

# Frontier Investment Management Company

SEC File Number: 801 – 36925

## Brochure Dated March 29, 2016

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This brochure provides information about the qualifications and business practices of Frontier Investment Management Company (“Frontier”). If you have any questions about the contents of this brochure, please contact us at (972) 934-2590 or [jcafferata@frontierinvest.com](mailto:jcafferata@frontierinvest.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 Frontier Investment Management Company also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Frontier Investment Management Company as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2           Material Changes**

There have been no material changes made to Frontier Investment Management Company's disclosure statement since last year's Annual Amendment filing on January 3, 2015. The non-material changes below reflect disclosure enhancements. Of course, should you have any questions regarding the changes, or any other question pertaining to this brochure, Frontier's Chief Compliance Officer, Jessica Cafferata, will remain available to address them.

## **Item 3           Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	7
Item 6	Performance-Based Fees and Side-by-Side Management .....	9
Item 7	Types of Clients.....	9
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9	Disciplinary Information .....	14
Item 10	Other Financial Industry Activities and Affiliations .....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12	Brokerage Practices .....	16
Item 13	Review of Accounts.....	21
Item 14	Client Referrals and Other Compensation .....	22
Item 15	Custody.....	22
Item 16	Investment Discretion.....	23
Item 17	Voting Client Securities.....	23
Item 18	Financial Information .....	24

#### **Item 4            Advisory Business**

- A. Frontier is a corporation formed on January 26, 1994 in the State of Texas. Frontier became registered as an Investment Adviser Frontier in February 1994. Frontier is principally owned by Gary Schoen, Richard Sowden, and Brian Hattendorf. Gary Schoen is Frontier's President.
- B. As discussed below, Frontier offers to its clients (individuals, banks, investment companies, pension plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

Frontier offers several managed account programs, wherein Frontier manages client accounts on a fully discretionary basis. Within each program, the client's individual financial situation is analyzed and their individual investment goals are determined. The optimum asset mix is determined for each client based upon his or her individual goals, needs, and risk tolerances. This approach is offered under the following programs:

- 1)    Balanced Investment Program
- 2)    Fixed Income Management Program
- 3)    Total Return Strategy Program
- 4)    Concentrated Position Program

Frontier's management process has three steps generally applicable to each program:

Step 1: **Asset Allocation** – determination of appropriate asset class allocation weightings based on each client's specific goals and objectives while considering their constraints and overall risk tolerance.

Step 2: **Investment Section** – selection of specific investment vehicles through a proprietary quantitative and qualitative screening process, which determines specific investment options within the context of the asset allocation.

Step 3: **Portfolio Monitoring & Reporting** – ongoing portfolio monitoring and evaluation. Portfolio rebalancing is necessary.

**Balanced Investment Program.** The Balanced Investment Program is designed to meet the investment needs of high net worth individuals and institutions and it incorporates the three steps mentioned above within this context. The program emphasizes personal attention through each phase of the investment process from the initial determination of the client's investment goals and risk tolerances, through the investment selection phase, and on an on-going basis with performance reporting and portfolio monitoring.

Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$500,000 - \$750,000	1.25%
\$750,001 - \$2,000,000	1.00%
\$2,000,000+	0.85%

Minimum account size: \$500,000

Minimum annual fee: \$6,250

**Fixed Income Management Program.** The Fixed Income Management Program is designed to meet the investment needs of wealthy individuals as well as institutional clients with respect to fixed income security asset management.

Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$500,000+	0.60%

Minimum account size: \$500,000

Minimum annual fee: \$3,000

**Total Return Strategy Program.** The investment objective of Total Return Strategy ("TRS") is long-term growth of capital from income and/or capital appreciation. TRS will seek to attain its objective by investing in all manner of fixed income and/or equity securities. Frontier's investment strategy will focus on finding those securities Frontier believes the market has mispriced the risk of the investment in comparison to Frontier's estimate of intrinsic value. TRS may invest directly or through a fund, so long as liquidity and cost requirements are satisfactorily met.

Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$500,000 - \$750,000	1.25%
\$750,001 - \$2,000,000	1.00%
\$2,000,000+	0.85%

Minimum account size: \$500,000

Minimum annual fee: \$6,250

**Concentrated Position Program.** The Concentrated Position Program is designed to meet the investment needs of wealthy individuals with concentrated positions in one or multiple securities. Frontier will develop, implement and monitor a plan designed to meet the client's needs, whether that is to generate income, reduce exposure to the concentrated position, defer taxes or all of the above.

Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$750,000+	0.75%

Minimum account size: \$750,000

Minimum annual fee: \$5,625

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

To the extent requested by a client, Frontier *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Frontier's planning and consulting fees are negotiable, but generally range from \$300 to \$2,000 on a fixed fee basis and \$100 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Frontier to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Frontier setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Frontier commencing services. If requested by the client, Frontier may recommend the services of other professionals for implementation purposes, including certain of Frontier's representatives in their individual capacities as licensed insurance agents (*See* disclosure below at Item 10 C). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Frontier.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Frontier if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Frontier's previous recommendations and/or services.

## **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Frontier *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Frontier, nor any of its representatives, serves as an attorney or accountant, and no portion of Frontier's services should be construed as same. To the extent requested by a client, Frontier may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including certain representatives of Frontier in their separate licensed capacities as insurance agents as discussed below. The client is

under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Frontier. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Frontier if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Frontier's previous recommendations and/or services.

**Please Note: Retirement Rollovers - No Obligation/Conflict of Interest:** A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in former employer's plan, if permitted, ii) roll over the assets to new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Frontier may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by Frontier. As a result, Frontier and its representatives may earn an asset-based fee (*see Please Note* below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Frontier (unless you engage Frontier to monitor and/or manage the account while maintained at your employer). Frontier has an economic incentive to encourage an investor to roll plan assets into an IRA that Frontier will manage or to engage Frontier to monitor and/or manage the account while maintained at your employer. There are various factors that Frontier may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus Frontier, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to rollover plan assets to an IRA managed by Frontier or to engage Frontier to monitor and/or manage the account while maintained at your employer. **Please Note:** If Frontier's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot. **ANY QUESTIONS:** Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

**Please Note - Use of Mutual Funds:** Many mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Frontier independent of engaging Frontier as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Frontier's initial and ongoing investment advisory services.

**eMoney.** Frontier may also provide the client with access to *eMoney*, which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets that Frontier manages (the "Excluded Assets"). The client and/or his/her/its other advisors that maintain trading authority, and not Frontier, shall be exclusively responsible for the investment performance of the Excluded Assets. The client

may engage Frontier to manage the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between Frontier and the client.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Frontier) will be profitable or equal any specific performance level(s). **ERISA PLAN ENGAGEMENTS:** Frontier may also be engaged by plan sponsors to provide discretionary and/or non-discretionary investment advisory services to ERISA retirement plans, whereby Frontier shall manage plan assets in the amount and objective as designated by the plan sponsor. In such engagements, Frontier will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”)—either as a 3(38) fiduciary for non-discretionary engagements or as a 3(21) fiduciary for discretionary engagements. In either engagement, Frontier will generally provide services on an “assets under management” fee basis per the terms and conditions of an Investment Advisory Agreement between the plan sponsors and Frontier.

**Participant Directed Retirement Plans.** Frontier may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between Frontier and the plan. For such engagements, Frontier shall assist the plan sponsor to select an investment platform from which plan participants shall make their respective investment choices, and, to the extent engaged to do so, shall provide corresponding education to assist the participants with their decision making process. **Cross Transactions.** In limited circumstances, Frontier may engage in a cross-transaction pursuant to which Frontier may effect transactions between two of its managed client accounts (i.e., arranging for the clients’ securities trades by “crossing” these trades when Frontier believes that such transactions are beneficial to its clients). For all such transactions, neither Frontier nor any affiliate will be acting as a broker, and will not receive any commission or transaction-based compensation. The client may revoke Frontier’s cross-transaction authority at any time upon written notice to Frontier. **Frontier’s Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above.**

**Client Obligations.** In performing its services, Frontier shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Frontier if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Frontier’s previous recommendations and/or services.

**Disclosure Statement.** A copy of Frontier’s written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Management Agreement or Financial Planning Agreement*.

- C. Frontier shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, Frontier shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Frontier’s services.

- D. Frontier does not participate in a wrap fee program.
- E. As of December 31, 2015, Frontier had \$1,589,134,456 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage Frontier to provide discretionary investment advisory services on a *fee* basis.

### **INVESTMENT ADVISORY SERVICES**

Frontier offers several managed account programs, wherein Frontier manages client accounts on a fully discretionary basis. Within each program, the client's individual financial situation is analyzed and their individual investment goals are determined. The optimum asset mix is determined for each client based upon his or her individual goals, needs, and risk tolerances. Frontier's fees for the managed account programs are as follows:

**Balanced Investment Program.** Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$500,000 - \$750,000	1.25%
\$750,001 - \$2,000,000	1.00%
\$2,000,000+	0.85%

Minimum account size: \$500,000

Minimum annual fee: \$6,250

**Fixed Income Management Program.** Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$500,000+	0.60%

Minimum account size: \$500,000

Minimum annual fee: \$3,000

**Total Return Strategy Program.** Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$500,000 - \$750,000	1.25%
\$750,001 - \$2,000,000	1.00%
\$2,000,000+	0.85%

Minimum account size: \$500,000

Minimum annual fee: \$6,250



**Concentrated Position Program.** Frontier is compensated by an annual fee (paid quarterly in advance) based on the asset value of the account as follows:

<u>Assets Under Management</u>	<u>% of Assets</u>
\$750,000+	0.75%

Minimum account size: \$750,000

Minimum annual fee: \$5,625

## **FINANCIAL PLANNING AND CONSULTING SERVICES**

To the extent specifically requested by a client, Frontier *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Frontier's planning and consulting fees are negotiable, but generally range from \$300 to \$2,000 on a fixed fee basis and \$100 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have Frontier's advisory fees deducted from their custodial account. Both Frontier's *Investment Management Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of Frontier's investment advisory fee and to directly remit that management fee to Frontier in compliance with regulatory procedures. In the limited event that Frontier bills the client directly, payment is due upon receipt of Frontier's invoice. Frontier shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Frontier shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") or TD Ameritrade, Inc. ("*Ameritrade*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Frontier's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through other broker-dealers. In such event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by *Schwab* or *Ameritrade*. **Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above arrangements.**
- D. Frontier's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The *Investment Management Agreement* between Frontier and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Management Agreement*. Upon termination and request by client, Frontier shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of

days remaining in the billing quarter.

#### **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither Frontier nor any supervised person of Frontier accepts performance-based fees. Although Frontier maintains one legacy performance fee arrangement.

#### **Item 7            Types of Clients**

Frontier's clients shall generally include individuals, banks or thrift institutions, investment companies, business entities, pension and profit sharing plans, trusts, estates and charitable organizations. Frontier generally requires a minimum asset level of \$500,000, \$500,000, \$500,000 and \$750,000 for its Balanced Investment Program, Fixed Income Investment Program, Total Return Strategy Program and Concentrated Position Program, respectively. Frontier generally requires an annual minimum fee of \$6,250, \$3,000, \$6,250 and \$5,625 for its Balanced Investment Program, Fixed Income Investment Program, Total Return Strategy Program and Concentrated Position Program, respectively. Frontier, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee or asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). **Please Also Note:** If you maintain less than the indicated minimum account size and are subject to the corresponding annual minimum fee, you will pay a higher percentage annual fee than the percentage (%) fee referenced in the above fee schedule.

## Item 8            **Methods of Analysis, Investment Strategies and Risk of Loss**

A. Frontier may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Frontier may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Frontier) will be profitable or equal any specific performance level(s).

B. Frontier's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Frontier must have access to current/new market information. Frontier has no control over the dissemination rate of market information; therefore, unbeknownst to Frontier, certain analyses may be compiled with outdated market information, severely limiting the value of Frontier's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Frontier's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Frontier may also implement and/or recommend – short selling, use of margin, and options transactions. Each of these strategies has a high level of inherent risk. (*See* discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by Frontier in the management of the client’s investment portfolio, the market value of the client’s account and corresponding fee payable by the client to Frontier may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client’s decision to employ margin *may* correspondingly increase the management fee payable to Frontier. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Frontier shall be with the intent of offsetting/ “hedging” a potential market risk in a client’s portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Frontier is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.) may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Frontier, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, Frontier primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds on a discretionary basis in accordance with the client’s designated investment objective(s).

Frontier may allocate investment management assets of its client accounts, on a discretionary basis, among one or more asset allocation programs. The asset allocation programs comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive

safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to Frontier's management of client assets:

1. **Initial Interview** – at the opening of the account, Frontier, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. **Individual Treatment** – the client's account is managed on the basis of the client's financial situation and investment objectives;
3. **Quarterly Notice** – at least quarterly Frontier shall notify the client to advise Frontier whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
4. **Annual Contact** – at least annually, Frontier shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
5. **Consultation Available** – Frontier shall be reasonably available to consult with the client relative to the status of the client's account;
6. **Quarterly Statement** – the client shall be provided with a quarterly report for the account for the preceding period;
7. **Ability to Impose Restrictions** – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Frontier not to purchase certain mutual funds;
8. **No Pooling** – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;
9. **Separate Account** – a separate account is maintained for the client with the Custodian; and
10. **Ownership** – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Frontier believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, Frontier's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Frontier's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Frontier's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

The asset allocation objectives, and the corresponding Frontier investment models, are:

## CONSERVATIVE

An investment portfolio with a conservative objective is characterized by substantial risk aversion. Minimizing volatility is a clear priority over growth. A conservative portfolio may be appropriate for persons with a relatively short time horizon, with a need for more

predictable income or, notwithstanding a longer time horizon, with a high sensitivity to short-term volatility. Over time portfolios with a conservative objective can be expected to produce low average total returns on investment but have relatively low volatility. Investors with a conservative objective are willing to sacrifice substantial return potential for long-term capital preservation. Frontier typically recommends the Fixed Income strategy for portfolios falling into this category.

## **BALANCED CAPITAL APPRECIATION**

Portfolios with a balanced capital appreciation objective are characterized as having dual goals. Balanced portfolios typically exhibit moderate growth of capital while simultaneously dampening volatility, while investment portfolios with a capital appreciation objective involve a fair degree of risk in order to achieve higher long-term total returns on investment. These portfolios are designed to balance these goals by maintaining exposure to a broad set of diverse asset classes while managing risk by paying strict attention to relative and absolute valuation. Many holders of balanced capital appreciation portfolios will have a long-term time horizon and will experience some short-term volatility in order to achieve higher long-term returns. Frontier typically recommends the Diversified Growth & Income, Diversified Income, Total Return and Dividend Equity investment strategies for portfolios falling into this category.

## **GROWTH**

A growth portfolio provides the highest reasonable long-term total returns on investment and, at the same time, the greatest short-term capital risk. Growth investors are aware of, and comfortable with, the volatility that high-return asset classes may produce over the short run. Most investors in growth portfolios have a long-term time horizon. Long-term growth is clearly their highest priority and short-term volatility is viewed as being a price to be paid for the high potential growth. Frontier typically recommends the Diversified Growth and Core Equity investment strategies for portfolios falling into this category.

## **Item 9           Disciplinary Information**

Frontier has not been the subject of any disciplinary actions.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. Neither Frontier, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Frontier, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Agents.** Certain of Frontier's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Frontier's representatives to purchase insurance products on a commission basis.

**Conflict of Interest:** The recommendation by Frontier’s representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from Frontier’s representatives. Clients are reminded that they may purchase insurance products recommended by Frontier through other, non-affiliated insurance agents. **Frontier’s Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Frontier does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

## **Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. Frontier maintains an investment policy relative to personal securities transactions. This investment policy is part of Frontier’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Frontier’s representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Frontier also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Frontier or any person associated with Frontier.

- B. Neither Frontier nor any related person of Frontier recommends, buys, or sells for client accounts, securities in which Frontier or any related person of Frontier has a material financial interest.
- C. Frontier and/or representatives of Frontier *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Frontier and/or representatives of Frontier are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Frontier did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Frontier’s clients) and other potentially abusive practices.

Frontier has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Frontier’s “Access Persons”. Frontier’s securities transaction policy requires that an Access Person of Frontier must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her

designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Frontier selects; provided, however that at any time that Frontier has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Frontier and/or representatives of Frontier *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Frontier and/or representatives of Frontier are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Frontier has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Frontier's Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that Frontier recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Frontier to use a specific broker-dealer/custodian), Frontier generally recommends that investment management accounts be maintained at *Schwab* and/or *Ameritrade*. Prior to engaging Frontier to provide investment management services, the client will be required to enter into a formal *Investment Management Agreement* with Frontier setting forth the terms and conditions under which Frontier shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Frontier considers in recommending *Schwab* and/or *Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with Frontier, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Frontier's clients shall comply with Frontier's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Frontier determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Frontier will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Frontier's investment management fee. Frontier's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Soft Dollar Arrangement**

Factors that Frontier considers in recommending a particular broker-dealer/custodian to clients include historical relationship with Frontier, financial strength, reputation, execution, pricing, research, and service. Neither Frontier, nor any of its Principals or representatives will receive any portion of the brokerage commissions or transactions fees charged to clients.



However, in return for effecting securities transactions through a designated broker-dealer/custodian, Frontier may receive certain investment research products or services which assist Frontier in its investment decision making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a “soft-dollar” arrangement). Investment research products or services may include, but are not limited to, analyses pertaining to specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications, portfolio management systems, and statistical and pricing services. Frontier maintains a soft dollar arrangement with *Schwab*. Frontier currently uses the soft dollars to obtain products and services from Bloomberg and Institutional Shareholder Services. Although the commissions/transaction fees paid by Frontier's clients shall comply with Frontier's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Frontier determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Frontier will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Although the investment research products or services that may be obtained by Frontier will generally be used to service all of Frontier's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by Frontier that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, Frontier shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to Frontier's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by Frontier with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Frontier's investment management fee.

**Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

#### Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Frontier may receive from *Schwab* and/or *Ameritrade* (or another broker-dealer/custodian or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Frontier to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Frontier may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related support and/or publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Frontier in furtherance of its investment

advisory business operations. Included in the above is an approximate \$3100 monetary contribution from Schwab for compliance-related expenses incurred by Frontier in 2016.

As indicated above, certain of the support services and/or products that *may* be received may assist Frontier in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Frontier to manage and further develop its business enterprise.

Frontier's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Frontier to *Schwab* and/or *Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

#### Ameritrade Institutional Customer Program

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. *Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from *Ameritrade* through its participation in the Program. Frontier participates in *Ameritrade's* Institutional Customer Program (the "Program") and Frontier may recommend *Ameritrade* to clients for custody and brokerage services. There is no direct link between Frontier's participation in the Program and the investment advice it gives to its clients, although Frontier receives economic benefits through its participation in the Program that are not typically available to *Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing research, technology, and practice management products or services provided to Frontier by third party vendors. *Ameritrade* may also have paid for business consulting and professional services received by Frontier. Some of the products and services made available by *Ameritrade* through the Program may benefit Frontier but may not benefit its client accounts. These products or services may assist Frontier in managing and administering client accounts, including accounts not maintained at *Ameritrade*. Other services made available by Ameritrade are intended to help Frontier manage and further develop its

business enterprise. *Ameritrade* may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Frontier's representatives to attend conferences or meetings relating to the Program or to *Ameritrade's* advisor custody and brokerage services generally. The benefits received by Frontier or its representatives through participation in the Program do not depend on the amount of brokerage transactions directed to *Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by Frontier or its representatives in and of itself creates a potential conflict of interest and may indirectly influence Frontier's recommendation of *Ameritrade* for custody and brokerage services.

**Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Schwab Referrals

Frontier receives client referrals from *Schwab* through Frontier's participation in Schwab Advisor Network™ ("the Service"), designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of and unaffiliated with Frontier. *Schwab* does not supervise Frontier and has no responsibility for Frontier's management of clients' portfolios or Frontier's other advice or services. Frontier pays *Schwab* fees to receive client referrals through the Service. Frontier's participation in the Service may raise potential conflicts of interest described below.

Frontier pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at *Schwab* and a Non-*Schwab* Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Frontier is a percentage of the fees owed by the client to Frontier or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Frontier pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at *Schwab*. The Participation Fee is billed to Frontier quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by Frontier and not by the client. Frontier has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Frontier charges clients with similar portfolios (pursuant to Frontier's standard fee schedule as in effect from time to time) who were not referred through the Service.

Frontier generally pays *Schwab* a Non-*Schwab* Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*, unless the client was solely responsible for the decision not to maintain custody at *Schwab*. The Non-*Schwab* Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at *Schwab*. The Non-*Schwab* Custody Fee is higher than the Participation Fees Frontier generally would pay in a single year. Thus, Frontier will have an incentive to recommend that client accounts be held in custody at *Schwab*.

The Participation and Non-*Schwab* Custody Fees will be based on assets in accounts of Frontier's clients who were referred by *Schwab* and those referred clients' family members living in the same household. Thus, Frontier will have incentives to encourage household members of clients referred through the Service to maintain

custody of their accounts and execute transactions at *Schwab* and to instruct *Schwab* to debit Frontier's fees directly from the accounts.

For accounts of Frontier's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from Frontier's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through *Schwab* rather than another broker-dealer. Frontier nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for Frontier's other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

**Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

#### TD AdvisorDirect

Frontier may receive client referrals from TD Ameritrade through its participation in TD Ameritrade's AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Frontier may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Frontier and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Frontier and has no responsibility for Frontier's management of client portfolios or Frontier's other advice or services. Frontier pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Frontier ("Solicitation Fee"). Frontier will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Frontier from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Frontier on the recommendation of such referred client. Frontier will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade's AdvisorDirect Disclosure and Acknowledgement Form.

Frontier's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Frontier may have an incentive to recommend to clients that the assets under management by Frontier be held in custody with TD Ameritrade

and to place transactions for client accounts with TD Ameritrade. In addition, Frontier has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Frontier's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

**Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

3. Frontier does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Frontier will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Frontier. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Frontier to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Frontier.

**Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Frontier provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Frontier decides to purchase or sell the same securities for several clients at approximately the same time. Frontier may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Frontier's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Frontier shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Frontier provides investment supervisory services, account reviews are conducted on an ongoing basis by Frontier's Principals and/or representatives.

All investment supervisory clients are advised that it remains their responsibility to advise Frontier of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Frontier on an annual basis.

- B. Frontier may conduct account reviews on other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Frontier may also provide a written periodic report summarizing account activity and performance.

#### **Item 14            Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, Frontier has entered into a soft dollar arrangement with Schwab. As also disclosed at Item 12.A.1, may also receive non-soft dollar economic benefits from *Schwab* and/or *TD Ameritrade*. Frontier, without cost (and/or at a discount), may receive support services and/or products from *Schwab* and/or *TD Ameritrade* (which may include direct monetary assistance from *Schwab* and/or *TD Ameritrade* to obtain certain services or products).

Frontier's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *TD Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Frontier to *Schwab* and/or *TD Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to Frontier by either an unaffiliated or an affiliated solicitor, Frontier *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Frontier's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Frontier by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Frontier's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Frontier and the solicitor, including the compensation to be received by the solicitor from Frontier.

## Item 15 Custody

Frontier shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Frontier may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Frontier provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Frontier with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Frontier's advisory fee calculation.

## Item 16 Investment Discretion

The client can determine to engage Frontier to provide investment advisory services on a discretionary basis. Prior to Frontier assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Management Agreement*, naming Frontier as the client's attorney and agent in fact, granting Frontier full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Frontier on a discretionary basis may, at any time, impose restrictions, **in writing**, on Frontier's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Frontier's use of margin, etc.).

## Item 17 Voting Client Securities

- A. Frontier utilizes the services of Institutional Shareholder Services, an independent third-party service, which provides Frontier with due diligence and administrative services with respect to voting client proxies. Unless the client directs otherwise in writing, Frontier is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). Frontier shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. Frontier shall monitor corporate actions of individual issuers and investment companies consistent with Frontier's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Frontier will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, Frontier may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Frontier may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Frontier shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the

Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Frontier voted on any specific proxy issue is also available upon written request. Requests should be made by contacting Frontier's Chief Compliance Officer, Jessica Cafferata.

- B. As set forth in 17A above, Frontier votes client proxies.

## **Item 18      Financial Information**

- A. Frontier does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Frontier is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Frontier has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Frontier's Chief Compliance Officer, Jessica Cafferata, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**