



FACTOR ADVISORS

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Q Describe your firm, its offerings and its mission.

Factor Advisors, LLC (Factor) is a New York-based asset management firm with a core competency in factor investments. Factor's flagship offering, FactorShares, is the first family of spread exchange traded funds (ETFs). With one simple trade, each FactorShares ETF enables investors to track two market segments, one long and one short, in one convenient and cost-effective position. Factor's investment philosophy is based on risk factor investing as developed by Co-Founder Dr. Richard Roll of UCLA's Anderson School of Management.

Q Describe your investment strategy and how it might be unique.

Factor investing involves the construction of portfolios from among a wide range of assets, each of which is risky but ideally uncorrelated with one another. Rather than building portfolios from among highly correlated long-only assets, factor investing incorporates paired long/short holdings, each of which offers a unique source of excess return (i.e. risk premium) or profit potential derived from a systematic trading strategy. Accordingly, asset allocation policies incorporating factor investments offer significant diversification potential compared to traditional long-only portfolios.

Q Describe how your investment products fit into a well-rounded asset allocation strategy.

FactorShares ETFs can be a cost-effective way for sophisticated investors to achieve uncorrelated returns while hedging other sources of portfolio risk. The initial five FactorShares offerings pair up major asset classes from among the S&P 500, US Treasury Bonds, Gold, Oil and the US Dollar.

Q How has your firm adapted during the recent economic downturn?

N/A since Factor Advisors was formed in 2009.

AT A GLANCE

Firm name: Factor Advisors, LLC

Co-Founders: Karlheinz Muhr, Chairman; Stuart Rosenthal, CEO; Dr. Richard Roll, Senior Research Advisor

Employees: 10

Location: New York, NY

Years in business: 2 Years

Assets under management: \$23 million

Minimum investment: 1 share (approximately \$25)