FRONTIER ASSET MANAGEMENT

An experiment in demand destruction

Last month, we went to war with Iran, but it appears that we might already be looking for the exit, at least according to the latest tweets. It would be convenient if we could wrap up our participation in the war within one month.

Demand destruction is the concept where prices of an asset – like oil – rise high enough that it begins to impact demand and have greater implications on other assets, like stocks. In the case of oil, there is a theoretical price at which consumers and businesses will consume less and find substitutes.

As it stands today, oil prices and expected shortages in Asia are contributing to already rising inflation. Furthermore, oil prices tend to rise like a rocket and fall like a feather, so don't expect rapid relief.

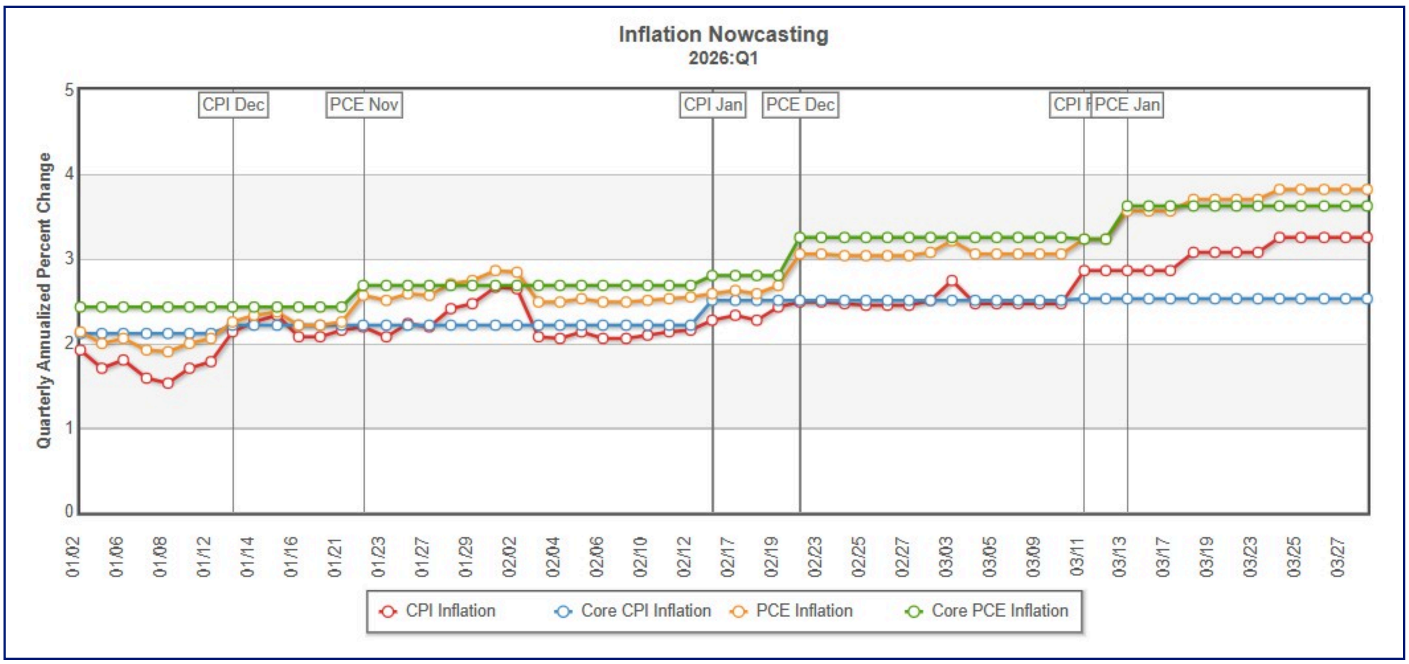
Stocks, on the other hand, take the escalator up and the elevator down. Far more damaging than rising oil prices, there is a theoretical loss that can occur to stock prices where consumer and business demand grinds to a halt. It is easy to deal with rising oil prices, but it is hard to ignore falling asset prices.

HERE'S WHAT'S UP!

Asset prices are the economy; a rising stock market and bond market (rising bond prices = falling interest rates, vice versa) help almost all parties, but it's almost impossible to have a good economy in the face of falling stock and bond prices, and thus possibly falling real estate prices. So far, we are seeing stock and bond prices falling around the world. Even the price of gold experienced a material pullback. In March, there was nowhere to run, nowhere to hide, oil was the only winner here.

Are we going to witness the power of asset prices over political policy again? The first time around, it was "Liberation Day," which was immediately followed by stock prices experiencing a "tariff tantrum." In response to these falling asset prices, tariffs were quickly reduced. Almost one year later, and here we are again. This time it's a war that is being questioned in the face of falling stock prices. I eagerly await the next tweet.

INFLATION NOWCAST — APPROACHING 4%



Source: Federal Reserve Bank of Cleveland. Data as of March 31, 2026.

FRONTIER ASSET MANAGEMENT

Major current themes

Broadening trade vs. flight to quality

The trend of broad diversification outperforming narrow stock picking remained in force for the quarter. In March however, U.S. large cap stocks ended up not quite as bad as international stocks, which ended up taking the brunt of the volatility. In hindsight, this is a logical outcome. The U.S. is the largest oil producer in the world, and Europe, Asia, and the Asian emerging markets are importers of oil.

Inflation

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.

Disorder — A robust environment for active management

During the quarter, investors continued to lose faith in the S&P 500® Index and frustrations intensified around the far-reaching impacts of artificial intelligence (AI). Pitfalls emerged as certain sectors, particularly software, took a pummeling. Meanwhile, defensive stocks provided a relative safe haven. In March, the war only served to reinforce this new environment of disorder. This environment has created fertile ground for active managers, as differentiated positioning allows them to avoid the pitfalls that index strategies are forced to participate in.

Performance highlights

All Frontier Core Strategies ended the quarter ahead of benchmarks. The following highlights contributed to results across most Frontier Strategies:

International stocks
Frontier holds near benchmark positions to international stocks, which may be, in some cases, elevated relative to peers. While international stocks underperformed in March, they are still handily ahead of U.S. stocks year to date.

Small-cap stocks
Most Frontier Strategies maintain measured relative overweights to small-cap stocks. Small-cap stocks – as measured by the S&P 600 Index – provided a surprise safe haven and experienced a strong relative quarter. Importantly, small-cap stocks now carry the highest expected return of the asset classes in our forward-looking models.

Underweight large-cap stocks
Most Frontier Strategies remain relatively underweight U.S. large-cap stocks. This positioning, once again, was additive, as small-cap stocks and international stocks outperformed for the quarter.

Fund selection
Frontier Strategies also benefited from the differentiated performance patterns and excess return generation driven by skilled fund managers. Frontier remains one of the few asset managers left that utilize non-proprietary actively managed funds and ETFs, which have become more valuable to investors now that the global markets are experiencing more diverse returns.

What to watch out for

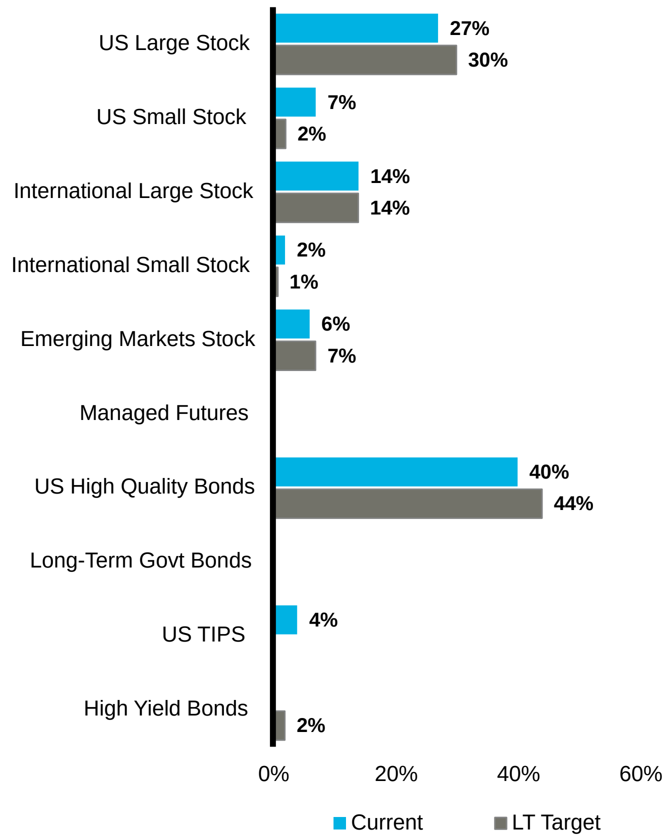
What is a risk manager to do when every asset class loses money at the same time? The following is how Frontier Strategies are positioned to seek to mitigate potential risks:

- **Dollar hedge** — Frontier owns international stocks, and First Eagle funds own meaningful allocations to gold.
- **Market hedge** — Many of the mutual funds employed within Frontier Strategies incorporate risk management within their mandates.
- **Economic hedge** — We continue to believe that in the event of a poor economy, U.S. Treasuries can reassert their traditional hedge value.
- **Inflation hedge** — With threats of inflation bubbling up, Treasury Inflation-Protected Securities (TIPS) appear to be a prudent overweight position.

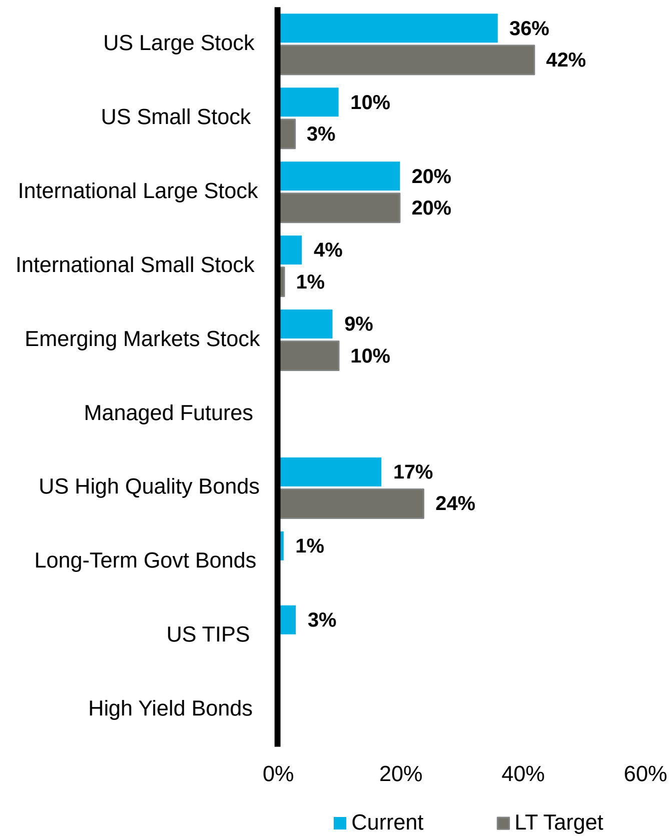
Portfolio positioning

During the quarter, there were few material changes to our general positioning. Frontier's only deviations from targets are slightly less U.S. large-cap stocks and marginal overweights to small- cap stocks, and TIPS on the fixed income front. The selected trades made in a few strategies were to decrease our holdings of international stocks due to valuations prior to March, and to increase our exposure to U.S. large-cap stocks.

BALANCED STRATEGY



MODERATE GROWTH STRATEGY



Source: Frontier Asset Management. Data as of March 31, 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. could pull out of this conflict at any time, there is no telling how long Israel will stay, nor how extensively supply chains have been disrupted.
OIL PRICES	Oil prices are up an eye watering 80% 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. Furthermore, Reuters has reported that upwards of 40% of Russia’s oil production has been taken offline by Ukraine. This one-two punch may disrupt oil supply chains for years to come.
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. Given that asset prices are now being disrupted, this relationship suggests that the economy is likely to slow.
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 caught between the possibility of unexpected inflation and falling asset prices. Inflation pressures interest rates up, but central banks know that their unspoken role is to rescue asset prices in the face of chaos, which implies cutting rates. If history is a guide, falling asset prices usually win over inflation concerns. The dynamic of central banks pressured to ease, but market-derived rates rising could lead to a steepening yield curve.

Capital markets

EQUITIES

January – February: The broadening trade

Capital markets began the year with a historic rotation away from mega-cap technology thematic-based trends toward fundamental investing.

- **International outperformance:** Non-U.S. developed and emerging market equities significantly outperformed the U.S. in early 2026.
- **Small cap resurgence:** Small-cap stocks surged these first two months, significantly outperforming the S&P 500.
- **Value vs. growth:** Value stocks dominated as investors rotated out of AI-heavy software names. Large cap value stocks outperformed large cap growth by close to 8% during the quarter.
- **Sector divergence:** Return differences between sectors were dramatic. Cyclical sectors like energy stocks and materials stocks led the market, while technology and financials stocks lagged.

March: Flight to quality

The trend reversed sharply in March as a "perfect storm" of geopolitical conflict and economic uncertainty triggered a retreat to defensive U.S. assets.

- **International stock reversal:** Due to most of Asia and Europe being net energy importers, and specifically dependent on gulf oil and gas, international stocks bore the brunt of the March volatility.
- **Large cap resilience:** While the broad market fell, investors sought "quality" in large-cap stocks that were viewed as "insulated" due to higher profit margins, monopolistic structures, and clean balance sheets.

FIXED INCOME

Similarly, bond markets faced a sharp reversal as early optimism for interest rate cuts was dismantled by three consecutive months of "sticky" inflation. This triggered an abrupt adjustment in expectations, forcing the 10-year Treasury yield to jump from 4.1% to near 4.3% in March as investors reconciled with a "higher-for-longer" Federal Reserve and renewed inflationary pressures.

January – February: The Fed conundrum & inflation reset

The Federal Reserve 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.

Capital markets (cont'd)

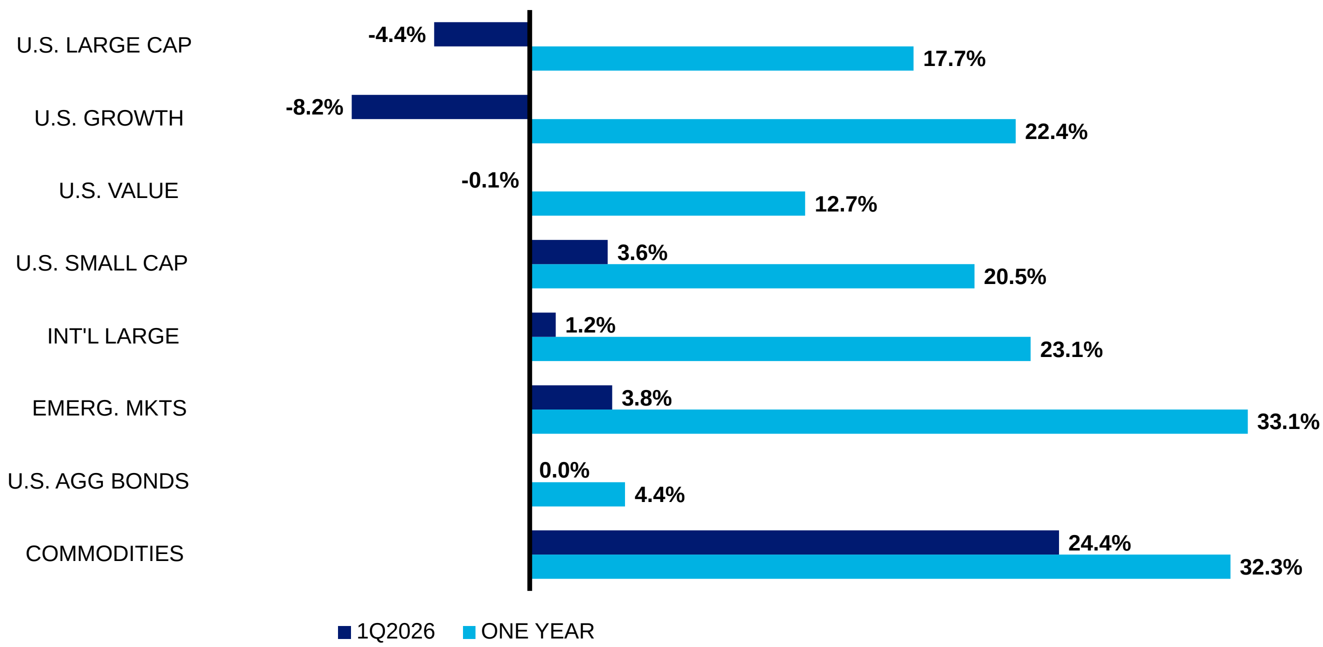
FIXED INCOME (cont'd)

In March, the combination of geopolitical uncertainty, rising commodity prices, and falling asset prices led to a confused bond market. Investors were caught between a flight to safety and rising inflation, which manifested differently than in typical disruptions.

- **Treasury positioning:** Instead of a traditional move into long bonds as a hedge, investors favored shorter-term bonds, Treasury bills, and cash.
- **Overall, yields remained subdued:** The U.S. bond market remained quite resilient during the quarter, given inflation concerns and increased government borrowing. This was a positive structural stress test.

When this conflict resolves itself, we may be set up for another complete whipsaw of these points of leadership.

HOW THE QUARTER STACKED UP | ENDING MARCH 31, 2026



Source: YCharts, iShares and Frontier Asset Management. Data as of March 31, 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); U.S. Agg. Bonds = Bloomberg U.S. Aggregate Bond Index (AGG); and Commodities = Bloomberg Commodity Index (BCTR).
Past performance is no guarantee of future returns. Please refer to important disclosure information.

Fund story of the quarter

Equity Risk Managed Mutual Funds

Most of the industry is hyper-concerned with outperforming when overall market performance is good. However, we all know that capital markets go up and occasionally down. Being a downside first manager, we hold positions in funds that can outperform during poor market environments. As part of our risk management approach, we count on active managers to help mitigate risk.

The hidden advantage of this approach is its resilience during periods of disorder. By selecting active managers who prioritize risk mitigation, we ensure our allocations include holdings specifically expected to outperform in poor market environments. Rather than relying on passive indices that move in lockstep with the broad market, Frontier Strategies are built to weather volatility through active oversight and strategic diversification, providing a critical buffer when risk events inevitably occur.

Below is a summary of how our risk-managed funds ended for the quarter:

FUND NAME	TICKER	DESCRIPTION	YTD % RETURN
T. Rowe Price Capital App.	TRAIX	Flexible – U.S. stock and bond	-3.20%
First Eagle Global	SGIIX	Global defensive stock and gold	1.80%
GQG Global Quality Gr.	GQRIX	Flexible stock – Growth or defensive	7.90%
Franklin Intl Low Vol High Div.	LVHI	Intl low vol high dividend stock	10.60%
First Eagle Overseas	SGOVX	Intl defensive stock and gold	3.80%
JP Morgan Premium Income	JEPI	U.S. large cap covered calls	0.20%
Victory Market Neutral	CBHIX	Long/short dividend capture	6.90%
INDEX NAME		**DESCRIPTION**	**YTD % RETURN**
S&P 500® Index		U.S. stock	-4.30%
MSCI ACWI ex USA Index		International stock	-0.60%

Source: Frontier Asset Management. Data as of March 31, 2026.

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For more information, visit frontierasset.com.

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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.

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 Commodity Index (BCTR): 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 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.