

**Part 2A of Form ADV: Firm Brochure**

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This brochure provides information about the qualifications and business practices of New Frontier Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 617 482 1433 or [akuno@newfrontieradvisors.com](mailto:akuno@newfrontieradvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about New Frontier Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 147181.

Please note that any references within this brochure to an entity being a "registered investment adviser", "registered", or a similar description, merely indicates the registration status of the referenced entity, and does not imply a certain level of skill or training.

## ITEM 2: MATERIAL CHANGES

Since this brochure was last updated on March 28, 2018, the following changes may be considered material.

- New Frontier portfolio models can now be accessed directly via selected qualified custodians (“Direct Model”). New Frontier continues to offer our portfolio models to advisors via Turnkey Asset Management Platforms (“Sponsor Firm Model”) as well. Detailed information on the new Direct Model is provided in Item 4 (Advisory Business) and Item 5 (Fees) of this Brochure. The addition of the Direct Model is also reflected in Item 7 (Types of Clients), Item 12 (Brokerage Practices) and Item 16 (Investment Discretion).
- Added information to Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) under the sub-heading “Investment Strategies” relating to differences in the timing of execution between the Direct Model and the Sponsor Firm Model.

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## ITEM 4: ADVISORY BUSINESS

### Overview

New Frontier Advisors, LLC ("New Frontier", the "Firm", "we", "us" or "our") is an SEC registered investment adviser with its principal place of business located in Massachusetts. New Frontier began conducting business in 2008 as New Frontier Management Company, LLC ("NFMCo"). Prior to January 1, 2017, the principal owners listed below owned two separate registered investment advisors, NFMCo and New Frontier Advisors, LLC ("NFA"). NFA was created in 1999 and primarily provided investment advisory software development and management services. On January 1, 2017, NFA was merged into NFMCo. To reflect this merger, NFMCo officially changed its name to New Frontier Advisors, LLC.

Listed below are the Firm's principal owners (i.e., those individuals and/or entities controlling 25% or more of this company).

- Richard Omer Michaud as Trustee of The Richard Michaud 2017 Trust
- Robert Omer Michaud, Managing Director

### Investment Advisory Services

New Frontier provides investment advisory services in the form of global multi-asset allocation model portfolios. We have three types of portfolios: standard multi-asset, tax-sensitive, and multi-asset income.

The *standard multi-asset portfolios* feature a track record starting in 2004. The ETF portfolios are globally well-diversified and designed for long term total return. They are constructed with New Frontier's unique investment process, described in detail in Item 8. They are available at six risk levels: Income, Balanced Income, Balanced, Balanced Growth, Growth, and Equity.

The *tax-sensitive multi-asset portfolios* also feature a track record starting in 2004. The ETF portfolios are globally well-diversified and designed for long term total return within a taxable account. Taxes are considered at every step of our portfolio construction process, from ETF universe to optimization to trading decisions. They are available at six risk levels: Income, Balanced Income, Balanced, Balanced Growth, Growth, and Equity.

New Frontier's *multi-asset income portfolios* are globally diversified ETF portfolios that seek to provide a sustainable source of income for investors. Launched in 2012, the portfolios aim for both market returns and income. They contain dividend-income-oriented ETFs as well as ETFs that offer significant diversification and risk management benefits. The resulting portfolios provide the opportunity to benefit from long-term price appreciation and enhanced income. They are available at three risk levels: Conservative, Balanced, and Growth.

*Past performance is no indication of future results. Diversification does not ensure a profit or protect against a loss.*

New Frontier's models are accessed in two different ways:

- Via Turnkey Asset Management Programs ( "Sponsor Firms") accessible only to representatives of broker-dealers or registered investment advisory firms ( "Financial Advisors") (the "Sponsor Firm Model")
- Directly via selected qualified custodians ( "Direct Model")

In either the Sponsor Firm Model or the Direct Model, New Frontier provides and maintains the model portfolios described above. An individual retail investor ( "end client") must work with their Financial Advisor to select the appropriate model portfolio for the end client, and the Financial Advisor has the discretion to select the models for their end client's portfolios. As such, New Frontier does not provide investment advisory services tailored to the individual needs and objectives of any end client. Instead, New Frontier (directly or through a Sponsor Firm) works with Financial Advisors who provide such services. New Frontier acts solely as subadvisor, strategist, model provider, and/or model manager to Sponsor Firms and Financial Advisors, and its relationship with any end client is accordingly limited.

### **Sponsor Firm Model**

New Frontier's models can be accessed via Sponsor Firms that offer various asset allocation strategies to Financial Advisors. The Sponsor Firm monitors and evaluates New Frontier's performance and provides custodial and execution services for the end client's assets. In addition, an individual end client's account may be modified by the Sponsor Firm or Financial Advisor for certain client-imposed restrictions.

With models offered via Sponsor Firms, New Frontier does not have any direct agreement with the end client. As such, New Frontier does not provide investment advisory services directly to the end client, and does not have discretionary authority to effect trades on behalf of specific investor accounts. End clients should consult their Financial Advisor or Sponsor Firms for more information.

### **Direct Model**

New Frontier also offers our portfolios to end clients working with Financial Advisors directly through qualified custodians. Financial Advisors that access models via custodians are responsible for working with their end clients to select the appropriate New Frontier model or may have discretion to select the

models for their end client's portfolios. New Frontier has discretion over the management of the portfolios (but not the selection or recommendation of those portfolios), sending trade orders to the custodian selected by the Financial Advisor, and overseeing the execution of those trades. However as discussed above, New Frontier does not provide investment advisory services tailored to the individual needs and objectives of any end client. Clients should consult their Financial Advisor for more information.

## **Security Selection and Recommendation**

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. Our investment recommendations are typically implemented using index-based Exchange Traded Funds ("ETFs"). These ETFs cover major asset classes and styles, such as fixed income (government, corporate, tax-exempt, international), equities (large cap, small cap, value, growth, international, emerging markets) and may also include limited holdings of other ETFs or assets including gold and real estate, for example. The majority of our portfolios are exclusively invested in ETFs, but our portfolios may also be implemented with active and index mutual funds.

The securities selected are primarily based upon quantitative factors such as index representation, transparency, liquidity, expense ratio, tracking error, and potential tax efficiency. Other qualitative factors are also considered including track record, client opinion, and seasoning. For a discussion of risk factors related to our security selection and recommendation process, please see Item 8 of this brochure.

## **Amount of Managed Assets**

As of 12/31/2018, New Frontier was actively managing \$2,985,127,292 of assets invested in model portfolios on a non-discretionary basis, under the Sponsor Firm Model. Sponsor Firms are responsible for executing New Frontier trade signals. Additionally, approximately \$957,255,000 of assets are invested in funds created by Sponsor Firms by mirroring our portfolios, which New Frontier does not actively manage.

As of January 2019, New Frontier has just opened the Direct Model to investment and has no assets as of yet. In the Direct Model, New Frontier will have discretion over all trading, rebalancing, and restructuring of the model portfolios.

## **ITEM 5: FEES AND COMPENSATION**

### **Fees under the Sponsor Firm Model**

Our annual fees for investment advisory services via Sponsor Firms, using model portfolios, are based upon a percentage of assets under management and generally range from 0.10% to 0.35% depending on

the Sponsor Firm, and to a lesser extent the model chosen and account size.

New Frontier provides advisory services to unaffiliated Sponsor Firms that offer an "open-architecture" investment platform ("Program") to Financial Advisors. New Frontier provides model portfolios that are designed to satisfy the Sponsor Firm's investment objectives, which are then offered to Financial Advisors through the Program. Under such an agreement, the Financial Advisor or Sponsor Firm may recommend that New Frontier Model Portfolios be used for a Financial Advisor's end client account. When a New Frontier Model Portfolio is utilized, the Sponsor Firm will pay New Frontier's model portfolio management fee on behalf of the end client or authorize payment of fees directly from the end client account.

New Frontier's fees are invoiced on a Sponsor-by-Sponsor basis. Some Sponsor Firms are invoiced in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the Sponsor Firm's account at the end of the previous quarter or the average balance of the Sponsor Firm's account during the quarter. Other Sponsor Firms are invoiced in advance at the beginning of each calendar quarter based upon the value of the Sponsor Firm's account at the end of the previous quarter. End clients should consult their Financial Advisor or Sponsor Firm for information about any fees applicable to their accounts.

### **Fees Under the Direct Model**

Fees in the Direct Model are higher than in the Sponsor Firm Model due to the greater trading and administrative duties required of New Frontier. The fees are based upon a percentage of assets under management and range from 0.25% to 0.55% depending on model chosen and account size as shown in the tables below. The fees are typically paid quarterly in advance based on the account value on the last business day of the preceding calendar quarter. The fees discussed here are the portfolio management fees charged by New Frontier only. End clients may be charged additional fees by their Financial Advisor or Sponsor Firm.

#### *Global Multi-Asset Standard ETF Portfolios:*

Assets Under Management	Annual Fee
Under \$1M	0.45%
Between \$1M and \$4M	0.40%
Over \$4M	0.35%

#### *Global Multi-Asset Taxed ETF Portfolios:*

Assets Under Management	Annual Fee
Under \$1M	0.45%
Between \$1M and \$4M	0.40%
Over \$4M	0.35%

*Global Multi-Asset Income ETF Portfolios:*

Assets Under Management	Annual Fee
Under \$1M	0.50%
Between \$1M and \$4M	0.45%
Over \$4M	0.40%

***Limited Negotiability of Advisory Fees:***

Although New Frontier has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a contract-by-contract basis. The complexity of the Program, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, and other factors will be considered in determining the fee schedule. The specific annual fee schedule will be identified in the contract between New Frontier and the Sponsor Firm or Financial Advisor, as applicable.

***General Information***

***Termination of the Advisory Relationship:***

A Sponsor Firm agreement may be canceled at specific times as outlined in the agreement. Generally, this is upon renewal or at will with advance notice. In the event that fees are paid in advance of services provided, upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a Sponsor Firm's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

For Direct model clients, New Frontier will maintain a Sub-Advisory Agreement with the Financial Advisor working with the end client, as well as maintaining an Investment Management Agreement with the end client. Either of these agreements can be cancelled by either party at will. No fee adjustments will be made for partial withdrawals or for Account appreciation or depreciation within a billing period. A pro rata refund of fees charged shall be made if the Account is closed within a billing period.

***Mutual Fund and ETF Fees:*** All fees paid to New Frontier for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, an investor may pay an initial or deferred sales charge.

***Additional Fees and Expenses:*** Fees charged by New Frontier are exclusive of all fees paid to Sponsor Firms, custodians, brokers, Financial Advisors, and other third parties. In addition to our management

fees, and clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers or other third parties, including, but not limited to: brokerage commissions, mark ups/mark downs, transaction fees, custodial fees, and wire transfer/electronic fund processing fees. End clients should consult their Financial Advisor or Sponsor Firm for more information. As described in Item 12, New Frontier does not select or recommend broker-dealers for clients.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### ***Sales Compensation***

Neither New Frontier nor any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds or ETFs. Certain New Frontier employees receive compensation based in part on gross sales of New Frontier investment programs to Financial Advisors. However, Financial Advisors will make the final recommendations to their end clients based on their individual needs and objectives.

Investors accessing New Frontier's models should review all fees charged by New Frontier, Sponsor Firms, custodians, brokers, Financial Advisors, and others to fully understand the total amount of fees incurred.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

New Frontier does not charge performance-based fees, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7: TYPES OF CLIENTS**

### **Advisory Service Clients**

As discussed in Items 4 and 5 of this brochure, New Frontier provides advisory services via model portfolios to Sponsor Firms and/or Financial Advisors. New Frontier provides services to end clients solely as a sub-advisor to such clients' Financial Advisors.

We generally impose a \$50,000 account minimum for each end client for our investment advisory services via the Sponsor Firm Model. However, this minimum is negotiable and some platforms have lower minimums available. This account size is generally negotiated based on the Sponsor Firm's business and the liquidity requirements of the product.



For the Direct Model, we impose a \$200,000 account minimum per end client account for our investment advisory services, as New Frontier accepts additional operational responsibilities in connection with Direct Model accounts. This minimum can be negotiated based on the advisor's business and the liquidity requirements of the product, but smaller sized accounts may not match the performance of larger accounts.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### **Method of Analysis**

New Frontier's investment committee approaches investments from a quantitative perspective. We use rigorous statistical and mathematical methods to incorporate information about the evolving structure of capital markets in tandem with historical data and fundamental financial principles. Our disciplined application of cutting edge research and technology helps to mitigate human biases and error in investment management.

The four stages of our investment process are: Asset Universe and Fund Selection, Risk and Return Estimation, Portfolio Construction, and Portfolio Monitoring and Rebalancing. New Frontier attempts to add value at all four stages with institutional expertise and patented technologies.

#### *Asset Universe and Selection*

New Frontier chooses 14-30 US listed ETFs that span worldwide sources of investable economic growth to obtain what we believe to be meaningful representation of the world's fundamental factors. Our global scope considers attractive investment opportunities wherever they may lie in an effort to seek return enhancement as well as risk reduction through diversification. We generally use ETFs because of their transparency, tax efficiency and liquidity. We do not invest in derivatives contracts or ETNs with counterparty risk and do not employ leverage in our strategies. New Frontier selects specific ETFs for their liquidity, costs, and representation; we are independent of fund family. *Diversification does not ensure a profit or protect against a loss.*

#### *Risk and Return Estimation*

New Frontier uses patented statistical techniques to improve the risk and return estimates derived from capital market and fund data and used during portfolio construction (see below). Our investment committee incorporates current information, including regulatory, economic, financial and other factors affecting global capital markets, with advanced statistical methods. We use modern statistics to enhance the forecast value of historically estimated information and to integrate contemporary market data such as the yield curve, as well as global economic and regulatory developments, into the estimation process. New Frontier's estimates seek to

optimally reflect investment theory and display sensitivity to current market conditions without directional forecasts. Though these steps improve the estimates, *there is no guarantee that securities or asset classes selected will perform as our estimates indicate.*

### *Portfolio Construction*

All of our portfolios are constructed to be optimal for their specific investment objective with Michaud optimization. For example, tax-sensitive portfolios are optimized with tax-sensitive Michaud optimization.

Michaud optimization, which is globally recognized and patented, explores the many ways that assets may perform in the future by way of advanced statistics. It treats investment information realistically, acknowledging that estimates are not guarantees. The resulting efficient frontier is more stable and produces diversified, risk-managed portfolios. In independent tests, the Michaud portfolios performed better than traditionally optimized portfolios (Markowitz, H. and N. Usmen. 2003. "Resampled Frontiers vs. Diffuse Bayes: An Experiment." *Journal Of Investment Management*: 1(4).)

### *Portfolio Monitoring and Rebalancing*

New Frontier's portfolio monitoring and trading decisions are based on Michaud-Esch rebalancing technology, which is designed to prevent trading in statistical noise. The multi-patented technology provides the first rigorous statistical test for the decision of when to trade. The methodology uses Monte Carlo simulation to evaluate the likelihood that the current portfolio and the optimal portfolio will perform in a similar manner in the investment period. The procedure finds the probability that trading is required to maintain a diversified, risk-controlled, optimal portfolio. We run the test nightly for each model portfolio, but only trade when the technology indicates that trading will be effective, thereby avoiding unnecessary trading costs.

### **Investment Strategies**

New Frontier's optimized portfolios are typically implemented with Exchange Traded Funds (ETFs), although other investment vehicles, such as mutual funds or index funds, may be employed. New Frontier's global strategic asset allocation, both standard and tax-sensitive, portfolios are optimized and selected to approximate a given target risk profile such as 60% equity and 40% fixed income. The Multi-Asset Income portfolios similarly are optimized and selected to approximate a given target risk profile and produce income. For our Sponsor Firm products, the actual implementation of our recommended portfolio allocations is performed by the Sponsor Firm upon our instruction. For Direct Model products, we implement the portfolio allocations via an order management system that enters trade orders across multiple custodians. Due to the difference that may result from the Sponsor Firms' execution of New Frontier's trade signals (under the Sponsor Firm model) and New Frontier's discretion over the

execution of trades in the Direct Model, there may be slight differences in the performance of the portfolios in the different models. Should such differences occur, we expect them to be negligible. For more specific information on each of our models, see Item 4. End clients should consult their Financial Advisor or Sponsor Firm for additional information.

## **Risk Disclosures**

### *Risk of Loss*

All investments in securities involve a risk of loss that clients should be prepared to bear. All investments in securities include a risk of loss of principal (invested amount) and any profits that have not been realized (i.e., the securities were not sold to “lock in” the profit). Stock markets and bond markets fluctuate substantially over time. Performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage. New Frontier cannot guarantee any level of performance or that account assets will not be lost.

New Frontier does not represent, warrant, or imply that the services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate clients from major losses due to market corrections or crashes. No guarantees are offered that clients’ goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by New Frontier will provide a better return than other investment strategies

While our investment process is designed to mitigate securities risk, a principal risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client’s goals. We use our patented rebalancing technology to try to mitigate this risk.

By using quantitative and mathematical models in our investment process, we attempt to obtain more accurate measurements of quantifiable data and to adjust that data for current information. Although we attempt to mitigate this risk by using advanced statistics and our investment experience, a risk of quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held in model portfolios may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the model. Our analytical methods rely on the assumption that the companies whose securities we

recommend for purchase and sale, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### *Risks Related to ETFs*

The majority of our model portfolio holdings are ETFs, which will be subject to substantially the same risks as those associated with the direct ownership of the underlying securities owned by the ETF. An ETF is a type of investment vehicle that attempts to achieve a return similar to a set benchmark or index or, in some cases, is actively managed similar to a mutual fund. Additionally, the value of the investment will fluctuate in response to the performance of the underlying index or securities. ETFs can be bought and sold throughout the day like stocks, and their prices can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may deviate from the actual underlying asset values (sometimes called net asset value or NAV). This deviation usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always exist. ETFs incur investment advisory and other fees that are separate from those fees charged by New Frontier. Accordingly, New Frontier's investments in ETFs will result in the layering of expenses. As a result, the cost of the investment strategy will be higher than the cost of investing directly in ETFs.

New Frontier's models consist of ETFs with exposures to equities, fixed income, commodities, currencies, developed/emerging international markets, real estate, and specific sectors. The underlying investments of these ETFs will have different risks as described in more detail below.

### *Domestic Equity Risks*

Under strategies utilizing equity securities, the portfolios are subject to the risk that stock prices may fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in equity securities.

### *International Equity Risks*

Investing in foreign companies poses additional risks since political and economic events unique to a country or region may affect those markets and their issuers. In addition to such general international risks, the portfolio may also be exposed to currency fluctuation risks and emerging markets risks as described further below. Changes in the value of foreign currencies compared to the US dollar may affect (positively or negatively) the value of the portfolio's investments. Such currency movements may occur separately from, and/or in response to, events that do not otherwise affect the value of the security in the issuer's home country. Also, the value of the portfolio may be influenced by currency exchange control regulations. The currencies of emerging market

countries may experience significant declines against the US dollar, and devaluation may occur subsequent to investments in these currencies by the portfolio.

Also, foreign investments, especially investments in emerging markets, can be riskier and more volatile than investments in the US and are considered speculative and subject to heightened risks in addition to the general risks of investing in non-US securities.

Finally, inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

### *Fixed Income Risks*

Under strategies utilizing ETFs that invest in debt securities, changes in interest rates could affect the value of a client's investment. Rising interest rates tend to cause the prices of debt securities (especially those with longer maturities) to fall. Rising interest rates may also cause issuers to pay off mortgage-backed and asset-backed securities later than anticipated, forcing the portfolio to keep its money invested at lower rates. Falling interest rates, however, generally cause investors to pay off mortgage-backed and asset-backed securities earlier than expected, forcing the portfolio to reinvest the money at a lower interest rate.

The concept of duration is useful in assessing the sensitivity of a fixed income portfolio to interest rate movements, which are the main source of risk for most fixed income securities. Duration measures price volatility by estimating the change in price of a debt security for a 1% change in its yield. For example, a duration of five years means the price of a debt security will change about 5% for every 1% change in its yield. Thus, the higher the duration, the more volatile the security.

Debt securities have a stated maturity date when the issuer must repay the principal amount of the bond. Some debt securities, known as callable bonds, may repay the principal earlier than the stated maturity date. Debt securities are most likely to be called when interest rates are falling because the issuer can refinance at a lower rate.

The credit rating or financial condition of an issuer may affect the value of a debt security. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. The issuer of an investment-grade security is more likely to pay interest and repay principal than an issuer of a lower rated bond. Credit ratings are not an absolute standard of quality, but rather general indicators that reflect only the view of the originating rating agencies from which an explanation of the significance of such ratings may be obtained. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value.

High yield or “junk” bonds are highly speculative securities usually issued by smaller, less credit worthy and/or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds carry a greater degree of risk and are less likely to make payments of interest and principal. Market developments and the financial and business conditions of the corporation issuing these securities influences their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the junk bond market may make it more difficult to sell junk bonds and may cause the portfolio to experience sudden and substantial price declines.

#### *Risks Related to REITs*

New Frontier may recommend ETFs that invest in REITs. REITs’ share prices may decline because of adverse developments affecting the real estate industry, such as declining real estate values, changing economic conditions, and increasing interest rates. The returns from REITs may trail returns from the overall market. Additionally, there is always a risk that a given REIT will fail to qualify for favorable tax treatment or may not remain qualified as a REIT.

#### *Risks Related to Commodities*

New Frontier may recommend ETFs that invest in commodities. Buying commodities allows for a source of diversification for those sophisticated persons who wish to add this asset class to their portfolios and who are prepared to assume the risks inherent in the commodities market. Any commodity purchase represents a transaction in a non-income-producing asset and is highly speculative.

#### **Sources of Information**

New Frontier uses sources of information that include academic and professional scholarly journals in finance, mathematics, statistics, and investment management. New Frontier uses data, facts, and materials provided to New Frontier by third parties and found on computerized databases, and, though New Frontier believes such information to be correct, New Frontier is not able to warrant that all security selection and trading decisions will be in all instances accurate or error free.

#### **ITEM 9: DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our Firm and our management personnel have no reportable disciplinary events to disclose.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Richard Omer Michaud, President and CEO, and Robert Omer Michaud, Managing Director, also have a separate partnership, Michaud Partners, LLP, which holds the patents for Michaud optimization. Our Firm has no other financial industry activities and/or affiliations to disclose.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees. The Code was developed in accordance with the requirements of SEC Rule 204A-1 under the Investment Advisers Act of 1940. The first principle that governs the conduct of New Frontier and our personnel is that each of us must act as a fiduciary of our client's affairs and each of us therefore owes a duty of utmost good faith to each client and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, related persons may have an interest or position in securities which may be recommended to a client. To mitigate any potential conflicts of interest that could arise from personal securities transactions or holdings, our Code of Ethics includes policies and procedures for the firm's access persons to submit initial and annual securities holdings reports, and quarterly securities transactions reports, for review by the firm's Chief Compliance Officer. Our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. New Frontier's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be misused.

New Frontier may provide meals, lodging, and travel expenses during meetings with advisors and platforms where New Frontier products and services are discussed; as well as sponsorship money for meetings and conferences. New Frontier monitors these activities and requires that any expenses or sponsorships paid be reasonable in value and not so frequent as to cause a Financial Advisor, Sponsor Firm, or Platform to feel beholden to New Frontier and thereby create a conflict of interest between the entity and its end client.

Our Code of Ethics is generally designed to ensure that our employees act for the benefit of our clients and avoid conflicts of interest at all times. We have established policies requiring the reporting of Code of Ethics violations to our senior management, and we require acknowledgement of the Code of Ethics by each supervised person of our firm.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [akuno@newfrontieradvisors.com](mailto:akuno@newfrontieradvisors.com), or by calling us at 617 482 1433.

## ITEM 12: BROKERAGE PRACTICES

New Frontier does not select or recommend broker-dealers or custodians to clients for either the Direct Model or the Sponsor Firm Model. In the Sponsor Firm Model, New Frontier sends the models to the Sponsor Firm for execution, so the brokerage practices are outside of our purview.

For the Direct Model, New Frontier prepares trade orders using order management software that creates blocks of trade orders and sends those block orders to all partnering custodians virtually simultaneously. (It is simultaneous once a FIX connection is enabled, but for some custodians, it may be necessary to use other transmission methods until the FIX connection is made. In those cases, New Frontier follows our trade rotation policy to treat clients at different custodians fairly.) The partner custodian is selected by the advisor. The custodians implement the trades and average the execution of the trade across all accounts assigned to New Frontier that traded that day at that custodian.

New Frontier aggregates trades for multiple client accounts when available through the selected custodian to achieve favorable terms to the clients.

## ITEM 13: REVIEW OF ACCOUNTS

### **Model Portfolio Management Services**

We monitor the underlying securities in our portfolio frequently. On a daily basis, we run our patented rebalance test, which provides a measure of how likely rebalancing is to be beneficial. When the test indicates that there are significant changes, the investment committee takes a closer look. We rebalance when there is a statistically significant difference between the currently optimal portfolio (per our investment analysis) and the currently held portfolio. Depending on the market activity, we could rebalance twice in one quarter or not rebalance for an entire year. In addition, we review the portfolios on an ongoing basis to ascertain their compliance with their investment objectives and guidelines as well as any end client restrictions provided to us.

These accounts are reviewed by members of the Investment Committee: Richard O. Michaud, President and Chief Executive Officer; Robert O. Michaud, Chief Investment Officer; David N. Esch, Managing Director, Research; and Vitaliy Ryabinin, Research Analyst.



## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

It is New Frontier's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide. New Frontier does not compensate any person who is not a supervised person of New Frontier for client referrals.

## ITEM 15: CUSTODY

Our Firm does not have actual or constructive custody of client accounts.

## ITEM 16: INVESTMENT DISCRETION

For assets under the Sponsor Firm Model, we do not have discretionary authority. New Frontier provides continuous and regular investment management services by sending model portfolios to Sponsor Firms that implement the models through their investment Programs. Those model portfolios include the determination of which securities to buy/sell and the amounts to buy/sell, which are ordinarily automatically implemented in each Program. Some Sponsor Firms reserve the discretion to override New Frontier's rebalancing instructions, and may implement a lag period between the model's instruction and implementation to allow them to exercise this discretion. For all our model portfolios, New Frontier picks the assets, chooses the allocations, monitors the portfolios, and decides when and how to rebalance without conferring with the Sponsors.

For assets in the Direct Model, New Frontier has discretion to establish and adjust the New Frontier model portfolios selected by the Financial Advisor for the end client's account. The Financial Advisor retains responsibility for determining the appropriate model portfolio for the end client. New Frontier picks the assets, chooses the allocations, monitors the portfolios, trades to support cash flows, and decides when and how to rebalance without conferring with the Financial Advisors.

## ITEM 17: VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of investors in the models we manage. Therefore, although our firm may provide investment advisory services relative to investment assets, either the Sponsor, Financial Advisor or end client maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the end client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the end client's investment assets. Financial Advisors are responsible for instructing each custodian of the assets and forwarding to the end client copies of all proxies and shareholder communications relating to the end client's investment assets.

We do not offer any consulting assistance regarding proxy issues.

#### ITEM 18: FINANCIAL INFORMATION

Registered investment advisers are required in some cases to provide certain financial information and/or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance or has discretionary authority over or custody of client funds, it is required to disclose any condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. New Frontier has no financial or operating conditions that trigger such additional reporting requirements.

New Frontier has not been the subject of a bankruptcy petition at any time during the past ten years.