

5 T H A N N U A L

Innovative ALTERNATIVE INVESTMENT STRATEGIES

Using Non-Correlated Assets To Diversify and Improve Alpha

Limiting Downside Risk with Alternative Options-Based Strategies

MODERATOR

Eric Cott

Options Industry Council

PANELISTS

Ronald Altman

Anchor Capital Advisors LLC

Joe Mazzola

TD Ameritrade Institutional

John Gambla

First Trust

Michael Winchell

Larkin Point



OIC The Options Industry Council



International Securities Exchange



NASDAQ OMX | BX OPTIONS

NASDAQ OMX | NOM

NASDAQ OMX | PHLX



NYSE Amex Options



NYSE Arca Options



Thank You

ecott@theocc.com

www.OptionsEducation.org

1-888-OPTIONS



5 T H A N N U A L

Innovative ALTERNATIVE INVESTMENT STRATEGIES

Using Non-Correlated Assets To Diversify and Improve Alpha

Limiting Downside Risk with Alternative Options-Based Strategies

MODERATOR

Eric Cott

Options Industry Council

PANELISTS

Ronald Altman

Anchor Capital Advisors LLC



ASTON/Anchor Capital Enhanced Equity Fund - AMBEX

A beta reduction liquid alternatives strategy that aims to provide equity market exposure while seeking to reduce portfolio volatility.

The Strategy has Three Components:

1. A rigorous, in-depth, bottom up stock selection strategy, geared to companies with high levels of free cash flow and the ability to pay and increase dividends.
2. Sell out-of-the-money calls on a diversified portfolio of high quality companies to create income in low volatility or down markets.
3. Buy index puts to help reduce portfolio volatility and seek to protect the portfolio from a significant market decline.

Parameters set by the Subadviser are not a fundamental policy of the Fund and are subject to change at any time.



Why the ASTON/Anchor Capital Enhanced Equity Fund?

- A liquid alternatives fund that aims to participate in rising markets and helps to mitigate losses in down markets. We will seek to maintain our market beta between .45 and .65.
- Our hedging instruments are transparent– there is no black box risk.
- Dedicated portfolio management team experienced in options-based strategies.

For more information visit the Aston booth, #132.

Investors should consider the investment objectives, risks, charges, and expenses of the Aston Funds carefully before investing. Please call 800 597-9704 for a prospectus or a summary prospectus, which contains this and other information about the Funds. Read it carefully before you invest or send money.

Aston Funds are distributed by Foreside Funds Distributors LLC.



5 T H A N N U A L

Innovative **ALTERNATIVE** **INVESTMENT STRATEGIES**

Using Non-Correlated Assets To Diversify and Improve Alpha

Limiting Downside Risk with Alternative Options-Based Strategies

MODERATOR

Eric Cott

Options Industry Council

PANELISTS

Michael Winchell

Larkin Point



Options for Protection and Income



Michael Winchell
CIO and Managing Member



Our Objectives Using Options

Hedged Equity Component

- Exchange-traded equity funds for portfolio growth;
- Negative correlation and protection from long-dated puts reduces portfolio drawdowns and volatility;
- Cash in a (market) crisis.

Hedged Income Component

- Income to pay for protection by selling near-term straddles;
- Premium Management System;
- Additional long-dated puts because downside re-introduced.



5 T H A N N U A L

Innovative ALTERNATIVE INVESTMENT STRATEGIES

Using Non-Correlated Assets To Diversify and Improve Alpha

Limiting Downside Risk with Alternative Options-Based Strategies

MODERATOR

Eric Cott

Options Industry Council

PANELISTS

John Gambla

First Trust



First Trust Alternative Products

First Trust High Income (FTHI)

- Seeks lower portfolio beta* relative to the S&P 500 Index
- Optimized equity portfolio favoring high dividend-paying common stocks
- Covered call strategy – notional value** of calls written will be between 25%-75% of the overall fund
- Actively Managed
- Liquid and Transparent
- Flat Fee (85 basis points)

First Trust Low Beta Income (FTLB)

- Seeks lower portfolio beta relative to the S&P 500 Index
- Optimized equity portfolio favoring high dividend-paying common stocks
- Covered call strategy – notional value** of calls written will be between 25%-75% of the overall fund
- Put option hedge - notional value of the puts will be between 10% and 75% of the overall fund
- Actively Managed
- Liquid and Transparent
- Flat Fee (85 basis points)

| | |
|---------------------|-----------|
| Fund Ticker | FTHI |
| Fund Inception Date | 1/6/14 |
| CUSIP | 33738R308 |
| Intraday NAV | FTHIIV |
| Primary Listing | NASDAQ |
| Expense Ratio | 0.85% |

| | |
|---------------------|-----------|
| Fund Ticker | FTLB |
| Fund Inception Date | 1/6/14 |
| CUSIP | 33738R407 |
| Intraday NAV | FTLBIV |
| Primary Listing | NASDAQ |
| Expense Ratio | 0.85% |

*Beta is a measure of price variability relative to the market.

** The equivalent value of the option based on the number of contracts owned multiplied by the price for immediate delivery of the underlying asset (spot price).

Why - Bond Diversification was No More Helpful than Cash

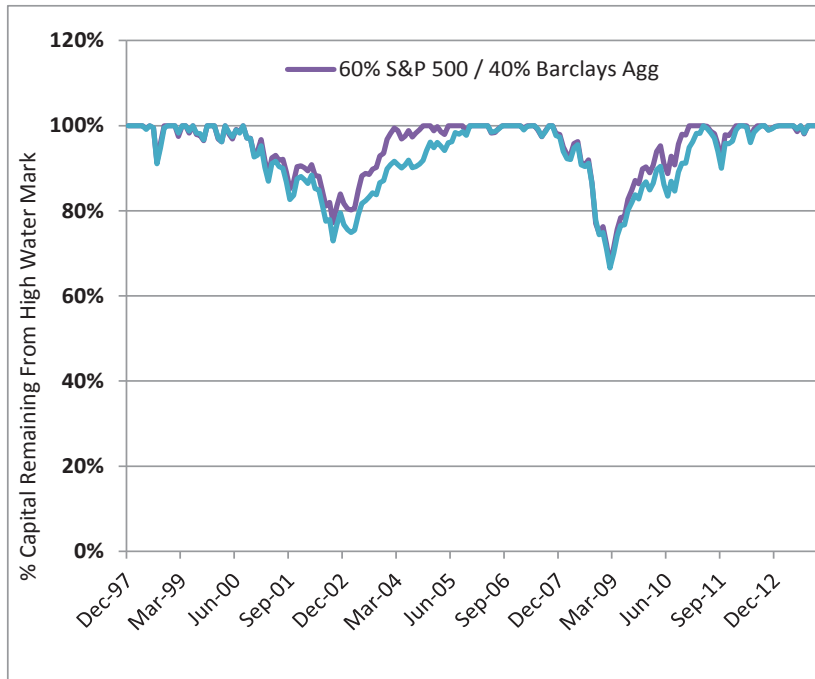
60-40 : Drawdowns

Portfolio composed of 60% S&P 500 and 40% Barclays Aggregate rebalanced monthly versus portfolio composed of 60% S&P 500 and 40% Merrill Lynch 0-3 month T-Bill Index, rebalanced monthly.

Fiscal Crisis Drawdown

60 / 40 Stocks / Bonds 32.54%

60 / 40 Stocks / Cash 33.45%



60-40 : Risk Profile

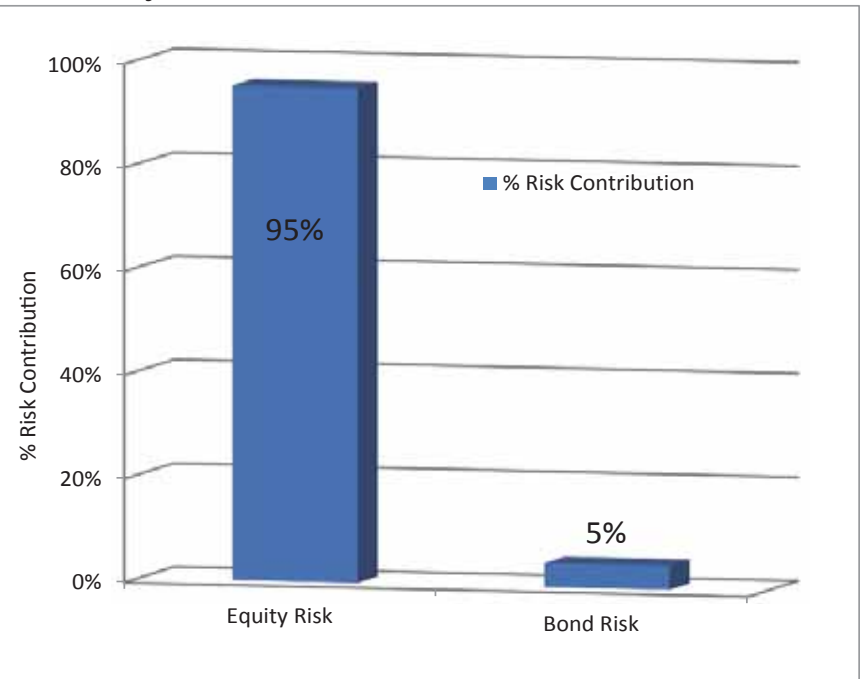
A portfolio composed of 60% S&P 500 and 40% Barclays Aggregate is dominated by the riskiness of the equity portfolio. Bonds contribute only slightly to the overall portfolio volatility.

Assumptions from Long Term Averages

Stock Volatility = 15.0%

Correlation = 0.10

Bond Volatility = 4.0%



Source: Bloomberg & First Trust Alternatives Team. Past performance is no guarantee of future results.

Risks and Considerations

ETF Characteristics

The funds will list and principally trade their shares on The NASDAQ Stock Market LLC.

The funds may not be fully invested at times. Investors buying or selling fund shares on the secondary market may incur customary brokerage commissions. Market prices may differ to some degree from the net asset value of the shares. Investors who sell fund shares may receive less than the share's net asset value. Shares may be sold throughout the day on the exchange through any brokerage account. However, unlike mutual funds, shares may only be redeemed directly from the funds by authorized participants, in very large creation/redemption units.

Risk Considerations

The funds' shares will change in value and you could lose money by investing in the funds. The funds are subject to market risk. Market risk is the risk that a particular security owned by a fund or shares of a fund in general may fall in value. Securities are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Overall securities values could decline generally or could underperform other investments.

The use of options and other derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the funds' portfolio managers use derivatives to enhance the funds' returns or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the funds.

The option positions employed may present additional risk. When selling a call option, the funds will receive a premium; however, this premium may not be enough to offset a loss incurred by the fund if the index level at the expiration of the call option is above the strike price by an amount equal to or greater than the premium. The value of an option may be adversely affected if the market for the option becomes less liquid or smaller, and will be affected by changes in the value and dividend rates of the stock or the index subject to the option, an increase in interest rates, a change in the actual and perceived volatility of the stock market and the common stock or the index and the remaining time to expiration. Additionally, the value of an option does not increase or decrease at the same rate as the underlying stock(s) or the index.

The funds are subject to management risk because they are actively managed portfolios. The advisor will apply investment techniques and risk analyses that may not have the desired result. There can be no guarantee that either of the funds will meet its investment objectives.

The funds currently intend to effect most creations and redemptions, in whole or in part for cash, rather than in-kind securities. As a result, the funds may be less tax-efficient than if they were to sell and redeem their shares principally in-kind.

If the funds borrow money, they must pay interest and other fees, which will reduce the funds' returns if such costs exceed the returns on the portfolio securities purchased or retained with such borrowings.

The funds may hold non-U.S. securities in the form of depositary receipts, which may be less liquid than the underlying shares in their primary trading market. Non-U.S. securities are subject to higher volatility than securities of domestic issuers due to possible adverse political, social or economic developments, restrictions on foreign investment or exchange of securities, lack of liquidity, currency exchange rates, excessive taxation, government seizure of assets, different legal or accounting standards, and less government supervision and regulation of exchanges in foreign countries.

The funds are classified as "non-diversified." A non-diversified fund generally may invest a larger percentage of its assets in the securities of a smaller number of issuers. As a result, the funds may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

Because of the funds' relatively small asset size, large inflows and outflows will impact the funds' market exposure.

You should consider each fund's investment objectives, risks, and charges and expenses carefully before investing. Contact First Trust Portfolios L.P. at 1-800-621-1675 to obtain a prospectus or summary prospectus which contains this and other information about the funds. The prospectus or summary prospectus should be read carefully before investing.

5 T H A N N U A L

Innovative ALTERNATIVE INVESTMENT STRATEGIES

Using Non-Correlated Assets To Diversify and Improve Alpha

Limiting Downside Risk with Alternative Options-Based Strategies

MODERATOR

Eric Cott

Options Industry Council

PANELISTS

Joe Mazzola

TD Ameritrade Institutional



Important Disclosures

- Options trading involves unique and often significant risks. Please review the previously provided copy of *Characteristics and Risks of Standardized Options* prior to trading options.
- Spreads and other multiple-leg option strategies can entail substantial transaction costs, including multiple commissions, which may impact any potential return. These are advanced option strategies and can involve greater risk, and more complex risk, than basic options trades.
- Investors should consider contacting a tax advisor regarding the tax treatment applicable to options transactions.
- Probability analysis results are: based on historical data, theoretical in nature, not guaranteed and do not reflect any degree of certainty of an event occurring. Past performance of a security or strategy is no guarantee of future performance or investing success.
- Supporting documentation for any claims, comparison, statistics, or other technical data in options communication, will be supplied upon request.
- In order to demonstrate the functionality of the platform, and demonstrate practical application of the strategies, we need to use actual symbols. However, use of actual symbols should not be inferred to be a recommendation to trade specific securities or implement a specific strategy.

What is a Synthetic Structured Product?

Option based investment instrument designed to meet specific investor needs

Can be used:

1. As an alternative to a direct investment
2. As part of the asset allocation process to reduce risk exposure of a portfolio
3. To utilize the current market trend

Unlike traditional structured products, there is:

1. No counter-party credit risk
2. No surrender charges
3. No fees, only commissions
4. Greater liquidity

Synthetic Structure Product Example

Buy 10 RUT June 2015 Quarterly 1150/1260 Call Spreads for: \$46.40

Sell 10 RUT June 2015 Quarterly 1010 Puts for: \$47.40

Equals Net Credit of: \$1.00

Max Profit: occurs at \$1260 in RUT \$111,000

Max Loss: occurs at \$0 in RUT \$1,009,000

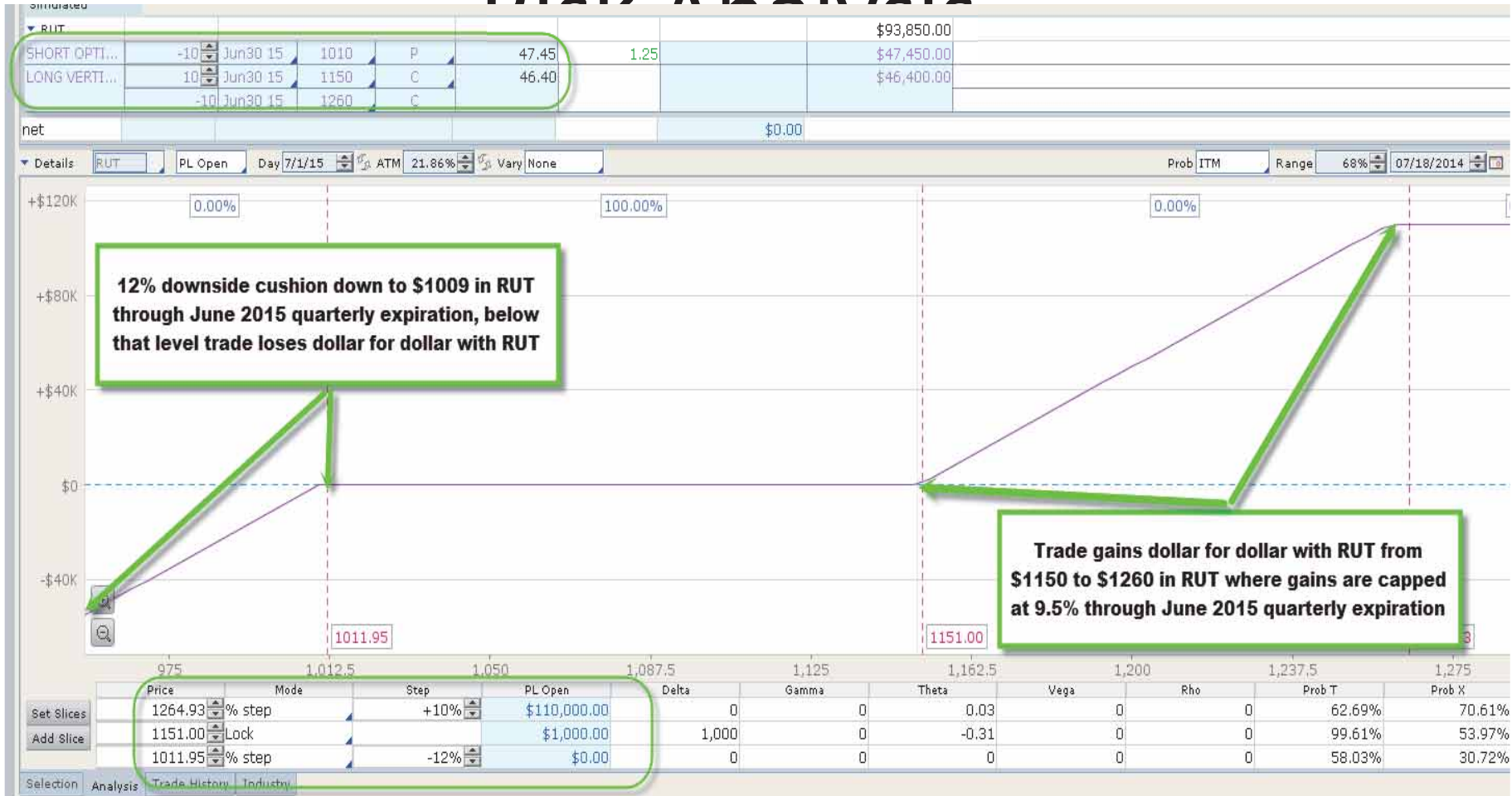
Break-even: occurs at \$1009 in RUT 12% lower

Portfolio is cushioned down to \$1009 in RUT, eliminating the first 12% downside move

For illustrative purposes only, does not include fees. Not a recommendation

RUT Synthetic Structured Product

Risk Analysis



For illustrative purposes only. Not a recommendation
Diagram assumes position held till expiration