



Frontier MFG Core Infrastructure Fund

Sub-advised by MFG Asset Management – Sydney, AU **Institutional Class (FMGIX), Service Class (FCIVX)**

Global infrastructure stocks rose for a third consecutive quarter in the September quarter after U.S. infrastructure companies reported healthy earnings, and concerns about North Korea's nuclear posturing bolstered the appetite for defensive investments. A rebound in U.S. bond yields in September, however, reduced much of the gains recorded in July and August, such that utilities was the third worst-performing of the 11 industry classifications within the MSCI World Index over the quarter.

Political tensions and another weak reading of U.S. inflation lowered U.S. 10-year bond yields in July and August, to provide another support for alternative long-duration assets such as infrastructure stocks that offer reliable income streams. But comments the Federal Reserve would start shrinking its balance sheet in October boosted U.S. 10-year bond yields by 22 basis points to 2.33% in September.

Global stocks set record highs as they rose for a sixth straight quarter after U.S. companies posted better-than-expected earnings for the second quarter, reports showed the world's major economies were growing in unison for the first time in a decade, the Federal Reserve reiterated that monetary policy would only likely be tightened gradually, and Angela Merkel won a fourth term in elections in Germany. Utilities stocks were among the 73% of S&P 500 companies that reported 'positive' earnings-per-share surprises for the second quarter, according to FactSet.

The Fund recorded a positive return in the September quarter. At a stock level, the best performers included investments in Abertis Infraestructuras of Spain, and Atlantia and SIAS of Italy. Abertis rose after Spain's ACS group indicated it was looking into a bid for the toll-road operator, which is already subject to a bid from Atlantia. Atlantia gained as the toll-road and airport operator reported healthy first-half results. SIAS soared following the release of its five-year strategic plan that highlighted the opportunities within the toll-road operator.

Lagging stocks included the investments in Aena, Scana, Auckland International Airport and Zurich Airport. Aena lost ground after CEO José Manuel Vargas in September resigned unexpectedly with no replacement at hand. Auckland Airport fell amid concerns that building disruptions could slow earnings growth, and flights were curtailed after a break in the pipeline supplying the airport with jet fuel. Zurich Airport lost ground after the half-year results included guidance for stable full-year earnings despite recording strong passenger growth.

MFG Asset Management expects prevailing long-term bond yields to normalise over the medium term and that the increase in bond yields will represent something of a headwind to the share price performance of long-duration investments such as infrastructure. Notwithstanding such headwinds, MFG Asset Management sees good investment opportunities within global listed infrastructure.

Mutual fund investing involves risk; principal loss is possible. The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund. Read the prospectus carefully before investing.

The information provided herein represents the opinion of the Fund manager and is not intended to be a forecast of future events or a guarantee of future results. Further, there is no assurance that certain securities will remain in or out of the Fund's portfolio. The Fund's top ten holdings as of the most recent quarter may be obtained at www.frontiermutualfunds.com

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