Strategies, which mostly kept up during this screaming but narrow market.

Frontier Strategies slightly trailed benchmarks this month, but this might be considered expected.

- Made “enough” – By most measures, Frontier Strategies experienced a standout month.
- Right mix of funds/strategies – In terms of fund/strategy diversification, our Frontier Strategies are holding strong mixes of funds. We lost less when the losing occurred, we made enough when the markets gained, to end up ahead of benchmarks YTD and 1-year for most Frontier Strategies.
- Growth strategies, funds with a tech heavy focus, or indexing drove gains this month, and Frontier Strategies do own this exposure.
- Risk managed funds that helped us so much in the decline, were a bit of a drag this month.
- Covered call strategies lagged, as calls experienced pressure due to extreme upward price movements.

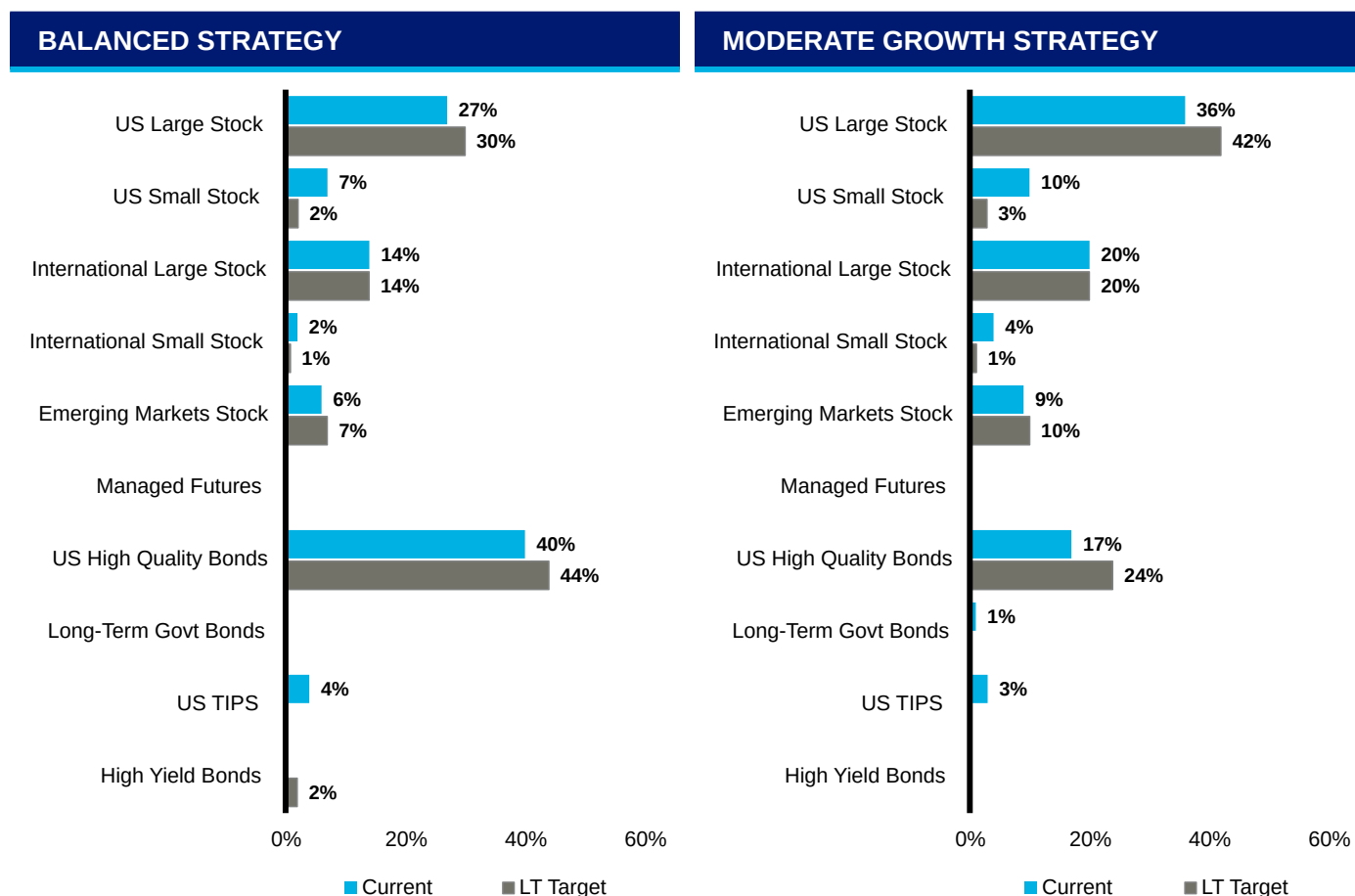
The major performance theme for this month is confirmation of our “strategy” mixes. Given that we optimize funds, we are effectively combining each fund’s unique strategy and performance pattern. Often these patterns are different than those of indexes. This “strategy” diversification can be greatly beneficial in poor markets, can provide alpha over time, but when markets have narrow explosive recoveries, there can be a give up.

Everybody wants to win when the winning is good, but investors will face a myriad of outcomes over their horizons, and proper diversification should consider multiple market environments, not only the one that just occurred.

Portfolio positioning

The following are Frontier strategy themes:

- **Underweight large-cap stocks:** Most Frontier Strategies remain relatively underweight U.S. large-cap stocks.
- **International stocks:** Frontier holds near benchmark positions to international stocks, but also distinct exposures to emerging markets.
- **Small-cap stocks:** Most Frontier Strategies maintain measured relative overweights to small-cap stocks.
- **Fund selection:** Frontier Strategies hold a majority exposure to actively managed mutual funds and ETFs, but also invest in index ETFs and factor funds. Strategies also hold considerable exposure to risk managed mutual funds.



Source: Frontier Asset Management. Data as of April 30, 2026.

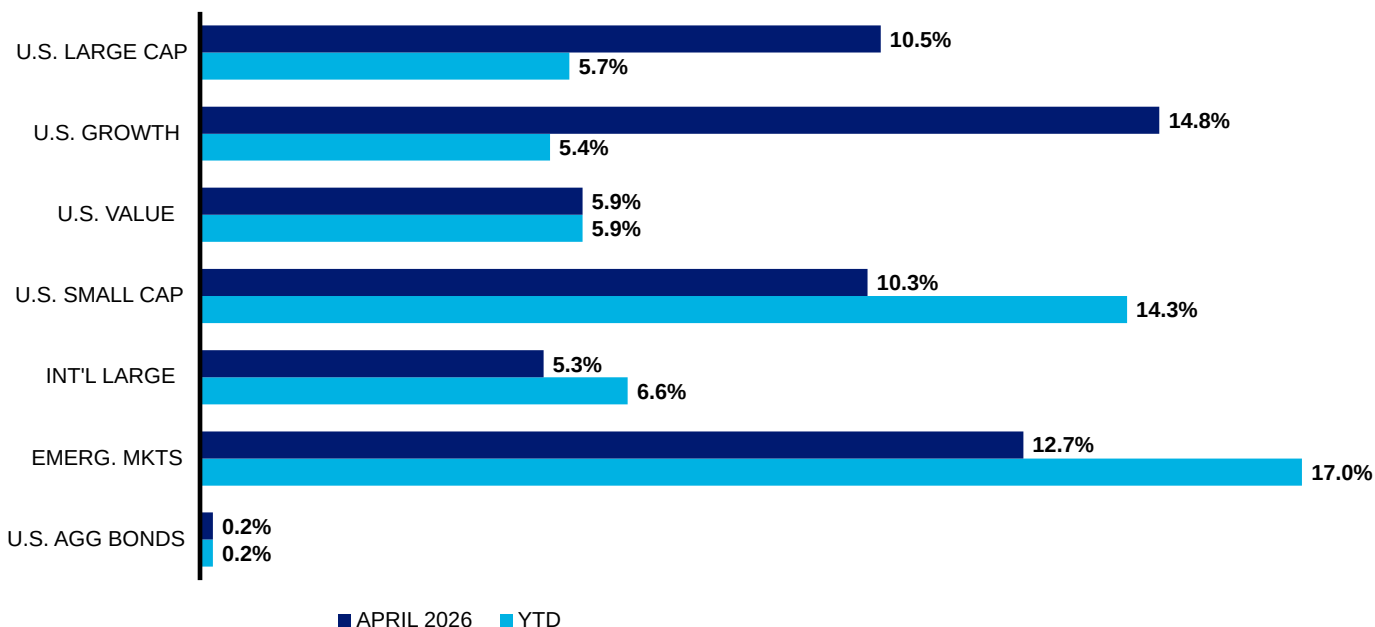
Past performance is no guarantee of future returns. Please refer to important disclosure information.

Current headlines

HEADLINE	QUICK TAKE
IRAN WAR	History suggests that modern wars tend to have little long-term influence on stock prices. However, wars can alter supply chains and add to inflationary pressures. While the U.S. involvement appeared fleeting at first, commodity markets seem to be pricing in an extending disruption.
OIL PRICES	Oil prices are up an eye watering 100% in the last 3 months. The closing of the Strait of Hormuz, the world's most critical energy chokepoint, has removed approximately 20%–25% of the global oil supply. One realization is that Iran can now use the Strait of Hormuz as a way to influence their control over the world's oil prices, which is a fulcrum that they are to draw upon for years to come. Furthermore, Reuters has reported that upwards of 40% of Russia's oil production has been taken offline by Ukraine.
INFLATION	Wars, a weak dollar, tariffs, global trade friction, geopolitical tensions, rising input and labor prices, and ongoing monetary and fiscal stimulus are all conspiring to keep inflation above the neutral rate.
ECONOMY	The modern economy has become increasingly responsive to asset prices. Strong asset prices support economic strength, while a strong economy often leads to higher asset prices. Conversely, when asset prices decline, it is almost impossible to have a good economy. With strong corporate earnings and a 180 degree turnaround in equity markets, expect the economy to continue to outperform.
INTEREST RATES	Both the Federal Reserve and the European Central Bank declined to lower interest rates at their last meetings, and Australia recently raised rates, ending a streak of global rate cuts and monetary easing. Central banks around the world are now facing the possibility of unexpected inflation and rising asset prices. Inflation pressures interest rates up, and rising asset prices reinforce an already strong global economy. This double driver pressured interest rates up. Longer dated interest rates, those that influence lending rates, have been slowly but steadily creeping up.

Capital markets

EQUITIES: A YEAR'S WORTH OF RETURN IN ONE MONTH | ENDING APRIL 30, 2026



Source: YCharts, iShares and Frontier Asset Management. Data as of April 30, 2026.

Asset Class Index Sources: U.S. Large Cap = iShares Core S&P 500 ETF (IVV); U.S. Growth = iShares S&P 500 Growth ETF (IVW); U.S. Value = iShares S&P 500 Value ETF (IVE); U.S. Small Cap = iShares Core S&P Small-Cap ETF (IJR); Int'l Large = MSCI EAFE ETF (EFA); Emerging Markets = iShares MSCI Emerging Markets ETF (EEM); and U.S. Agg. Bonds = Bloomberg U.S. Aggregate Bond Index (AGG).

EQUITIES

A return to AI in April

Equity markets experienced an explosive recovery in April.

- **A return to the AI trade:** AI related stocks led the recovery this month, resulting in Large Cap Growth stocks gaining about 15% (depending on the index), which pulled the return of the S&P 500 Index up 10%.
- **Growth > value:** Large cap value stocks gained a respectable 6% for the month, but since even value indexes hold some growth exposure, almost all of the gains for the month occurred in the growth arena. Confirmation of this is that the S&P 500 Pure Value Index gained 0% for the month.
- **Small-cap resurgence:** Small-cap stocks are experiencing a silent resurgence. While loud voices have been calling for the demise of small cap stocks, the S&P 600® Index is up 14% year to date, and a stunning 38% for the 1-year ending April 2026. Many Frontier Strategies hold this specific ETF index.

Capital markets (cont'd)

EQUITIES (cont'd)

- **Emerging markets:** Emerging markets consist of 4 areas of the globe, Asia, Middle East, Eastern Europe and Latin America. For all of these regions to be held in one index is a little weird, as Asia is technology driven and Latin America and the Middle East are resource driven (Eastern Europe is a tiny basket). The emerging markets index is benefiting from both high resource prices and explosive technology gains in Asia. A major holding for Frontier is Asia tech focused is Fidelity Emerging Asia fund, which gained 18% for April, and 63% over the past year.
- **180-degree reversal of strategy leadership:** Just as last month's strategy leadership came from risk-managed funds in March, this month saw a diametric opposite outcome. Last month, defensive value funds won the day. This month, it was AI fueled tech funds.

Strategy diversification example: We hold both

	STRATEGY	MARCH % RETURN	APRIL % RETURN
Franklin Intl Low Duration High Div	Defensive Equity	4.0%	1.0%
Alger Spectra Z	Innovation	-5.0%	15.0%

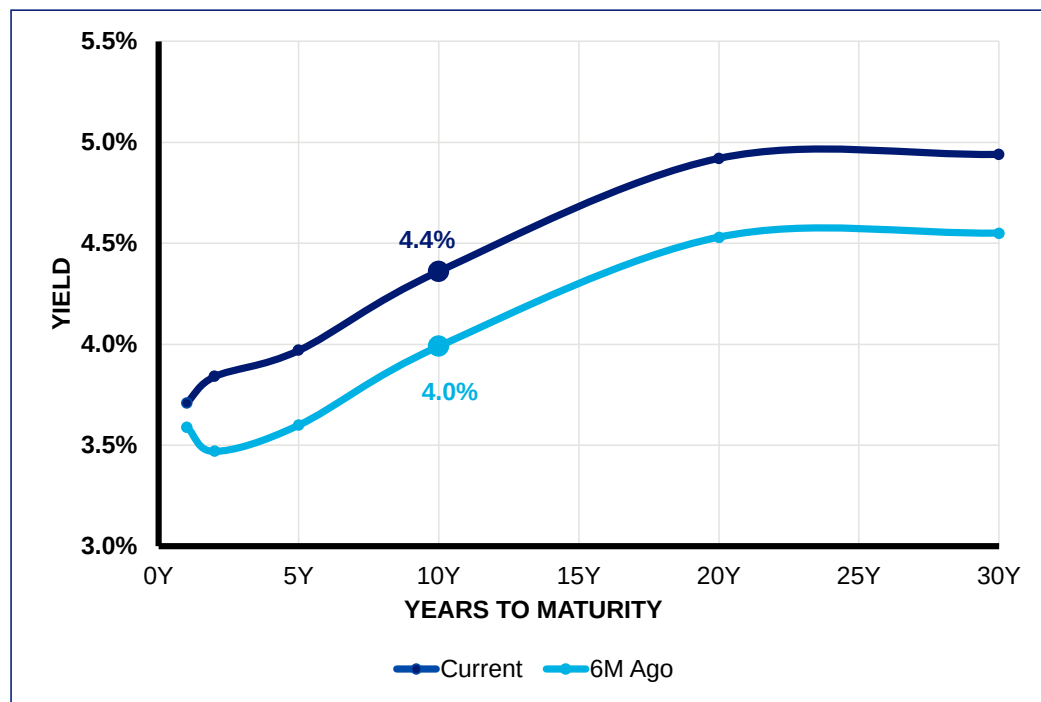
Source: Morningstar. Data as of April 30, 2026.

FIXED INCOME

Similarly, bond markets faced a sharp reversal as early optimism for interest rate cuts was dismantled by four consecutive months of "sticky" inflation. This triggered an abrupt adjustment in expectations, forcing the 10-year treasury yield to jump from 4.0% to near 4.4% over the last 6 months as investors reconciled with a "higher-for-longer" Federal Reserve and renewed inflationary pressures.

Capital markets (cont'd)

U.S. TREASURY YIELD CURVE CHANGE | LAST 6-MONTHS ENDING APRIL 30, 2026



Source: YCharts. Data as of April 30, 2026.

The Federal Reserve has found itself in a difficult position, balancing a resilient labor market and rising commodity prices against inflation readings that refused to cool toward the 2% target.

- **Rate cut reset:** Market expectations shifted dramatically from expecting the first cut in March to raising rates becoming a possibility by July.
- **Yield curve stress:** The yield curve steepened during the quarter as market-derived long-term yields increased.
- **Sector divergence:** While the broad Bloomberg Aggregate lost ground, credit-sensitive sectors like high-yield bonds and bank loans remained resilient, supported by the strong economy.

Overall, yields remained surprisingly subdued: The U.S. bond market remained quite resilient over the last 6 months, given the renewed inflation concerns and increased government borrowing. This was a positive structural stress test for the U.S. treasury market, which seems to be fighting poor negative investor sentiment.

Fund story of the month

Victory Market Neutral I

And now for something completely different – Victory Market Neutral I

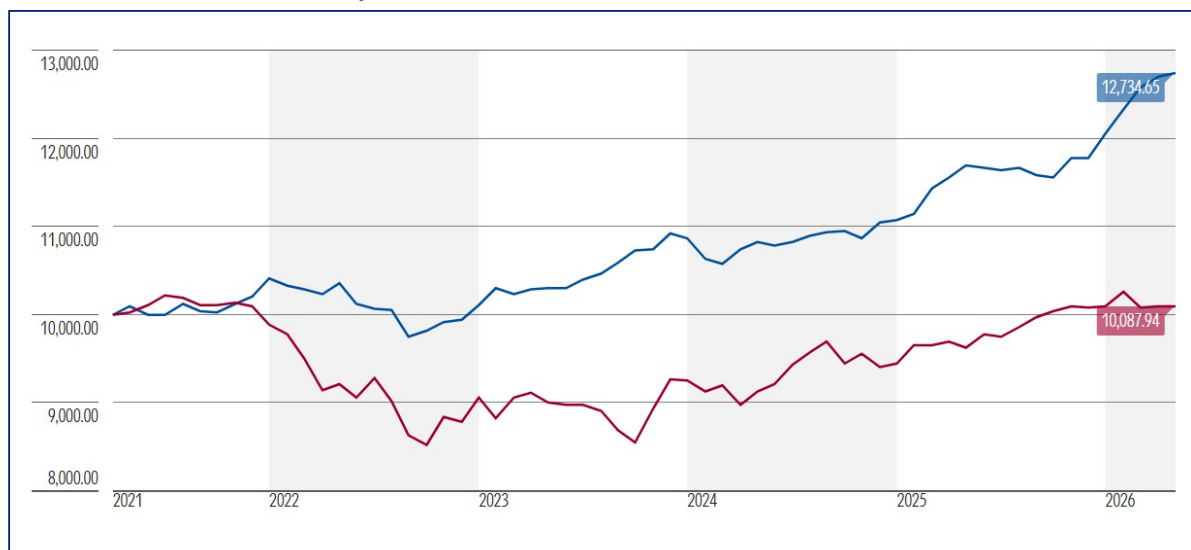
Being that Frontier is an unbiased selector of mutual funds and ETFs, allows us the freedom to pursue strategy diversification. No fund category flexes this ideal more than the Alternative Fund category. Most Frontier competitors do not have pie slices or proprietary funds that can capture the uniqueness of the Alternative space. A perfect example of such a fund is the Victory Market Neutral Income Fund.

Strategy details:

1. **Goal:** To provide consistent absolute returns – regardless of interest rate movements or stock market movements – by extracting the income portion of total return.
2. **Process:** Go long select income generating stocks around the world, short relevant indexes to hedge market movements, provide reasonable leverage.
3. **Portfolio use case:** A holding like this becomes powerful in the face of flat or rising interest rates, as comparable bond offerings can lose money, or fail to keep up with inflation.

VICTORY MARKET NEUTRAL INCOME (BLUE) VS. ISHARES AGGREGATE BOND INDEX (RED)

Growth of \$10,000 - Last 5 years



Source: Morningstar. Data as of March 31, 2026.

Since 2022, most of the world has found itself in a “higher for longer” interest rate environment. Over the last 5 years, the iShares Aggregate Bond Index (the base index for bond positions in allocated portfolios) has barely broken even, and has actually lost money during stock market declines.

For this reason, holding alternative type exposures such as Victory Market Neutral Income Fund has been a silent benefit to investors. This year alone, the effect has been almost dramatic, with the fund outperforming the iShares Aggregate Bond Index by 8%. Independence has its advantages.

For more information, visit frontierasset.com.

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Inflation is the decline of purchasing power of a given currency over time. A quantitative estimate of the rate at which the decline in purchasing power occurs can be reflected in the increase of an average price level of a basket of selected goods and services in an economy over some period of time. The rise in the general level of prices often expressed as a percentage, means that a unit of currency effectively buys less than it did in prior periods.

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The "Current Yield" is either an annualized number of the underlying funds' most recent distributions, trailing twelve-month yield, or previous five years depending on the volatility of the fund distributions. The current yield of individual portfolios may vary. Different share classes may have different current yields. The holdings of model strategies may vary from the strategies managed by Frontier, as such current yields may also vary.

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Glossary of indices

It is generally not possible to invest directly in an index* therefore they do not incur frictional costs. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index.

Bloomberg U.S. Aggregate Bond Index (AGG): The index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

iShares Core S&P 500 ETF (IVV): Seeks to track the investment results of an index composed of large-capitalization U.S. equities.

iShares Core S&P Small-Cap ETF (IJR): Seeks to track the investment results of an index composed of small-capitalization U.S. equities.

iShares S&P 500 Growth ETF (IVW): Seeks to track the investment results of an index composed of large-capitalization U.S. equities that exhibit growth characteristics.

iShares S&P 500 Value ETF (IVE): Seeks to track the investment results of an index composed of large-capitalization U.S. equities that exhibit value characteristics.

MSCI ACWI ex USA Index: Captures large and mid cap representation across Developed Markets (DM) countries (excluding the U.S.) and Emerging Markets (EM) countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.

MSCI EAFE ETF (EAFE): An equity index which captures large and mid cap representation across 21 developed markets countries* around the world, excluding the U.S. and Canada.

MSCI Emerging Markets ETF (EEM): Captures large and mid cap representation across 24 Emerging Markets (EM) countries.

S&P 500® Index: A stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

S&P 500 Pure Value Index: A subset of the S&P 500 that tracks companies with the strongest value characteristics, rather than all companies exhibiting any value traits.

S&P 600® Index: A market-capitalization-weighted stock index maintained by S&P Dow Jones Indices that tracks 600 small-sized U.S. companies.