

DISCOVER THE DIFFERENCE



FRONTIER OFFERS A DIFFERENT WAY TO ACCESS THE WORLD OF INVESTMENT OPPORTUNITIES

- We provide you with an **INVESTMENT COMMITTEE** of your own
- Our goal is to help you **GAIN DISCIPLINED EXPOSURE** to the universe of investment possibilities
- Our portfolio strategists are rigorous in their **OVERSIGHT** and active in their management approach
- You can fully integrate your Frontier portfolio with other **COMPREHENSIVE** financial and estate planning resources – when the time is right

AN INVESTMENT COMMITTEE OF YOUR OWN

Gary T Schoen, CFA

HIGHLIGHTS

- CFA charter holder
- Principal and Portfolio Manager
- Voting member of the investment committee

FOCUS

- Fixed Income portfolio management
- Equity portfolio management
- Macro portfolio strategy

BACKGROUND

- Founded Frontier in 1994.
- 30 years of experience in the finance and banking industries.
- Holds a B.S. and M.S. in Finance from Louisiana State University.
- Member of the CFA Institute, the CFA Society of Dallas/Fort Worth and Financial Analysts of New Orleans (FANO).
- Former member of the Board of Directors of the CFA Society of Dallas/Fort Worth.

Richard G Sowden, CFA

HIGHLIGHTS

- CFA charter holder
- Principal and Portfolio Manager
- Voting member of the investment committee

FOCUS

- Manager selection
- Equity portfolio management
- Macro portfolio strategy

BACKGROUND

- Joined Frontier in 1997.
- Formerly Vice-President and Treasurer at a Dallas based printing company.
- Holds a B.A. from the University of Texas at Austin and an M.B.A. from Southern Methodist University.
- Member of the CFA Institute and the CFA Society of Dallas/Fort Worth.

John A Schmit, JD

HIGHLIGHTS

- Portfolio Manager
- Manages TRS Absolute Value Portfolio
- Voting member of the investment committee

FOCUS

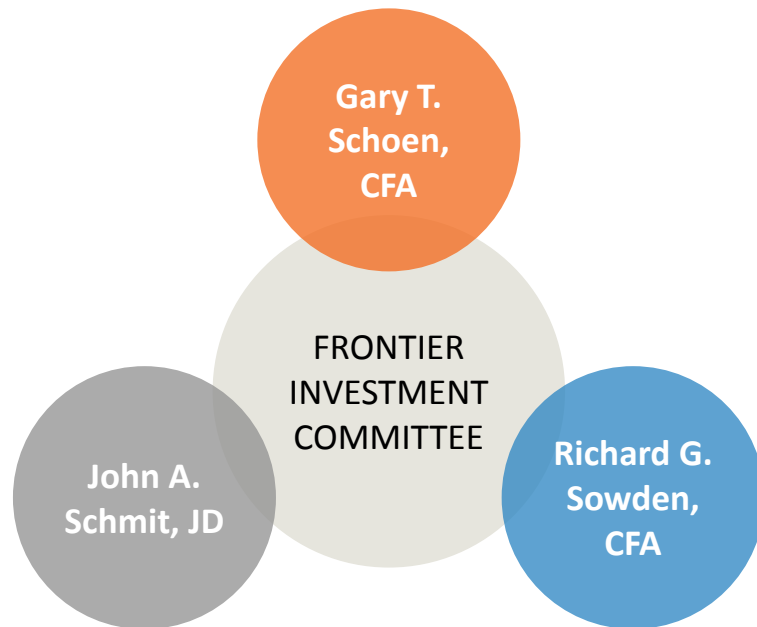
- Manager selection
- Equity portfolio management
- Macro portfolio strategy

BACKGROUND

- Joined Frontier in 2008.
- 17 years of portfolio management experience.
- Prior to entering the investment business, practiced law.
- Holds a B.B.A. in Finance from Texas Christian University, a J.D. from the University of Oklahoma College of Law and an LLB in International and Comparative Law from The Georgetown University Law Center.

THE ROLE OF THE INVESTMENT COMMITTEE

Frontier's "team of three" bring their best ideas to the Committee for vetting, debate, and discussion before making the decision to buy, hold, or sell portfolio securities.



- Each of our long-tenured portfolio managers serves on Frontier's Investment Committee
- The team's open, horizontal structure encourages energetic discussions, rigorous fact-checking, and time-critical decision-making
- While each manager operates independently, continuous collaboration is critical to Frontier's portfolio management approach
- The firm's emphasis on the long-term requires subtle, opportunistic adjustments to security positions over time
- Each portfolio manager researches and presents their own ideas in an atmosphere of rigorous, analytical, peer-reviewed discussion

GAIN BROAD EXPOSURE TO THE UNIVERSE OF POSSIBILITIES WITH FRONTIER

Frontier monitors securities and managers across market sectors and asset classes

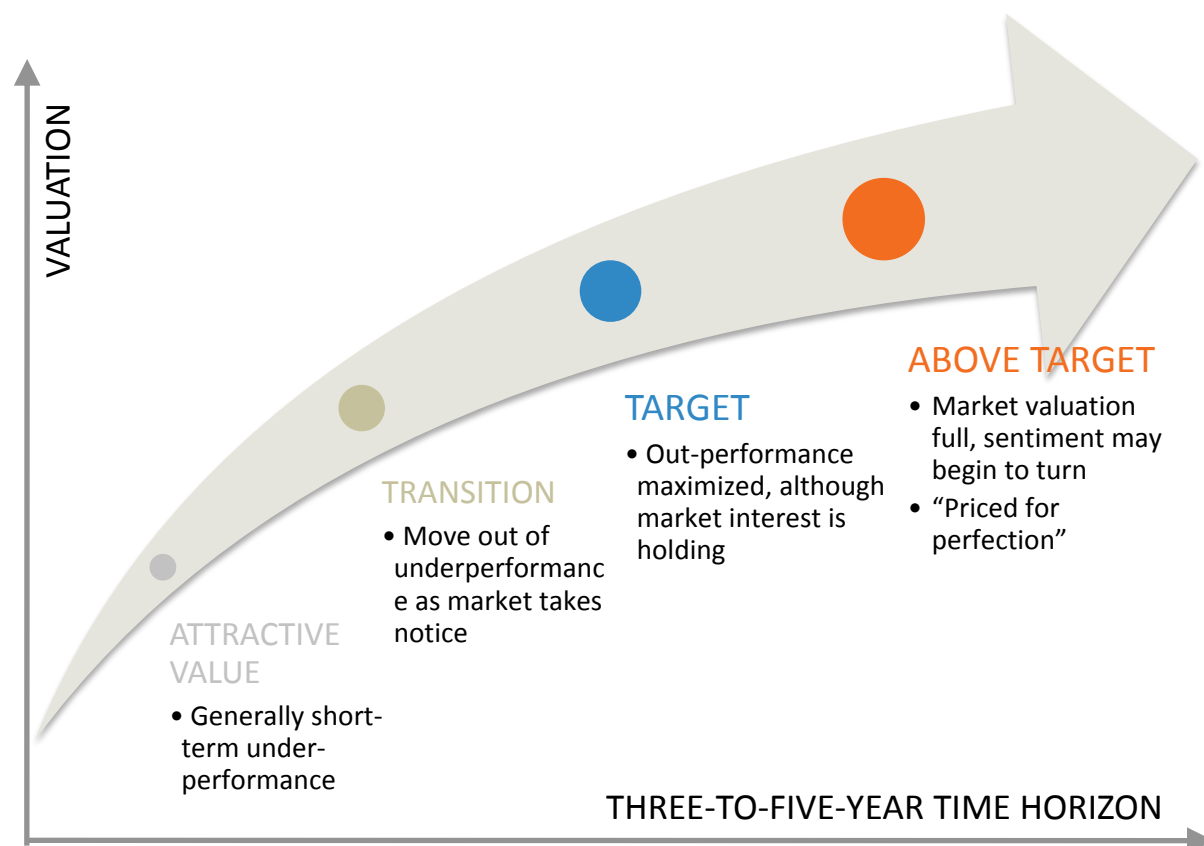
- **Multiple asset classes** provide broad, yet disciplined exposure to major investment categories
- **Multiple sectors** allow for greater flexibility in making portfolio adjustments to suit current conditions

ASSET CLASSES	SECTORS
US Stocks	<ul style="list-style-type: none">▪ Core Equity▪ Large Cap Equity▪ Mid Cap Equity▪ Small Cap Equity
US fixed income	<ul style="list-style-type: none">▪ Municipal Bonds▪ Corporate Bonds▪ Mortgage Bonds
International stocks	<ul style="list-style-type: none">▪ International Developed Markets Equity▪ International Emerging Markets Equity
International bonds	<ul style="list-style-type: none">▪ International Developed Markets▪ International Emerging Markets
Short-term/Cash	<ul style="list-style-type: none">▪ Commercial Paper▪ Money Market
Alternatives	<ul style="list-style-type: none">▪ Options▪ Commodities▪ Real Estate▪ Hedge Funds▪ Private Equity

FRONTIER'S SELECTION PROCESS IS AS RIGOROUS AS IT IS DISCIPLINED

Investment lifecycle: How we apply our value approach

- Value investing, the core of Frontier's approach since inception, is generally viewed across a three-to-five year timeline.
- Assessing value is really what investing is all about and we apply it to security selection and manager selection.



FRONTIER'S BASIC APPROACH TO EQUITY SELECTION

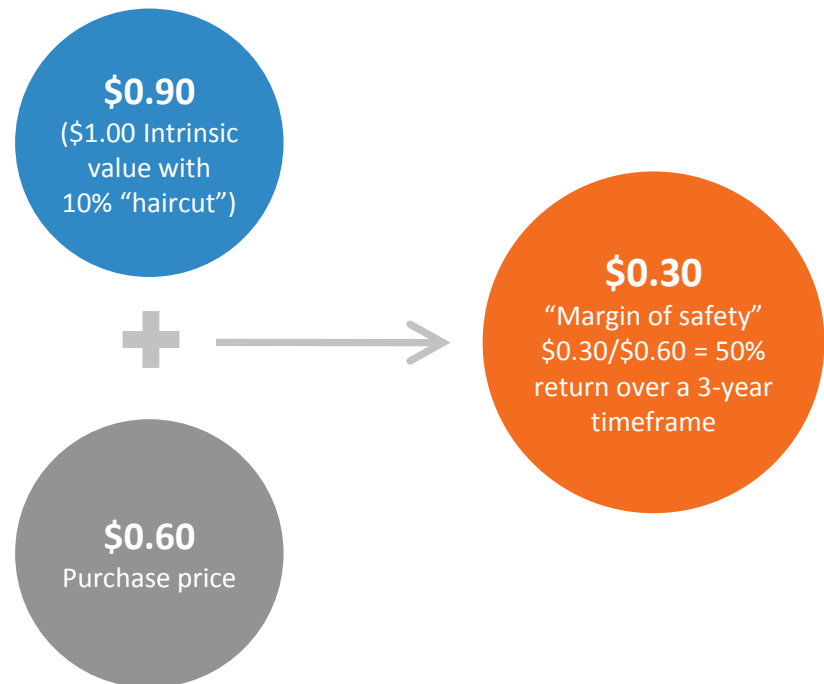
We invest in stocks that have the following characteristics:

- **Business models** which are defensible and generate sustainable cash flows with attractive returns on investment
- **Ethical management teams** who think and act like meaningful shareholders
- **Valuations** that allow us to buy the stock at a discount to our estimate of intrinsic value with identifiable upside catalysts

PERFORMANCE OBJECTIVE

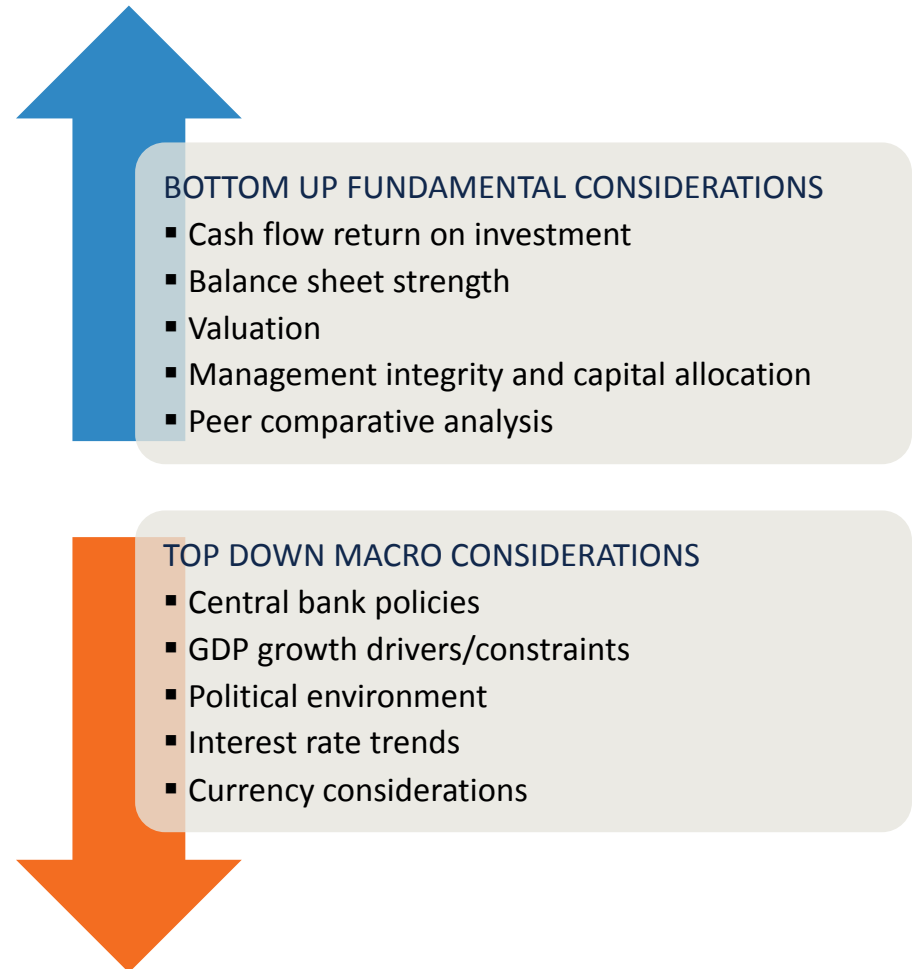
- Price paid is essential: We are looking to buy stocks trading at least 40% below our estimate of intrinsic business value
- Knowing when to sell is as important as knowing when to buy
- Every stock we own has a price target and our constant monitoring allows us to quickly adjust positions to take advantage of changing prices and trading opportunities

We look for a “margin of safety” in selections composed of an estimate below our expectation of intrinsic value (“haircut”) and our purchase price



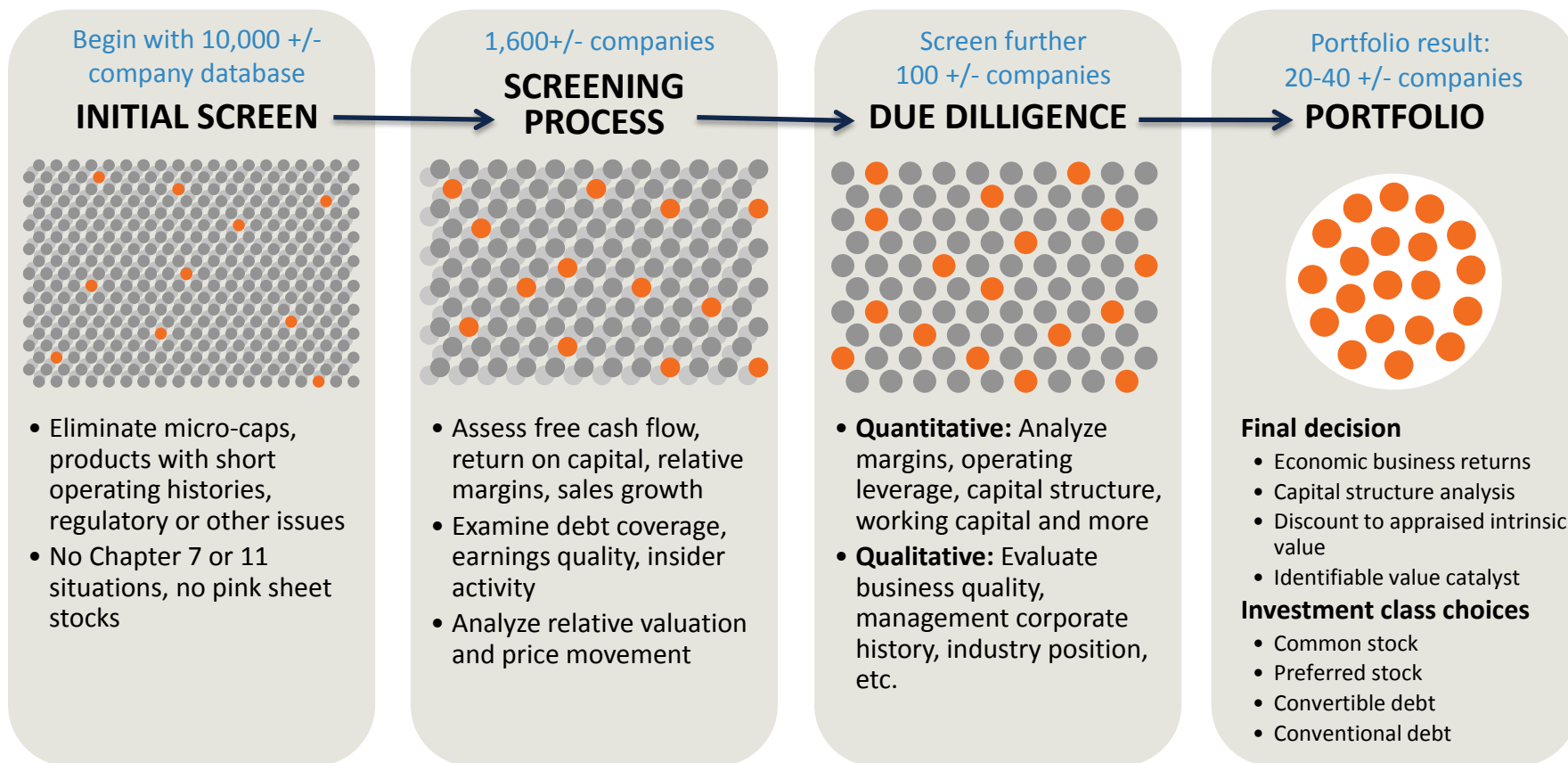
HOW WE COMBINE “BOTTOM-UP” AND “TOP-DOWN” ANALYSIS

- The demands of our value-based approach require that each selection candidate be vetted from all angles
- This requires us to view each selection from a “top down” macro-economic perspective and a “bottom up” viewpoint to properly evaluate the merits of each security and/or strategy



HOW WE SCREEN FROM 10,000 CHOICES TO 20-40+ SELECTIONS

Frontier's idea generation process



FRONTIER'S SELL DISCIPLINE AND RISK CONTROL

- Excessive short-term positive price momentum
- Reaches our intrinsic value (price target)
- Maximize tax efficiency
- Hedge using option strategies (i.e. “cashless collars”)
- Fundamentals and/or business model deteriorate
- Three-year corporate non-performance
- Negative performance relative to peer group

HYPOTHETICAL EQUITY EXAMPLE: THE STORY OF ABC COMPANY, PART 1

ELIMINATION

- ABC company is a large, established company and easily passes the initial capitalization and history screen.

SCREENING PROCESS

- The company passes a number of screens using P/E ratio, ROIC and relative valuation vs. industry peers.

DUE DILLIGENCE

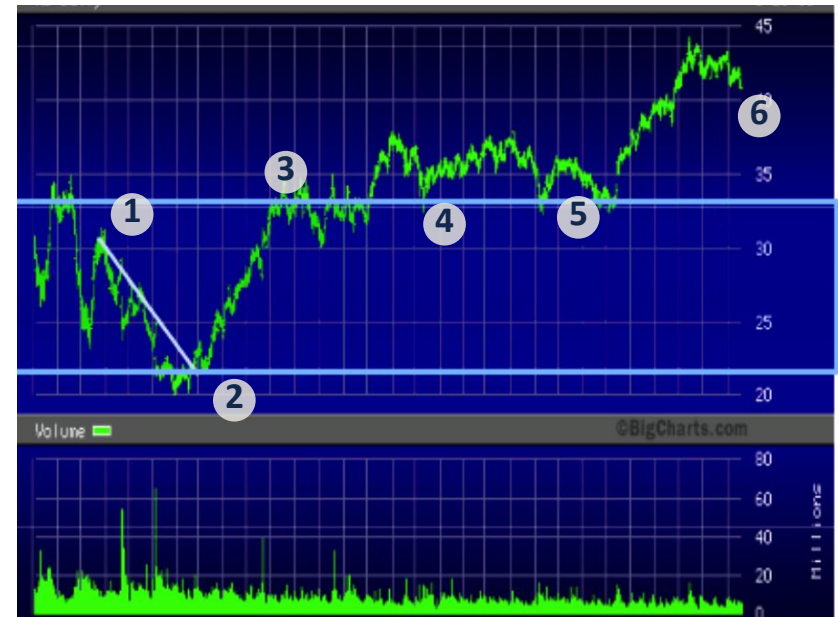
- The company's stock price appears to be undervalued at its current price. Due to recent capital expenditures, market may be underestimating future returns.
- Company is an industry leader with a solid brand name and high quality earnings. Its management team also appears to be very disciplined allocators of capital, transparent in their financial disclosures and properly motivated to execute their strategy.

FINAL DECISION

- Estimate the intrinsic value of the business to be \$35 while the stock is trading at \$23 (52% upside potential).
- **The decision: Buy a 2% position in investment class common stock at \$23 per share.**

HYPOTHETICAL EQUITY EXAMPLE: THE STORY OF ABC COMPANY, PART 2

1. Begin research after stock drops enough to show up on our value screens.
2. Take 2% position near \$23. Target price \$35.
3. Sell JAN '04 Calls at \$35 strike for \$1.20.
4. Buy back JAN '04 \$35 Calls for \$0.60. Raise target price to \$38.
5. Sell JAN '05 Calls at \$35 strike for \$2.55.
6. Stock trading above \$35 at expiration and shares are called away at that price.



The net premiums received from selling call options are \$3.15, meaning the position is effectively sold at \$38.15, slightly above the revised price target of \$38.

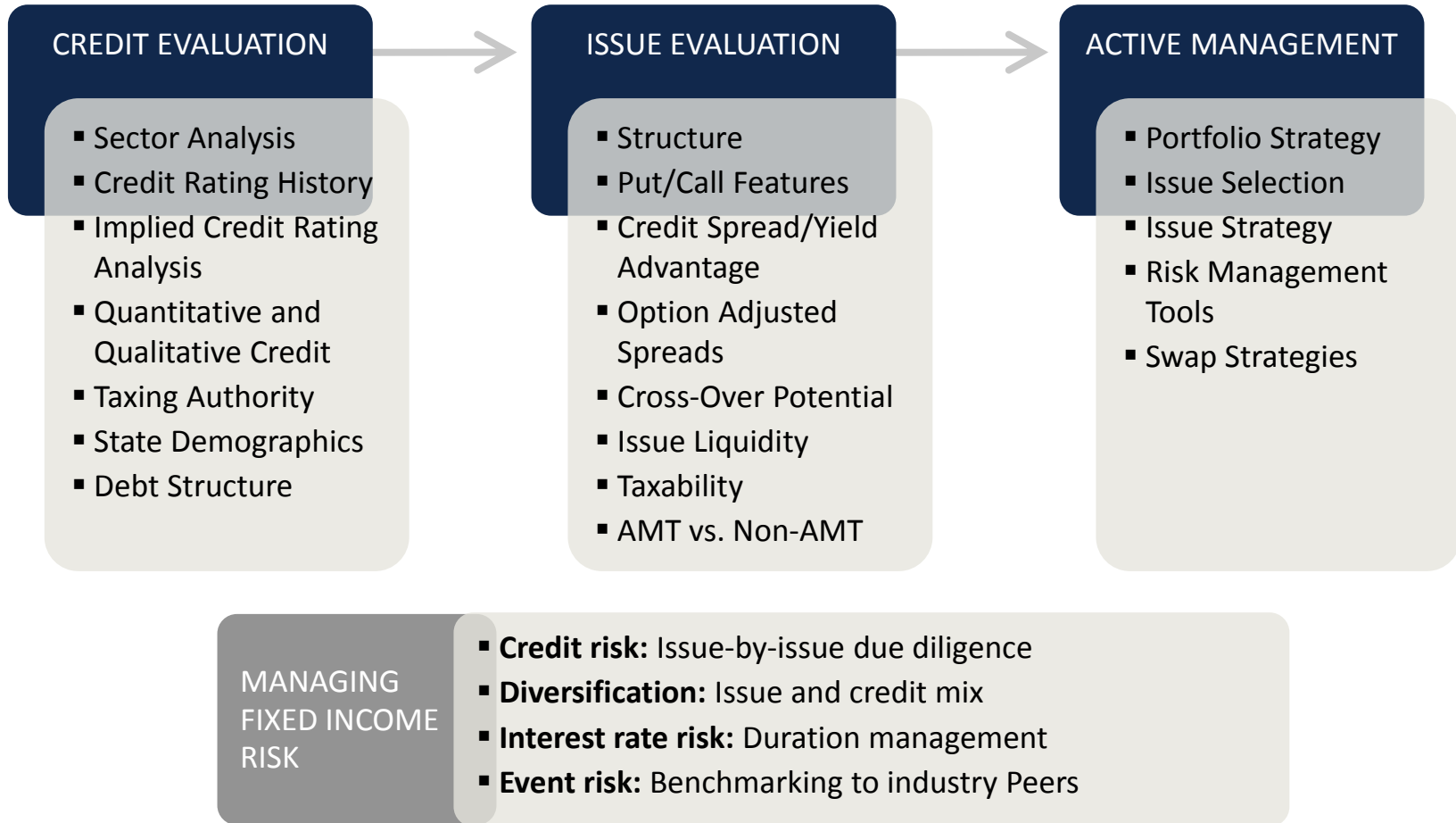
WHY FRONTIER FOR FIXED INCOME?

We purchase individual bonds from institutional fixed income desks in the following areas:

- Municipal bonds
- Corporate bonds
- U.S. Treasury and Agency bonds



A CLOSER LOOK AT OUR FIXED INCOME EVALUATION PROCESS



ADVANTAGES OF INSTITUTIONAL CAPABILITIES

- Wholesale market participant
- Market trading knowledge
- Institutional bond inventory access
- Institutional primary issue access
- Non-block and block trading
- Supply visibility
- Institutional research access
- In-house research and analytical models

IMPORTANT DISCLOSURE INFORMATION

Frontier is neither a law firm nor accounting firm, and no portion of its services should be construed as legal or accounting advice. All investment strategies have the potential for profit or loss. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by Frontier Investment Management Company) will be profitable. Please remember that it remains your responsibility to advise Frontier Investment Management Company, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees is available upon request.

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