New Frontier

Q3 2020 Performance Review

A Strong Quarter for New Frontier Strategies

October 8, 2020

Despite the uptick in market volatility in early September, markets continued their upward momentum in Q3, extending their rapid rebound from March. While the U.S. economy improved significantly in Q3, investors continue to face several serious risks. In late September, confirmed COVID-19 cases were rising worldwide, and the pandemic may intensify as winter approaches. A combative U.S. presidential election looms on the horizon. Meanwhile, Congress has struggled to pass another stimulus package, and the Sino-American conflict has escalated. Two other sizeable risks include climate change and socioeconomic inequalities.

Once again, New Frontier's strategies performed well in Q3. A well-diversified, risk-targeted portfolio was essential for managing the challenges of the last quarter. It is also critical to managing the risks ahead.

New Frontier Indices: An All-Time High

In 2019, we launched six global and two U.S. optimized indices ranging across the risk spectrum; they are designed to provide transparency into the performance of New Frontier mandates and serve as a testament to the efficacy of our investment process as they are constructed in the same way as our investment strategies. It is important to note that the index returns reflect our performance in index form and can be compared directly to other publicly available indices. They are accessible and priced daily in real time on the S&P Dow Jones website, Bloomberg, New Frontier website, smartphone stocks apps, Yahoo Finance, and on wearable devices such as the Apple Watch.

New Frontier's indices reached all-time highs on September 2, bringing year-to-date (YTD) returns back to positive territory. The chart on the following page shows the performance of all of our global indices, as calculated by S&P Dow Jones Indices, relative to their respective benchmarks, both in Q3 and for the year.

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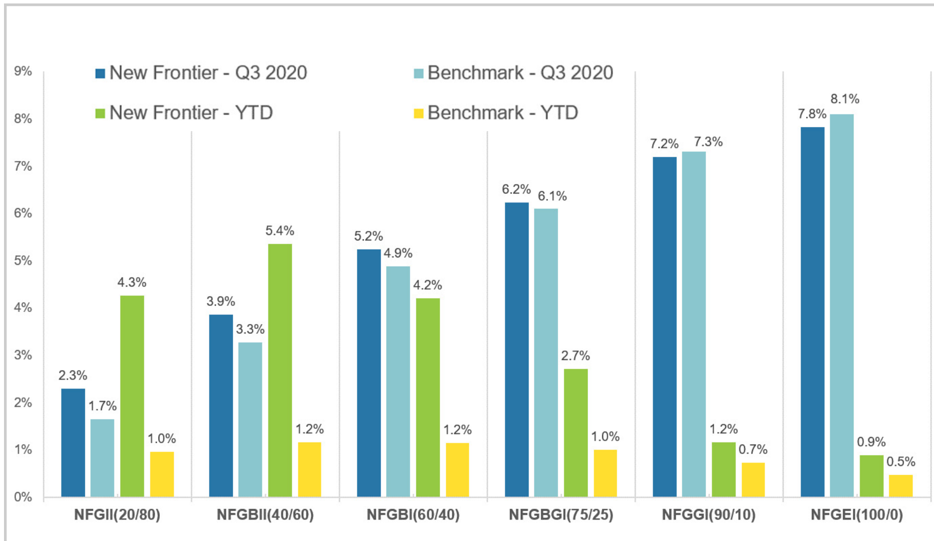
New Frontier Global Index Performance



Performance data as of 9/30/20

- Our 20/80 New Frontier Global Income Index (NFGII) exceeded its benchmark by 0.6% for the quarter and over 3% YTD.
- Our 40/60 New Frontier Global Balanced Income Index (NFGBII) has performed exceptionally well compared to the benchmark by more than 4% YTD, as well as with other 40/60 peers in the quarter.
- Our 60/40 New Frontier Global Institutional Index (NFGBI) rose 5.2% this quarter with a 4.2% gain for the year, 3% higher than the benchmark YTD.
- Our 75/25 New Frontier Global Balanced Growth Index (NFGBGI) and 90/10 New Frontier Global Growth Index (NFGGI) were roughly in line with benchmarks for the quarter and outperformed benchmarks YTD.
- Our 100/0 New Frontier Global Equity Index (NFGEI) returned 7.8%, just below its 8.1% benchmark for the quarter, and 0.9%, 0.4% above its benchmark YTD.

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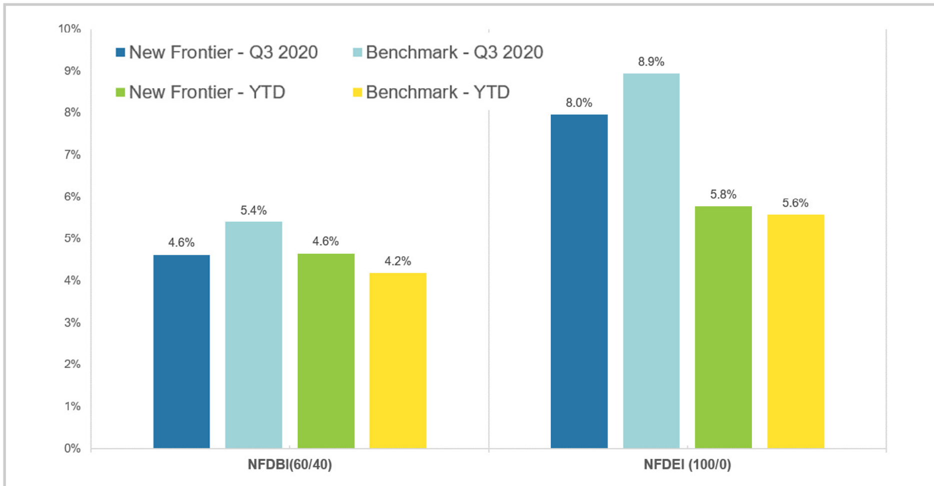
New Frontier U.S. Index Performance



Performance data as of 9/30/20

New Frontier U.S. indices outperformed their benchmarks YTD.

- The New Frontier U.S Institutional Index (NFDBI) posted 4.6% for both the quarter and the year.
- The New Frontier US Equity Index (NFDEI) posted 8% on the quarter and 5.8% for the year.

Four new U.S. risk-targeted indices are forthcoming to cover the full range of profiles across the systematic risk spectrum.

Q3 Asset Class Performance: Bonds Ahead of U.S. Equities

YTD, bonds were ahead of U.S. equities, gaining over 6%, more than both the S&P and the ACWI.

Contributors: Risky bonds continued to recover from their March lows in Q3. High yield exposure supported strong performance in our strategies, adding to relative return. High yield debt made up most of its lost ground since the March credit sell-off and is back where it started at the beginning of the year. On the equity side, growth stocks did well relative to other asset classes during Q3, despite September's pullback, and large-cap continued to dominate small-cap. During the early September sell-off, international markets generally held up better than U.S. equity markets and Emerging

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markets beat U.S. this quarter. Overweight exposure to China greatly contributed to outperformance.

Detractors: Our overweight on value and small cap detracted from relative performance. U.S. Treasurys were almost flat for the quarter, but long-duration Treasurys are still a prominent contributor to YTD performance, with a 21.8% gain YTD.

Fixed Income: A Quiet Quarter

- For bonds, it was a quiet quarter as markets registered the Federal Reserve's message that it would keep interest rates low for an extended period of time.
- Fed policy led to a weaker dollar and boosted performance of international Treasurys while U.S. Treasurys were flat.
- U.S. TIPS posted a strong quarter as investments hedged against higher potential for inflation. Riskier bonds led the quarter as investors sought yield.

Fixed Income Performance

	***Return**(%)*		
	Q3 2020	***Q2 2020***	***Q1 2020***
U.S. Aggregate Bonds	0.40	3.08	3.1
Short Treasuries	0.07	0.22	2.72
Long Treasuries	-0.07	-0.23	22.15
U.S. TIPS	2.86	4.72	1.27
Mortgage-Backed	0.26	0.83	2.66
Inv-Grade Corporates	0.82	9.72	-2.97
Long Corporates	1.35	11.13	-4
High Yield	4.68	9.32	-12.84
Municipal	0.97	2.71	-0.41
International Treasuries	2.89	4.29	-3.33
Emerging Bonds	2.43	14.25	-15

Source: Bloomberg. Performance data as of 9/30/20.

Equity Performance: Rebound Extended into Q3

Propelled by large cap growth stocks, the S&P 500 reached an all-time high on September 2. New economic data exceeded expectations, and U.S. COVID-19 cases fell. Yet the market soon declined, driven by a correction in large cap tech stocks in early September together with a shift in relative performance between growth and value, but overall for Q3, growth continuously outpaced value stocks. Equities still closed the quarter in positive territory, with the S&P returning 9% this quarter and 6% YTD. However, unlike the NASDAQ, the S&P finished the quarter below pre-pandemic highs.

Large cap continued to dominate small cap, as was the case in Q1 and Q2.

U.S. Real Estate was the worst performer this quarter. International equities held up better than U.S. equities generally. Emerging markets outperformed the U.S. for the quarter, with China as the best performing region.

Equity Performance

	Return(%)		
	Q3 2020	***Q2 2020***	***Q1 2020***
Global Equity	8.41	18.81	-21.05
U.S. Large Cap Value	5.67	12.7	-25.07
U.S. Large Cap Growth	12.83	29.24	-13.77
U.S. Small Cap Value	4.06	20.97	-34.98
U.S. Small Cap Growth	7.83	32.89	-24.25
U.S. Low Vol	5.64	12.82	-17.16
U.S. Dividends	3.63	12.52	-23.97
U.S. Real Estate	1.31	13.53	-24.16
Gold	5.86	13.05	3.6
Europe	4.56	16.93	-25.64
Pacific	6.89	14.93	-20.63
Emerging Markets	10.92	18.71	-24.72
China	13.25	15.59	-11.11
Intl. Small Cap	9.33	23.48	-29.57

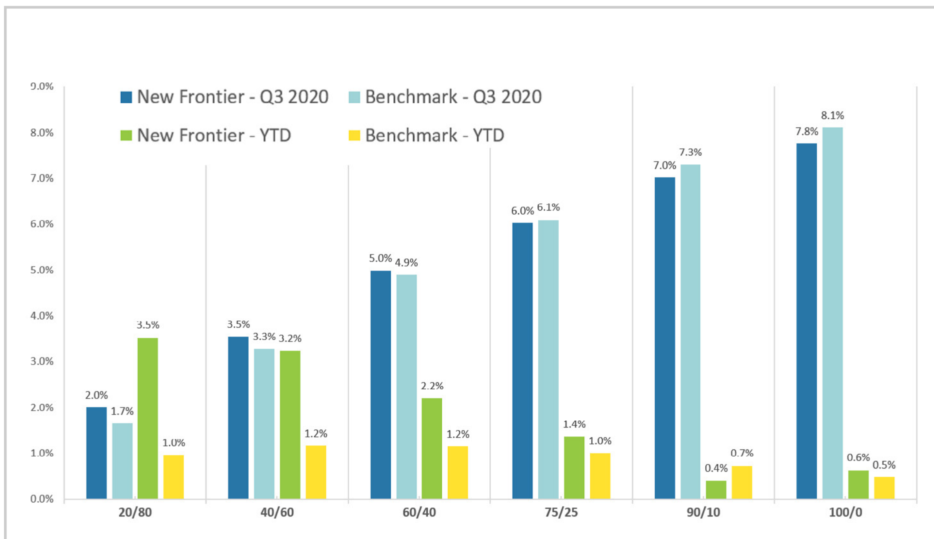
Source: Bloomberg. Performance data as of 9/30/20.

New Frontier Tax-Sensitive Model Portfolios Often Outperform Benchmarks

Tax-Sensitive Portfolios have performed consistently well against their benchmarks. Their performance has been in line with that of our Tax-Exempt portfolios.

As reflected in the chart below, our less aggressive portfolios (20/80, 40/60, and 60/40) outperformed their benchmarks this quarter and YTD. Our more aggressive portfolios (75/25, 100/0) outperformed benchmarks YTD. Our 90/10 portfolio trailed just 0.3% behind the benchmark this quarter and YTD.

Tax-Sensitive Performance



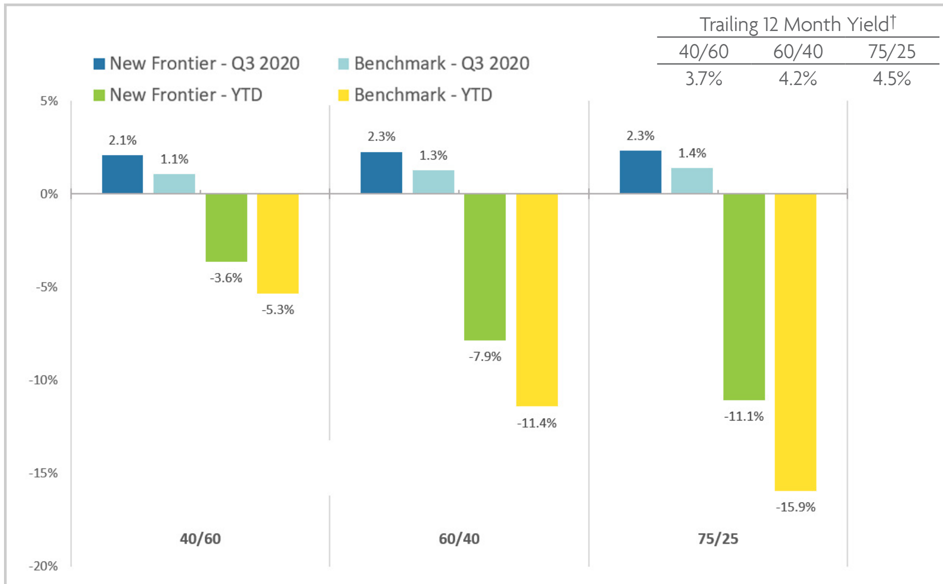
Performance data as of 9/30/20

Multi Asset Income (MAI) Strategies Focus on Sustainable Yields

In Q3, all MAI portfolios beat their income-oriented benchmarks.

Dividends slowly recovered during Q3. For MAI, the scope of the bounce-back from the March sell-off remains modest due to low exposure to growth stocks. Nonetheless, our MAI strategies outperformed their benchmarks by 1% for the quarter and 2-4% for the year. Overweighting in long Treasurys contributed to outperformance.

Multi-Asset Income Performance



Trailing 12 Month Yield†		
40/60	60/40	75/25
3.7%	4.2%	4.5%

Performance data as of 9/30/20

Looking Ahead

The largest risks for markets are exogenous to traditional financial and economic theory. These risks, many of them rooted in the pandemic and U.S. politics, have the potential to disturb capital markets. Maintaining an effectively diversified, risk-controlled portfolio is as essential as ever for long-term investors. New Frontier's unique investment process is poised to navigate the course ahead, whatever it may be.

This note was posted as an entry on New Frontier's investment blog on October 8, 2020. Read this entry and other posts at: newfrontieradvisors.com/blog.

Disclosures

The performance of New Frontier indices is calculated by S&P Dow Jones Indices. Since these are not investable securities, the performance does not include trading costs or advisor fees.

The benchmark for the global indices blends the MSCI ACWI IMI NR (stocks) and FTSE Treasury Bill 3 Month USD (bonds). The benchmark for the U.S. indices is comprised of stock/bond ratio blend of Dow Jones Global Select Dividend TR USD (stocks) and Bloomberg Barclays US Agg Total Return Value Unhedged USD (bonds).

Index calculation is based on New Frontier's full transaction history beginning October 29, 2004 for the global indices and June 6, 2019 for the U.S. indices.

†Yield information is provided by Morningstar for individual underlying assets.

New Frontier Advisors, LLC ("New Frontier") is retained as a portfolio strategist ("Strategist") to provide model portfolios. Model portfolios are provided either (1) to registered investment advisors or broker-dealers ("Financial Advisors") through third-party asset management platforms ("Sponsors"), or (2) to individual clients where New Frontier acts as subadvisor to the client's Financial Advisor and accesses the client's account through a qualified custodian ("Custodian") to execute the model portfolio's transactions. New Frontier does not provide investment advisory services tailored to the individual needs and objectives of any investor. New Frontier acts solely as subadvisor, strategist, model provider, and/or model manager, and its relationship with any investor is limited to a subadvisory role working with the investor's Financial Advisor. Investors should consult with their Financial Advisor if they have any questions concerning the information provided here.

The performance shown here is the performance of New Frontier's model portfolios on Sponsors. Returns from inception of the taxed profiles on October 29, 2004 until July 1, 2009 (except for 20/80 which switched on October 1, 2010 and 40/60 which switched on January 1, 2010) and the inception of the MAI profiles on July 1, 2012 until October 1, 2012 for the 40/60 and 60/40 profiles or April 1, 2013 for the 75/25 profile do not reflect the actual investment results of any individual investor, as investor-level data is not available for those periods. Therefore, these returns represent the performance of a hypothetical investor's account whose assets were managed in line with the model portfolios during that period, assuming the model portfolio's signals were promptly implemented. Actual investors' performance results for those periods would have varied based upon the timing of contributions and withdrawals from individual accounts. Since the switching date when investor-level account data became available, performance results are a weighted average of actual investor returns in accounts following each model portfolio offered by New Frontier. Returns in excess of one year are annualized.

New Frontier acquires gross of fees monthly composite performance data of the accounts invested in each model portfolio at each Sponsor and weights the returns according to each Sponsor's assets under management for that model. Some Sponsors provide insufficient performance information for New Frontier to include them in the weighted average. On the account level, each Sponsor sets the criteria for account exclusion and rules for return calculation. We consider our partner Sponsors to be reliable sources of information, but we are unable to warrant that the data will be complete or error-free as we do not have direct access to individual account data at any of our Sponsors. We also track our model portfolios using publicly available ETF prices as an outside check on Sponsor data.

The performance shown is net of underlying ETF fees and trading fees, and we deduct estimated Strategist and Sponsor fees from the historical data provided by our Sponsors at the highest fee rate reflected by an account in the composite for that Sponsor. Fees are subtracted on a quarterly basis, so performance for a period of less than one quarter may not show the full impact of fees. This includes reinvestment of income and deductions for transaction costs. It does not include advisory fees that may be charged by individual Financial Advisors, which may range as high as 2% per year, or custody fees. On one small platform, the custody fees are deducted since they are not separated from the Sponsor fee. Thus the reported performance does not reflect the compounding effect of any such fees.

Benchmark returns for the taxed profiles are blended returns of the MSCI's ACWI IMI NR returns (stocks) and FTSE 3-month US T-bill returns (bonds) according to the stock/bond ratio of each model portfolio. Benchmark returns for the MAI profiles are blended returns of the Dow Jones Global Select Dividend Index (stocks) and the Bloomberg Barclays US Agg Total Return Value Unhedged USD Index (bonds) according to the stock/bond ratio of each model portfolio. These blended benchmarks are used to reflect the global exposure of our portfolios while being denominated in U.S. dollars. The MSCI ACWI Investable Market Index (IMI) captures large, mid, and small cap representation across both developed and emerging market countries. The index is comprehensive, covering approximately 99% of the global equity investment opportunity set. The FTSE 3 Month US T Bill USD Index tracks the daily performance of 3 Month US Treasury Bills and is designed to operate as a reference

Disclosures cont.

rate for a series of funds. The Dow Jones Global Select Dividend Index aims to represent the performance of leading dividend-paying companies from developed markets. The Bloomberg Barclays US Aggregate Bond Index measures the performance of the total U.S. investment-grade bond market. These benchmarks are not intended to represent the security selection process or holdings, but serve as a frame of comparison using established, well known indices. These indices are not available for direct investment. A person who purchases an investment product which attempts to mimic the performance of an index will incur expenses such as management fees, transaction costs, etc. which would reduce returns.

The performance displayed here does not guarantee future results. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal. Volatility represents the expected risk of the portfolio relative to major asset classes. Before investing in any investment portfolio, the investor and Financial Advisor should carefully consider the investor's investment objectives, time horizon, risk tolerance, and fees. The Financial Advisor assumes full responsibility for determining the suitability and fitness of each portfolio for their clients.

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