

AlphaClone Alternative Alpha Exchange-Traded Fund (ALFA)

Index Methodology

Hedge Fund Universe

6,100 US hedge funds
(Source: Pertrac 2012)

AlphaClone Universe

~330 funds filtered for size, length of 13F filing history and investment approach

Hedge Fund Long/Short Index

- Funds in AlphaClone’s universe with the highest Clone Score⁽¹⁾
- Semi-annual fund selection

Index Constituents

- Equal weighted with popularity bias⁽¹⁾
- Quarterly rebalanced
- Variable market exposure⁽¹⁾

(1) See Key Index Attributes

ALFA Potential Benefits

- Access alpha potential from investment ideas of established hedge funds
- Avoid lockups and hedge fund switching costs
- Management fee of ALFA is 0.95%

Fund Description

The objective of the AlphaClone Alternative Alpha ETF (ALFA) is to track the AlphaClone Hedge Fund Long/Short Index before fees and expenses.

Access to Hedge Fund Alpha Potential

Most investors can’t conveniently access established hedge funds and the alpha potential from their investment ideas. However, hedge funds managing \$100 million or more must disclose their US publicly traded equity holdings on a form called 13F-HR which is filed quarterly and made available to the public. AlphaClone LLC is a leader in researching managers based on their disclosures and has developed the AlphaClone Hedge Fund Long/Short Index. The index uses AlphaClone’s proprietary “Clone Score” methodology to aggregate on a quarterly basis the ideas of hedge funds for which historically it has made the most sense to follow based on their disclosures. The index also employs a hedge mechanism that allows the index to vary from being long only to market hedged.

Key Index Attributes

Clone Score – a proprietary scoring method that measures the efficacy of following a manager based on their public disclosures. AlphaClone’s clone score for each manager is based on the monthly returns in excess of a broad market index and a fixed hurdle rate exhibited by the manager’s follow strategies over time. Clone scores are recalculated bi-annually.

Weighting method – Index constituents are equal weighted but have an overlap bias (i.e., securities held by twice the number of managers have twice the weight).

Variable market exposure – the index can vary between being long only and market hedged (50% short exposure to the S&P 500 index). The hedge is triggered on or off when the S&P 500 crosses its 200 day moving average at any month end.

Key Facts

ALFA FACTS

Ticker	ALFA
Inception Date	5/30/2012
CUSIP	26922A305
Fund Assets (\$M)	91.4
Total expenses	0.95%
Exchange	NYSE Arca
INAV ticker	ALFA.IV

UNDERLYING INDEX

Index name	AlphaClone Hedge Fund L/S
Index ticker	ALPHACLN
Index owner	AlphaClone LLC

FUND MANAGEMENT

Advisor	ETC LLC
Sub-Advisor	IMS LLC
Lead Market Maker	Knight Clearing Services LLC
Fund Administrator	US Bancorp Fund Services, LLC
Fund Distributor	Quasar Distributors LLC

Performance (Total Returns)

	As of	1 Month	QTD	YTD	1 Year	3 Year	Since Inception 05/30/2012
MONTH END							
Market Value	03/31/2015	1.59%	6.84%	6.84%	18.98%	-	23.83%
NAV	03/31/2015	1.52%	6.76%	6.76%	18.78%	-	23.77%
QUARTER END							
Market Value	03/31/2015	1.59%	6.84%	6.84%	18.98%	-	23.83%
NAV	03/31/2015	1.52%	6.76%	6.76%	18.78%	-	23.77%

Returns are average annualized total returns, except those for periods of less than one year, which are cumulative.

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted.

Short term performance, in particular is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

Gross Expense Ratio: 0.95%

About AlphaClone LLC

AlphaClone LLC is a registered investment advisor and equity research firm that is a leader in the field of hedge fund position replication. AlphaClone's investment products and solutions are derived from institutional investor public disclosures and give investors direct access to stock positions favored by established hedge funds. The firm's proven, intelligent, risk managed, portfolio construction approach seeks to provide liquid, transparent, low-fee strategies that give investors exposure to the alpha potential inherent in hedge fund investments. AlphaClone's innovative investment research and strategies are available to investors through managed accounts, index solutions and an online research services. The firm is based in San Francisco, California. For more information visit www.alphaclone.com.

ALPHACLONE ALTERNATIVE ALPHA ETF (ALFA)

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-800-617-0004 or visiting www.alphaclonefunds.com. Read it carefully before investing.

Investments involve risk. Principal loss is possible. The AlphaClone Alternative Alpha Fund has the same risks as the underlying securities traded on the exchange through out the day. Redemptions are limited and often commission are charged on each trade. The fund can make short sales of securities, which involves the risk that losses in securities may exceed the original amount invested in a security. Investments by the fund in derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. The fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. REITs may be affected by changes in the value of their underlying properties or mortgages or by defaults by their borrowers or tenants. Furthermore, these entities depend upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in financing a limited number of projects. In addition, the performance of a REIT may be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income. Investments in securities of MLPs involve risks that differ from an investment in common stock. Holders of the units of MLPs have more limited control and limited rights to vote on matters affecting the partnership. There are also certain tax risks associated with an investment in units of MLPs. In addition, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of a MLP, including a conflict arising as a result of incentive distribution payments. The performance of the fund may diverge from that of the Index. Because the fund employs a representative sampling strategy and may also invest up to 20% of its assets in securities that are not included in the Index, or may overweight or underweight certain components of the Index, it may experience tracking error to a greater extent than a fund that seeks to replicate an index. The fund is not actively managed and may be affected by a general decline in market segments related to the index. The fund invests in securities included in, or representative of securities included in, the index, regardless of their investment merits. Outside the index construction rules, the fund does not take defensive positions under any market conditions, including conditions that are adverse to the performance of the fund. AlphaClone and the fund are in no way affiliated with the hedge funds and/or institutional investors whose public filings are utilized to derive the index's constituents. Public filings may not disclose all an investment manager's positions. The AlphaClone Hedge Fund Long/Short Index represents equity securities that are favored by hedge funds and institutional investors in their public disclosures. The index is equal weighted with an overlap bias which gives a security held by twice the number of managers twice the weight. The index is reconstituted quarterly and can vary between being long only and market neutral. The index's adjustment in long/short positions does not guarantee the prevention of market loss. The S&P 500 Index is an unmanaged market index generally considered representative of the stock market as a whole. In index focuses on the Large-Cap segment of the U.S. Equities market. It is not possible to invest directly in an unmanaged index. Alpha is the abnormal return on a security or portfolio in excess of what would be predicted by an equilibrium model like the Capital Asset Pricing Model (CAPM).

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