

# frontierAlt Opportunistic Bond Fund



## FRONTIERALT FUNDS

frontierAlt funds were created for investors looking for innovative investment solutions with an emphasis on **absolute returns**. The frontierAlt Opportunistic Bond Fund's investment strategy provides a greater degree of flexibility to achieve higher returns no matter the market condition.

### FUND DESCRIPTION

The Fund aims to provide investors with superior investment returns, having regard to safety of capital, by investing mainly in fixed income securities.

### PORTFOLIO MANAGER

#### Jim Lorimer, Tralucant Asset Management

Jim, lead portfolio manager, has over 40 years of experience in institutional fixed income securities. He has a solid track record and utilizes a multi strategy approach.

#### Bill Siddiqui, Tralucant Asset Management

Bill, president, chief compliance officer and portfolio manager, has nearly 30 years of asset management experience with various pension and life insurance companies. His focus has been on U.S. and global equities.

### FRONTIERALT OPPORTUNISTIC BOND FUND

- the Fund invests primarily in government and stripped coupon bonds, as well as selected foreign bonds
- the Fund will opportunistically invest in investment-grade corporate bonds
- the Fund's portfolio is actively managed, attempting to anticipate changes in interest rates in order to generate higher returns

PERFORMANCE*	Annual Returns (%)					Calendar Returns (%)			
	3M	6M	1 YR	YTD	2 YR	PSD	2007	2008	2009
frontierAlt Opportunistic Bond Fund	-2.4	-3.1	-5.2	-5.2	0.02	1.3	-1.9	5.3	-5.2
DEX Universe Bond Fund	-0.2	2.5	5.4	5.4	5.9	5.1	3.7	6.4	5.4

\* Performance start date November 2006

### DURATION DISTRIBUTION

### ASSET ALLOCATION

	Portfolio (%)		Portfolio (%)
<1	9.8	Fixed Income	90.2
1 - 5	29.2	Cash & Equivalents	9.8
5 - 10	24.5		
> 10	36.5		

### CREDIT QUALITY

### SECTOR ALLOCATION

AAA	100.0	Gov't of Canada	100.0
AA	0.0	Provincial	0.0
A	0.0	Corporates	0.0
		US Treasuries	0.0

As at December 31, 2009

Source: KeiData, DEX Universe Bond

# frontierAlt Opportunistic Bond Fund



## OUTLOOK

The bond market has continued to perform above expectations. We believe that the main reason behind the strength in bond prices is the fact that central banks around the world, have expressed their desire to stay the course on their record low administered rate policy, until such time as the economic recovery becomes more firmly entrenched. This stance has forced fixed income investors out on the yield curve, in their search for relatively high yields, with more confidence that low short term rates are likely to remain so for an extended period of time. There has also been an infusion of investment funds into longer term bonds from the developing nations, China and India in particular, enabling the heavy U.S. treasury calendar to be relatively easily absorbed.

The beginning of an economic recovery has not spooked the bond market, as it often does, since the length and strength of the expansion is still unclear, particularly for the U.S. The more drawn out the recovery becomes, the more likely short term rates will stay at historically low levels, adding support to the longer term bond market. Also, inflationary levels remain low, and are unlikely to rise soon as unemployment rates in the U.S. continue to rise into next year. High inflation has traditionally been the main enemy of the bond market, but this possibility seems remote as consumers struggle to regain their footing and developing countries continue to produce relatively cheap goods for export.

Nevertheless, the probability of significant future price appreciation for bonds is expected to be limited, if only due to the fact that yields are so low to begin with. However, with the world's central banks expected to hold the line on their administered rates due to the still fragile economy, we continue to maintain the duration of the portfolio above that of the market indices in order to collect the higher yields available out the curve. Aggressive cuts in the over night discount rate, contributed to the Fund's positive performance, over the past year. This was also a breeding ground for many trading opportunities.

## WHY THE FRONTIERALT OPPORTUNISTIC BOND FUND?

- focus on total return and active bond portfolio management through tactical Canadian and U.S. interest rate yield curve anticipation
- designed to outperform a passive, laddered or GIC fixed income strategy
- preserves capital during periods when interest rates are rising
- diversification tool; effective complement to typical bond funds

<b>Fund Facts</b>		<b>Series</b>	<b>Fund Code</b>	<b>Mgmt Fee</b>
<b>AUM:</b>	C\$2.7 Million	A	FIM 173	1.35%
<b>NAV</b>	\$9.83	F	FIM 163	0.85%
<b>Minimum Purchase</b>	\$500	I	FIM 143	negotiable
<b>Currency:</b>	Canadian			
<b>Distribution Policy:</b>	Quarterly	<b>Distribution :</b>	\$0.0475	
<b>Inception Date:</b>	July 2006			

## frontierAlt Funds Management

frontierAlt Funds Management is a wholly owned subsidiary of frontierAlt Capital Corporation. Based in Toronto, frontierAlt specializes in the manufacture and distribution of structured products, flow-through limited partnerships and mutual funds.

350 Bay Street Suite 1300 Toronto, Ontario M5H 2S6

[www.frontieralt.com](http://www.frontieralt.com) [info@frontieralt.com](mailto:info@frontieralt.com)

**DISCLAIMER:** Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.