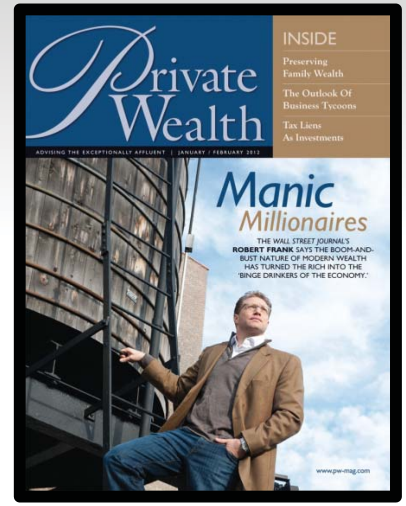
Charter Financial Publishing Network

www.fa-mag.com



www.pw-mag.com

Sponsored by

Scottrade ADVISOR SERVICES

Produced by

FA FINANCIAL ADVISOR

Sponsored by

Scottrade®

ADVISOR SERVICES

Investors should consider the investment objectives, charges, expense, and unique risk profile of an Exchange Traded Fund (ETF) carefully before investing. Leveraged and Inverse ETFs may not be suitable for all investors and may increase exposure to volatility through the use of leverage, short sales of securities, derivatives and other complex investment strategies. These funds' performance will likely be significantly different than their benchmark over periods of more than one day, and their performance over time may in fact trend opposite of their benchmark. Investors should monitor these holdings, consistent with their strategies, as frequently as daily. A prospectus contains this and other information about the ETF and should be obtained from the issuer. The prospectus should be read carefully before investing.

Produced by

FA FINANCIAL ADVISOR

Biography

Bill DeRoche, CFA

Chairman and Chief Executive Officer

Bill is the Chairman and Chief Executive Officer of FFCM, LLC, the investment advisor for the QuantShares family of market neutral exchange traded funds. These innovative funds, the first index based ETFs to short individual securities, isolate investment themes while insulating investors from moves in the overall market. Prior to joining FFCM, Bill was a Vice President at State Street Global Advisors and was the head of the U.S. Enhanced Equities team. His focus was on managing long only and long/short US strategies, as well as providing research on SSgA's stock-ranking models and portfolio construction techniques. During Bill's time at SSgA, the Global Enhanced Equities team grew to over $100 billion in assets. Prior to joining SSgA in 2003, Bill was a quantitative analyst and portfolio manager at Putnam Investments. Bill has been working in the investment management field since 1995. Prior to 1995, Bill was a Naval Aviator flying the Grumman A-6 Intruder as a member of Attack Squadron Eighty-Five aboard the USS America (CV-66). Bill holds a Bachelor's degree in Electrical Engineering from the United States Naval Academy and a Master of Business Administration degree from the Amos Tuck School of Business Administration at Dartmouth College. He also has earned the Chartered Financial Analyst designation. He holds FINRA licenses 7, 63 and 24.

Sponsored by Scottrade ADVISOR SERVICES Produced by FA

QUANTSHARES

For Institutional Use Only- Not for use with the general public

www.quant-shares.com

Table of Contents

What is Passive Alpha?

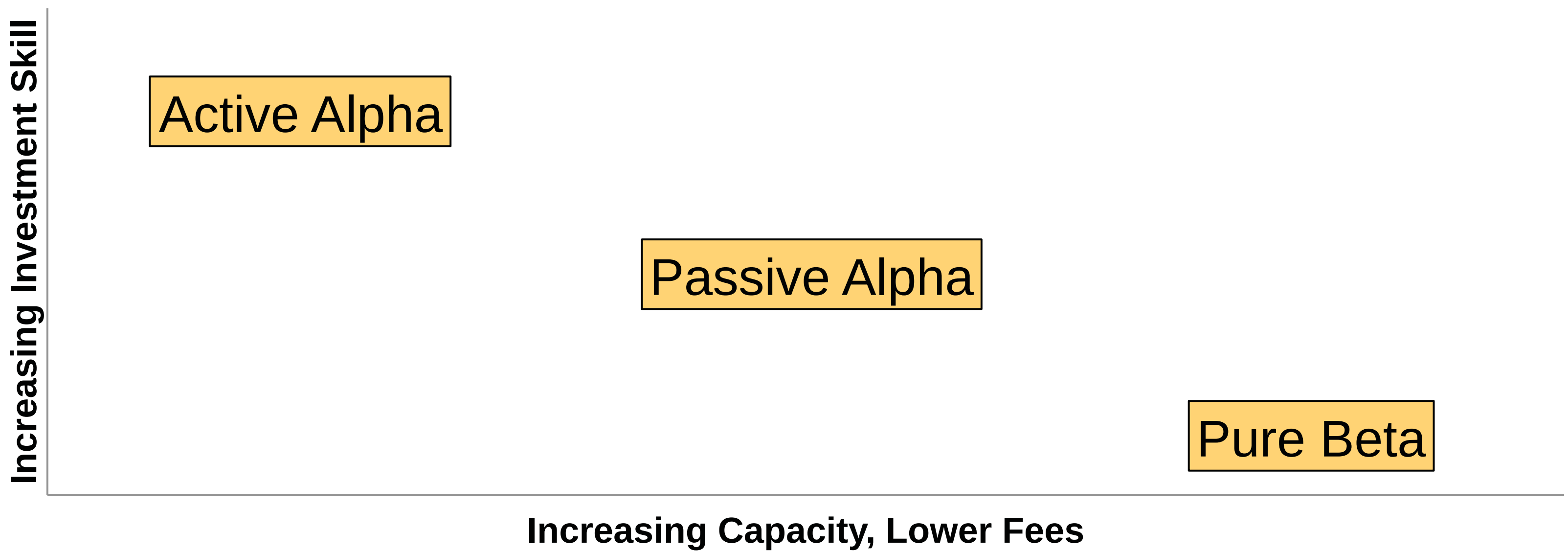
Categorizing Sources of Return

- Pure Beta - Describes investing in the market via traditional index products.

- Passive Alpha - Rules based investing that provides inexpensive access to attractive investments that have historically been more difficult to access.

- Active Alpha - Describes returns that are generated through superior investment skill.

Sources of Return



What is Passive Alpha?

- Passive Alpha
  - Proven successful investment strategies that have stood the test of time.
  - Strategies that can be implemented through a rules-based investing process.
  - Similar to passive investing , but with higher turnover levels.
  - Typically high levels of capacity and low transactions costs.
  - Sometimes referred to as alternative beta or factor beta investing.
  - Can require some portfolio structuring to access the desired returns.

- Two examples of passive alpha, would be value and small cap equity investing.
  - Value stocks have historically outperformed growth stocks even when adjusting for market risk (traditional beta). This historical outperformance has been referred to as the value premium.
  - Smaller capitalization stocks have historically outperformed larger stocks even when adjusting for market risk (traditional beta). This historical outperformance has been referred to as the small cap premium.

- Traditional long only portfolios typically are not the best vehicle for capturing passive alpha.
  - To access these premia investors must create portfolios that minimize broad market and industry exposure while emphasizing exposure to the desire return source.

Capturing Passive Alpha

Capturing Passive Alpha

- The objective is to maximize a portfolio's exposure to the desired investment theme, while minimizing unintended exposures.
  - A successful value strategy implementation would result in a portfolio whose largest driver of returns would be the value premium.

- The market or beta is by far the largest determinant of returns in a typical equity portfolio.
  - This is true for long-only value portfolios and long-only small cap portfolios. It is not unusual for upwards of 90% of the returns to be attributed to beta for these portfolios.

- A long short portfolio combination can successfully insulate a portfolio from the broad market.

Market Neutral Fund Pro-Forma Balance Sheet

	Day 0	Day 1	Day 2
% Return Broad Equity Market		10%	-10%
% Return Long Equities Portfolio		11%	-9%
% Return Short Equities Portfolio		9%	-11%
Long Equities	$10,000,000	$11,100,000	$10,101,000
Cash Exposure	$10,000,000	$10,000,000	$10,000,000
Total Assets	$20,000,000	$21,100,000	$20,101,000
Short Equities Value	$10,000,000	$10,900,000	$9,701,000
Net Assets	$10,000,000	$10,200,000	$10,400,000
Fund Return		2.0%	2.0%

The Benefits of Market Neutral Portfolios

The Benefits of Market Neutral Portfolios

- Designed to deliver returns that are not impacted by the movements of the broader market (i.e. Russell 1000, Dow Jones US Index).
- Seeks to limit exposure to the overall market direction by holding an equal dollar weight of long and short securities.
- Aims to generate a spread return between the return of the long portfolio and the return of the short portfolio.
- Seek returns that exhibit a low correlation to the broad market resulting in increased diversification for investors.
- Provide investors access to different sources of returns.

Delivering Market Neutral Portfolios via ETFs

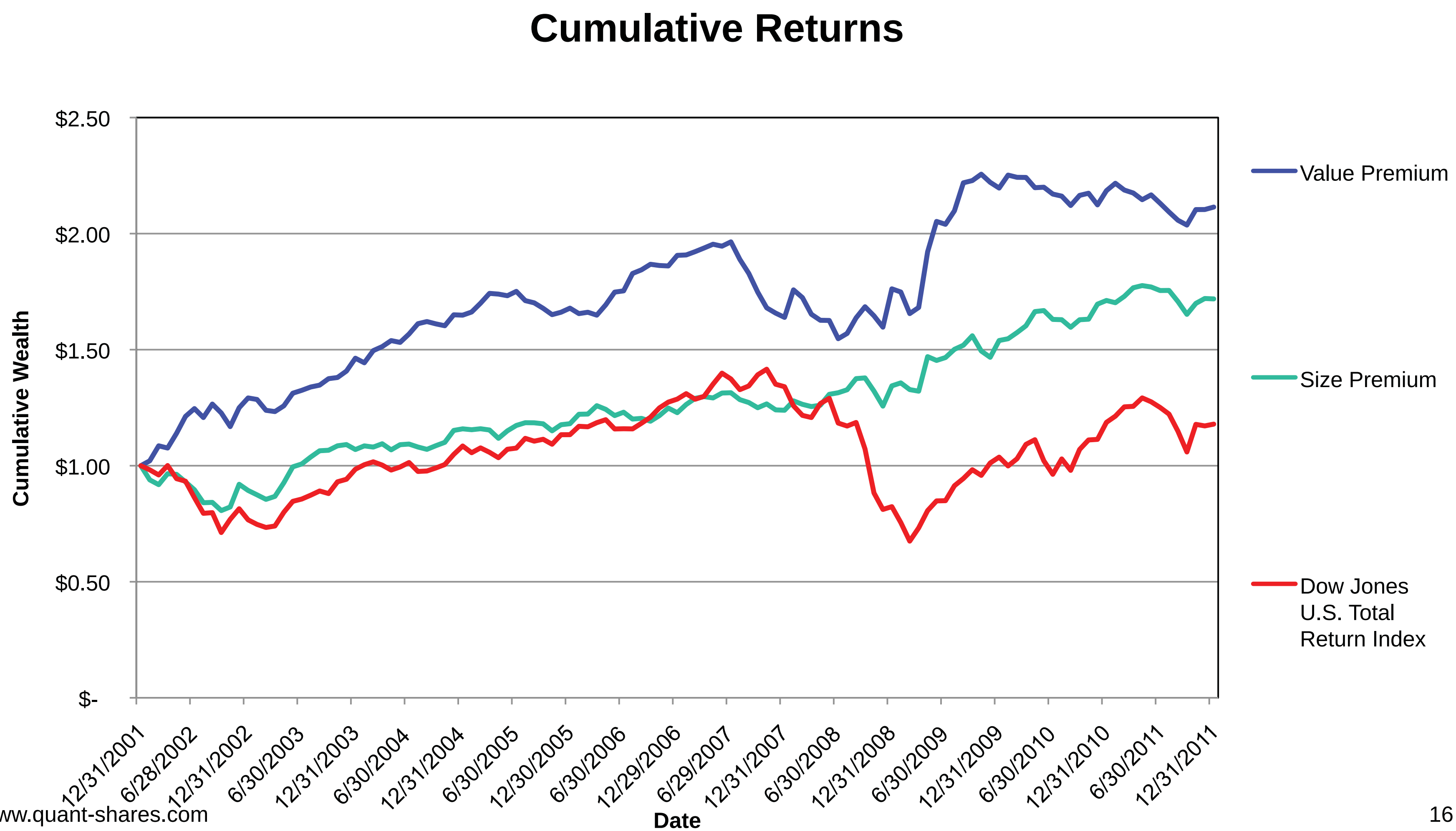
Market Neutral ETFs

- In addition to all of the benefits associated with market neutral investing, registered market neutral Exchange Traded Funds (ETFs) offer investors all of the protections of the Investment Act of 1940.
- Market neutral ETFs offer full transparency, with the holdings typically published daily to the fund sponsor's website.
- These funds provide the liquidity associated with the underlying securities that comprise the funds.
- There are no lock ups as these funds trade all day long on an exchange.
- Fees and expenses are lower than typical market neutral product offerings.
- Most funds track published indices.
- Delivering market neutral investing through a registered 40 Act passive exchange traded fund, creates access to liquid alternative investments.

Real World Examples

Sponsored by Scottrade ADVISOR SERVICES Produced by FA

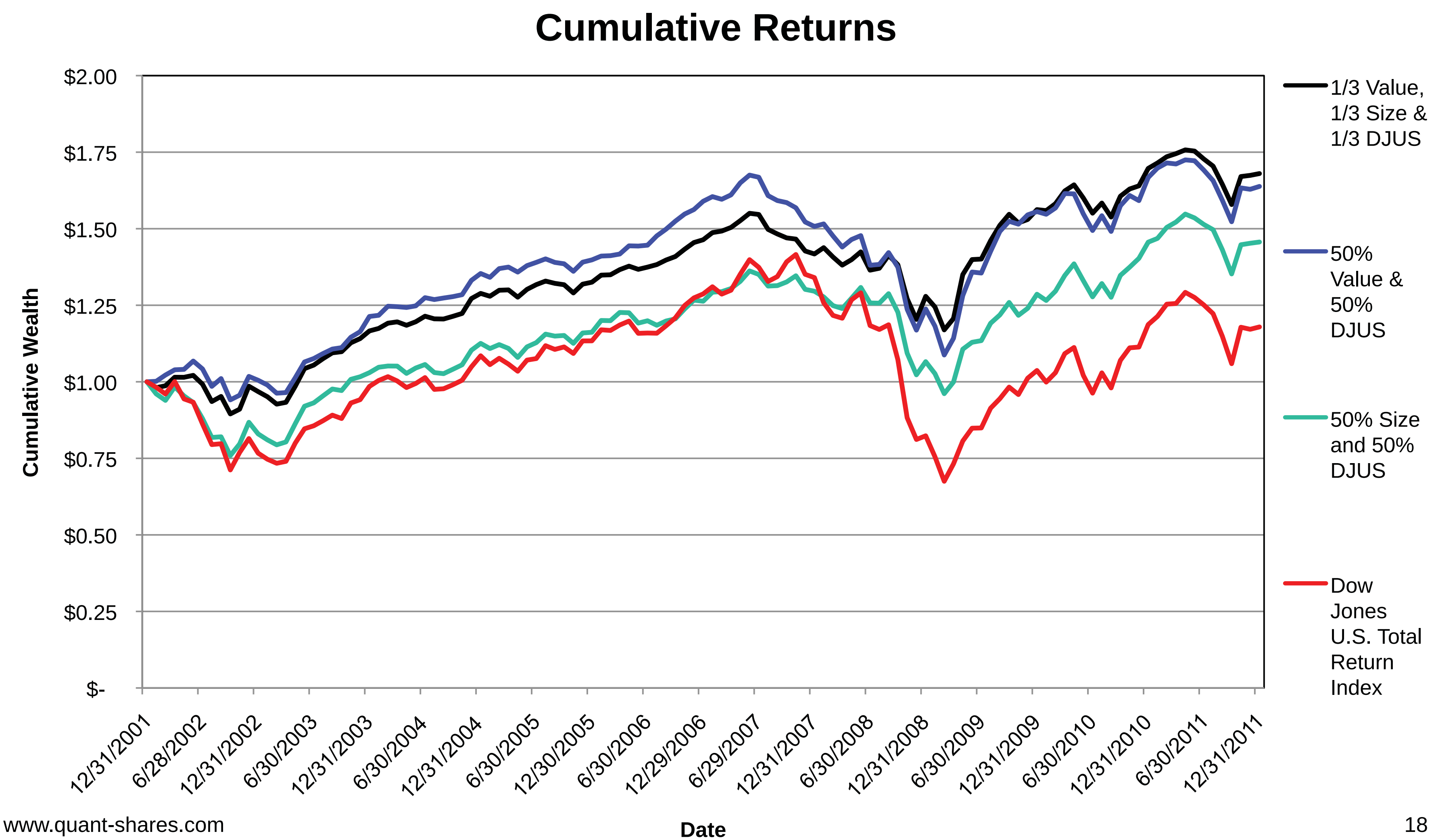
Capturing the Value and Size Premiums



Capturing the Value and Size Premiums

	Value Premium	Size Premium	Dow Jones U.S. Total Return Index
Annualized Returns			
1 Year	0.39%	-3.24%	-0.65%
3 Year	8.54%	6.26%	12.71%
5 Year	6.95%	2.09%	-1.73%
7 Year	5.79%	3.62%	1.20%
10 Year	5.57%	7.77%	1.66%
Standard Deviation			
1 Year	6.29%	5.42%	16.81%
3 Year	9.50%	11.40%	19.40%
5 Year	9.27%	11.95%	19.43%
7 Year	8.56%	10.54%	16.87%
10 Year	9.95%	10.45%	16.30%
Return to Risk Ratios			
1 Year	0.063	-0.598	-0.039
3 Year	0.899	0.549	0.655
5 Year	0.749	0.175	-0.089
7 Year	0.676	0.343	0.071
10 Year	0.559	0.744	0.102

Diversifying Broad Market Exposure



Diversifying Broad Market Exposure

	1/3 Value, 1/3 Size and 1/3 DJUS	50% Value and 50% DJUS	50% Size and 50% DJUS	Dow Jones U.S. Total Return Index
Annualized Returns				
1 Year	-0.99%	-1.74%	0.03%	-0.65%
3 Year	9.52%	9.79%	10.97%	12.71%
5 Year	2.79%	0.60%	2.89%	-1.73%
7 Year	3.86%	2.76%	3.75%	1.20%
10 Year	5.33%	5.06%	3.83%	1.66%
Standard Deviation				
1 Year	8.70%	10.43%	11.17%	16.81%
3 Year	11.30%	13.70%	12.86%	19.40%
5 Year	11.03%	13.17%	12.69%	19.43%
7 Year	9.53%	11.32%	11.22%	16.87%
10 Year	9.54%	10.73%	11.74%	16.30%
Return to Risk Ratios				
1 Year	-0.114	-0.167	0.003	-0.039
3 Year	0.842	0.715	0.853	0.655
5 Year	0.253	0.046	0.228	-0.089
7 Year	0.405	0.244	0.334	0.071
10 Year	0.558	0.472	0.326	0.102

Low Correlations with the Broad Market

10 Year Correlations of Monthly Returns

Correlations	Value	Size	Broad Market
Value	1.0000	0.3477	0.2508
Size	0.3477	1.0000	0.5764
Broad Market	0.2508	0.5764	1.0000

Conclusions

- Market Neutral strategies:
  - Provide good diversification for an overall investment portfolio.
  - Reduce risk while maintaining returns and thus can offer superior risk adjusted returns.
  - Are now accessible in ETF format offering investors:
    - Liquidity
    - Transparency
    - Lower fees
    - 40 Act protections
    - Access to sophisticated strategies through the purchase of a single security

QuantShares ETFs

DISCLOSURES:

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which can be obtained by visiting the Fund's website at www.quant-shares.com. Please read the prospects carefully before you invest.

There is no guarantee that the funds will reach their objective. An investment in the Funds is subject to risk including the possible loss of principal amount invested. The risks associated with each Fund are detailed in the prospectus and include tracking error risk, mid-cap risk, industry concentration risk, market neutral style risk, value factor risk, beta factor risk, short sale risk and specific risks related to exchange traded funds. See prospectus for specific risks regarding each sector. The Funds are new and there can be no assurance that active trading markets for the Shares will develop or be maintained.

There is a risk that that the Target Index will not construct a portfolio that limits the Fund's exposure to general market movements, in which case the Fund's performance may reflect general market movements. Further, if the portfolio is constructed to limit the Fund's exposure to general market movements, during a "bull" market, when most equity securities and long-only equity ETFs are increasing in value, the Fund's short positions will likely cause the Fund to underperform the overall U.S. equity market and such ETFs.

Distributor: Foreside Funds Services, LLC

CE Credits

CIMA® CE Credit

To receive 1 CE hour toward
the CIMA®/CIMC®/CPWA® designations

Log on to: www.imca.org/main/do/reportCIMACE

Click on “Non-IMCA Continuing Educational Hours Submittal Form”

CE Sponsor Name: Financial Advisor Magazine

Customer ID: 113555

Program ID: 12FAM003

Complete form and follow submittal directions

Sponsored by

Scottrade® ADVISOR SERVICES

Produced by

FA FINANCIAL ADVISOR

CE Credits

CFP® Board CE Credit

Log on to: www.cfp.net

Log in to your online CFP Board Account (email address and password are needed)

CE Sponsor: Financial Advisor Magazine

CE Sponsor ID Number: 2839

Program Name: Webinar – Using Market Neutral ETFs to Build Better Portfolios

Program ID: 02072012

Hours Granted: 1.00

Sponsored by

Scottrade® ADVISOR SERVICES

Produced by

FA FINANCIAL ADVISOR