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SUMMARY OF FRONTIER'S TAX-MANAGEMENT PROCESS

1. We analyze the tax-sensitivity of each fund and use that information as a variable in our optimization process. A tax-sensitive portfolio may look different than a non-taxable portfolio, depending on the tax-sensitivity of the funds.

2. We shift the asset allocation of taxable accounts to asset classes that are more tax-efficient.

3. We rarely realize short-term gains. We may delay the liquidation of a fund if it would result in a short-term gain.

4. We use muni-bond funds in taxable accounts, unless otherwise instructed.

5. Our trading program incorporates taxes into its logic on both an individual account and a model portfolio basis. We only trade when the expected added value exceeds the anticipated tax cost. When we choose to delay a trade, we review the client's account daily to see when the trade will be most beneficial.

6. We look for tax-loss harvesting opportunities throughout the year—not just at year's end. Except in unusual circumstances, we automatically sell any fund that has fallen 15% in value and replace it with a similar fund.

7. We monitor anticipated capital gains distributions and try to avoid large payouts. We may delay purchasing a fund that is about to make a capital gains distribution, or we may sell a fund that is about to make a large distribution (if the sale makes sense from a tax perspective) and substitute another fund.

8. We trade taxable accounts on a "specific lot" basis to maximize tax benefits.

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