

MONTHLY BRIEFING

2025 – From anxiety to what's not to like

December is traditionally a strong month for equity investors, but it felt particularly uninteresting as 2025 came to a close. Maybe it's because we have become accustomed to a new level of heightened stress, and when markets act normal, it's hard for us to take a breather and say, "nothing exciting happened this month."

However, when we look at the year overall, it was quite a year, chock full of trials and tribulations occurring at a level bordering on chaos. Many investors began the year from a place of anxiety; we started with artificial intelligence leadership coming out of 2024, which left investors concerned about market valuations and concentration. There was new leadership in Washington and all that that entailed; there were lingering concerns about inflation, then came tariffs, global conflicts, etc. It was certainly a busy year for the media.

Beyond the noise and erratic ripples of information, the capital markets did sort themselves out. From this point of relative calm, looking backwards, it appears that general slow-moving tides of change made sense.

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

HERE'S WHAT'S UP!

2 - MAJOR CURRENT THEMES

3 - PERFORMANCE HIGHLIGHTS

4 - CAPITAL MARKETS

5 - PORTFOLIO POSITIONING

6 - CURRENT HEADLINES

7 - FUND STORY OF THE YEAR

Cont'd: Stocks in the U.S. produced a solid year of performance driven by earnings, international stocks knocked the cover off the ball due to valuations, and interest rates remained stable as inflation crept slightly lower. All in all, a great year for investors and particularly for Frontier investors.



Major current themes

International stock leadership

For investors concerned with outcomes, the big story this year was the performance leadership of international stocks. Non-dollar assets benefited from investors recognizing logical value and repositioning toward international stocks.

Secondly, a weak dollar provided a tailwind for U.S. investors owning international assets. Finally, investors once again recognized that there are many great businesses to invest in that may not be headquartered in the U.S. As an asset allocator, the most impactful decision that they could have made in late 2024 was to overweight international stocks. Despite outsized gains in 2025, international stocks remain a solid value relative to the S&P 500[®] Index.

Inflation and the Fed

Investors entered 2025 with heightened levels of concern about inflation. There were lingering concerns from 2022, followed by tariff concerns and de-globalization, all topped off with the looming cloud of government debt. Investors were piqued, but miraculously, we flew through a narrow window that led to Fed rate cuts.

Inflation and the Fed (cont'd)

That's how the story appeared, but in reality, the Fed Funds Rate was simply too high at 4.5% relative to albeit a heightened inflation rate of about 3%. The case was even more pronounced abroad as inflation rates dropped dramatically for many international economies. Global stimulus ensued, and almost every major economy cut rates in 2025.

Precious metals price explosion — What does it mean?

Coinciding with falling inflation and interest rates, precious metals prices exploded higher in 2025. Many have already speculated on why the prices of gold, silver, or platinum have risen so dramatically, but copper might be the most important metal to pay attention to. Copper has long been thought of as a leading indicator of inflation and economic activity in general, and its price has risen about 30%* since August when tariffs were removed from imports of copper. It is unlikely that the Fed will continue to lower the Fed Funds Rate while this indicator appears to be flashing red.

*Source: Google Finance. Price of Copper - HGW00:COMEX. Data as of December 31, 2025.

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

Performance highlights

Frontier Strategies overall had a solid year, keeping up with or exceeding the performance of relevant benchmarks during this bullish period, while holding risk levels to targets. There were several factors that contributed to this performance:

Risk management

Most Frontier Strategies performed ahead of benchmarks during the April decline and the mini decline in November.

Fund selection

Many Frontier Strategies benefited from holding actively managed mutual funds. Standouts include Alger Spectra, First Eagle Global and Overseas, Avantis International Small Cap Value, PIMCO Income, and Nomura Emerging Markets, which gained 87% last year.

Dynamic management

- Most Frontier Strategies began the year with elevated positions in international stocks and emerging market stocks.
- Most Frontier Strategies added to international stocks near the beginning of the year. This included a major investment in Avantis International Small Cap Value, representing an asset class that most investors overlook, which gained 49% for the year.
- Some Frontier Strategies added to U.S. equities during the temporary decline in April.

Gold was a tailwind

First Eagle Global and First Eagle Overseas, both of which are major holdings across Frontier Strategies, held upwards of 15% exposure to gold bullion and miners during the year. Fun note: First Eagle's parent company is the largest private holder of gold bullion in the world.

Will 2026 be the year of small-cap stocks?

Left behind and unloved, small-cap stocks now hold the honor of being the highest expected returning asset class that Frontier follows. This is eerily similar to last year, when international small cap stocks were our highest expected-returning asset class. Will small-cap stocks see a similar performance jump in 2026 that international small stocks had in 2025? Please read our [Blog](#) on small-cap stocks for further color on this topic.



Capital markets

The year marked a clear shift in equity leadership. U.S. stocks had outperformed non-U.S. stocks in 10 of the prior 12 years, but that trend reversed in 2025. Non-U.S. equities outperformed U.S. stocks by roughly 13%, the largest gap since 1992. Emerging markets performed even better, rising 34% for the year, led by Korea, where the iShares Korea ETF gained 95%. A weaker U.S. dollar provided a meaningful boost to many developed international markets.

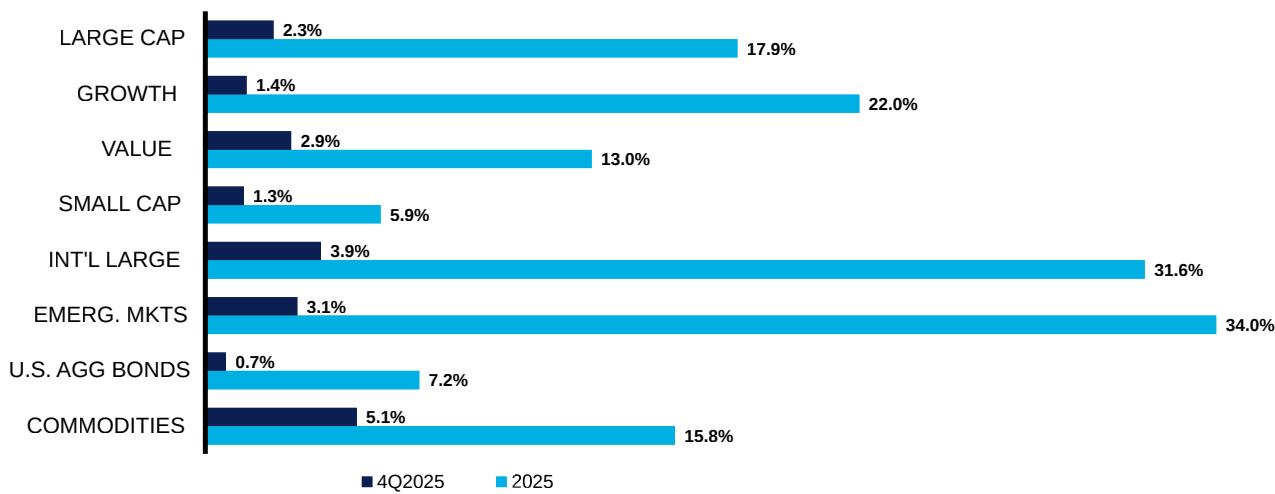
While the “Magnificent 7”** stocks continued to dominate headlines, performance was more mixed. Only two of the seven—NVIDIA (+39%) and Alphabet (+65%)—outperformed the S&P 500 Index during the year.

**Apple (AAPL), Microsoft (MSFT), Alphabet (GOOGL), Amazon (AMZN), Meta Platforms (META), Nvidia (NVDA), and Tesla (TSLA).

Fixed income also delivered surprisingly solid results. The Bloomberg U.S. Aggregate Bond Index rose approximately 7.2% in 2025, supported by a Federal Reserve policy of more rate cuts. The Fed cut interest rates three times—by 25 basis points each in September, October, and December—ending the year with an upper target rate of 3.75%.

The Bloomberg Commodity Index rose about 16% for the year. However, returns were not universal. Energy was a drag for the year, with the Bloomberg Energy Subindex down 10% amid falling oil and natural gas prices. Precious metals more than offset that weakness, with the Bloomberg Precious Metals Subindex up 80%. Gold and silver both finished the year near all-time highs, with gold up 64% and silver up 145%.

HOW THE QUARTER AND YEAR ENDED STACKED UP | ENDING DECEMBER 31, 2025



Source: YCharts, iShares and Frontier Asset Management. Data as of December 31, 2025.

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

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

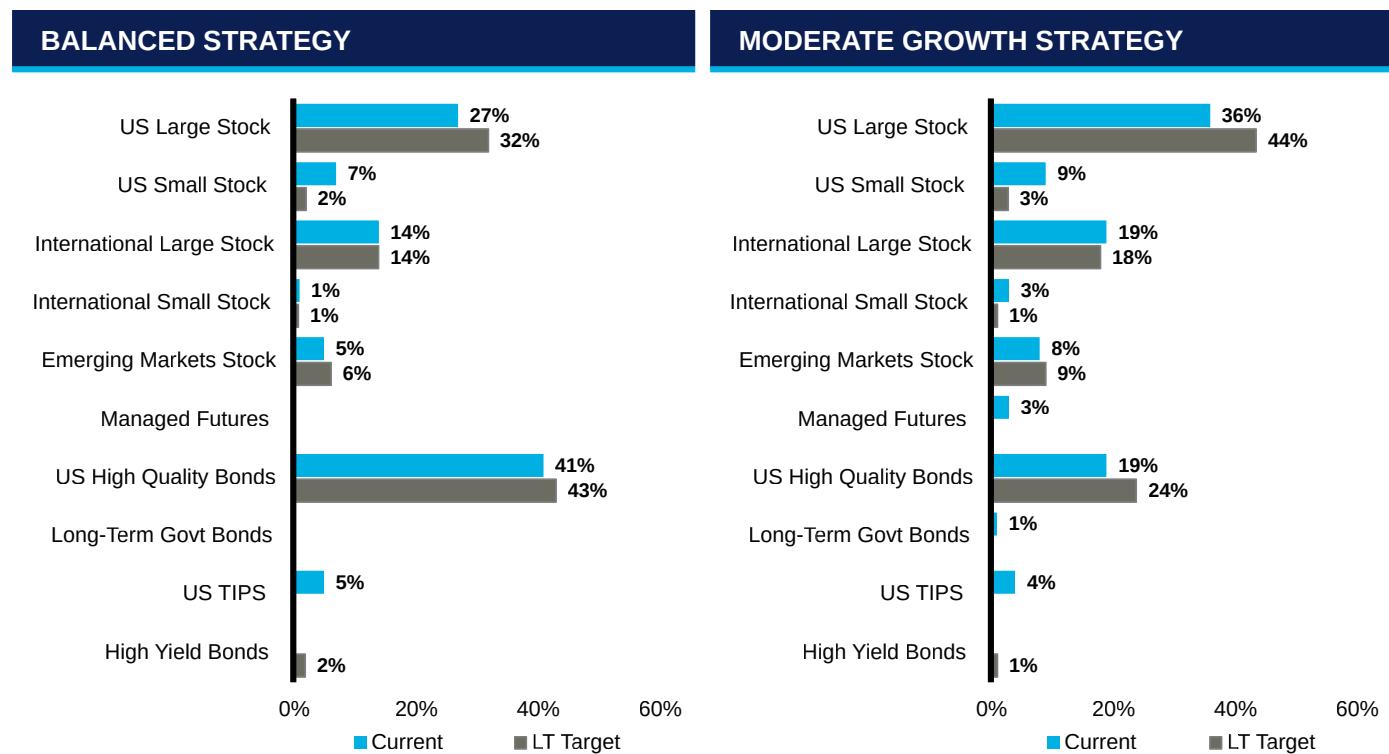
Portfolio positioning

There were little to no changes to Frontier Strategies for the month. During the quarter, we made slight adjustments to certain Frontier Strategies along the following themes:

- **Managed futures:** During the quarter, we removed dedicated positions to managed futures in Core Strategies, while continuing to use them selectively within our Specialty Strategies.
- **Investment grade bonds:** Strategies marginally increased allocations to high-quality government bonds, including both short-term bonds and intermediate Treasuries. Increasing exposure to safer bond segments can help hedge against stock market declines and economic erosion. This shift also reduces reliance on equity-driven return sources at a time when valuations are elevated.

In general, most Frontier Strategies hold slightly underweighted positions to U.S. large-cap stocks, overweight positions to small-cap stocks, and are on target for international exposure and duration.

The following allocations of Balanced and Moderate Growth Strategies are representative of how Frontier is positioned as a firm as of January 1, 2026.



Source: Frontier Asset Management. Data as of December 31, 2025.

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

Current headlines

HEADLINE	QUICK TAKE
GLOBAL RATE CUTS	The U.S., Europe, and China remain on easing trajectories. However, signaling from the Fed and the price of copper imply that we might be near the end of this easing cycle.
INFLATION	Tariffs, global trade friction, geopolitical tensions, rising input and labor prices, and monetary stimulus are all conspiring to keep inflation above the neutral rate.
THE ECONOMY	The modern economy has become reflexive to asset prices. Strong asset prices lead to a strong economy, and a strong economy leads to higher asset prices. However, as we witnessed this month, a virtuous cycle can quickly turn into a vicious spiral.
S&P 500 VALUATIONS	Several firms have called out S&P 500 Index valuations this quarter, highlighting that by most measures, valuations remain at or near the highest in history.
AI SPENDING	Global AI capex spending has and is expected to continue to explode higher. Some have said that this spending is circular, as firms are simply paying each other. Similar to the internet bubble, this spending could easily disappoint if material benefits do not materialize.
ALTERNATIVE HEDGES Gold, Bitcoin ...	How best to hedge this market environment. Bitcoin, which has been considered an unrelated source of returns broke its link to Nasdaq this year and lost 8%. Gold on the other hand exploded higher. But, is it still a hedge if it is now in the spotlight? That leaves duration, good old-fashioned high-quality bonds. Historically, these have been the most reliable hedge against a market decline and economic disruption.

Fund story of the year

Nomura Emerging Markets

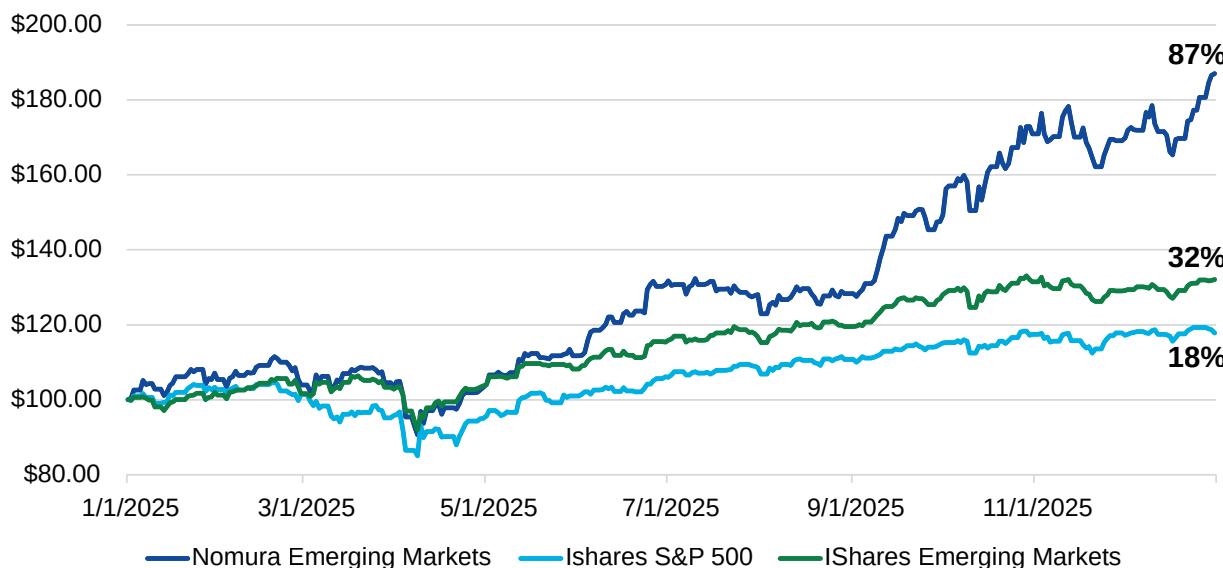


Those of you familiar with Frontier's philosophy, we are no strangers to dynamic targeted allocations and manager selection. This month's fund highlights the compounding effect of both an asset allocation decision and manager selection.

Frontier entered the year and remained overweighted to emerging markets in our equity positioning, and emerging markets ended the year as the best performing asset class in our Strategies, gaining 34%.

How does manager selection pair with such a strong bull market? Nomura Emerging Markets (held in a number of Frontier Strategies) posted an astonishing return of over 87% in 2025. Investors who chose to allocate away from U.S. Large to the undervalued Emerging Markets were able to nearly double their return in 2025. Taking it one step further, Nomura Emerging Markets more than doubled the return of its corresponding index. Of course, not all investment decisions turn out this way, but layered combinations of active managers can provide optionality to a portfolio. Of course, in any given year, fund performance is driven by the market and manager skill, plus a little bit of luck. We'll take it!

NOMURA EMERGING MARKETS VS. EMERGING MARKETS INDEX AND THE S&P 500 INDEX



Source: Morningstar. Data as of December 31, 2025.

Past performance is no guarantee of future returns. Please refer to Important Disclosure information.

For more information, visit frontierasset.com.

Past performance is no guarantee of future returns. Performance discussed represents total returns that include income, realized and unrealized gains, and losses. Nothing presented herein is or is intended to constitute investment advice or recommendations to buy or sell any type of securities, and no investment decision should be made based solely on information provided herein. There is a risk of loss from an investment in securities, including the risk of loss of principal. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be profitable or suitable for an investor's financial situation or risk tolerance. Diversification and asset allocation do not ensure a profit or protect against a loss. All performance results should be considered in light of the market and economic conditions that prevailed at the time those results were generated. Before investing, consider investment objectives, risks, fees, and expenses. Frontier may modify its process, opinions, and assumptions at any time without notice as data is analyzed.

Information provided herein reflects Frontier's views as of the date of this newsletter and can change at any time without notice. Frontier obtained some of the information provided herein from third-party sources believed to be reliable, but it is not guaranteed, and Frontier does not warrant or guarantee the accuracy or completeness of such information. The use of such sources does not constitute an endorsement. Frontier's use of external articles should in no way be considered a validation. The views and opinions of these authors are theirs alone. Reader accesses the links or websites at their own risk. Frontier is not responsible for any adverse outcomes from references provided and cannot guarantee their safety. Frontier does not have a position on the contents of these articles. Frontier does not have an affiliation with any author, company or security noted within. Frontier reserves the right to remove these links at any time without notice.

Exclusive reliance on the information herein is not advised. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise of future performance. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions, and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell any securities, commodities, treasuries, or financial instruments of any kind. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal, investment, or tax advice. Frontier does not directly use economic data as a part of its investment process.

Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. The estimates, including expected returns and downside risk, throughout are calculated monthly by Frontier and will change from month to month depending upon factors, including market movements, over which Frontier has no control. They are only one factor among many considered in Frontier's investment process and are provided solely to offer insight into Frontier's current views on long-term future asset class returns. They are not intended as guarantees of future returns and should not be relied upon in making investment decisions.

Frontier provides model strategies to various investment advisory firms and does not manage those models on a discretionary basis. The performance and holdings of model strategies may vary from strategies managed by Frontier.

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.

© Morningstar 2026. All rights reserved. The Morningstar Indexes are the exclusive property of Morningstar, Inc. Morningstar, Inc., its affiliates and subsidiaries, its direct and indirect information providers and any other third party involved in, or related to, compiling, computing or creating any Morningstar Index (collectively, "Morningstar Parties") do not guarantee the accuracy, completeness and/or timeliness of the Morningstar Indexes or any data included therein and shall have no liability for any errors, omissions, or interruptions therein. None of the Morningstar Parties make any representation or warranty, express or implied, as to the results to be obtained from the use of the Morningstar Indexes or any data included therein.

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.

Investment and Insurance Products: • Are not FDIC or any other Government Agency Insured • Are not Bank Guaranteed • May Lose Value.

Frontier Asset Management, LLC is a Registered Investment Advisor. Frontier's ADV Brochure and Form CRS are available at no charge by request at info@frontierasset.com or 307.673.5675 and are available on our website frontierasset.com. They contain important disclosures and should be read carefully.

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 Commodity Index (BCOM): Tracks the prices of 24 major commodity futures contracts across six sectors.

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 EAFE Index (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 Index (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.