

5 T H A N N U A L

Innovative ALTERNATIVE INVESTMENT STRATEGIES

Using Non-Correlated Assets To Diversify and Improve Alpha

Diverse Strategies to Generate Income

MODERATOR

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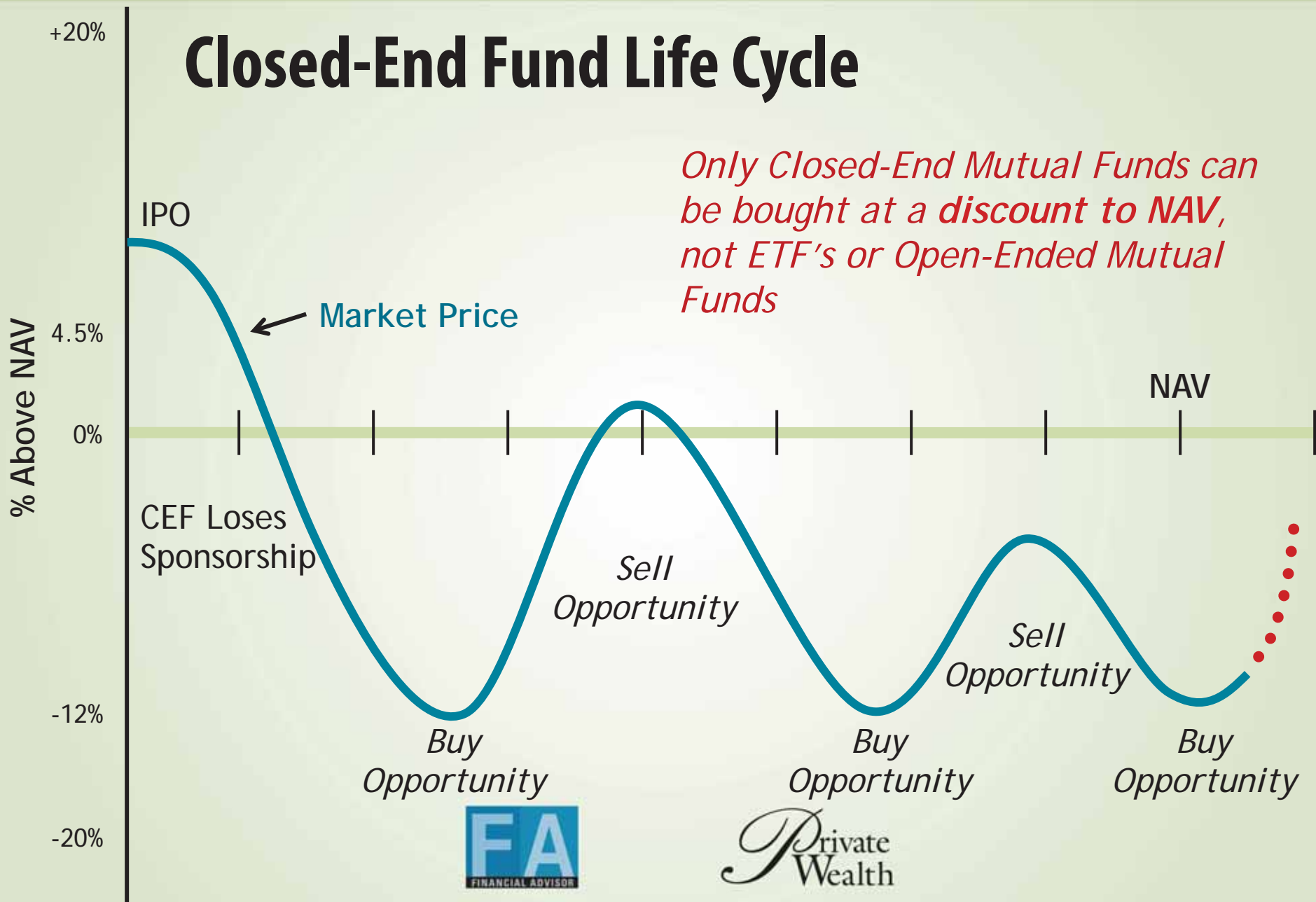


Closed-End Fund Facts

- All CEFs issued through IPO.
 - About 1 to 2 IPOs per month over last 10 years.
- 600 CEFs in existence today with approximately \$246 billion in assets.
- CEF Ownership: 80% individual / 20% institutional.
- CEFs are typically designed for income - Strategies Include:
 - Bond CEFs
 - Covered Call Writing
 - Equity Income
 - Converts



Closed-End Fund Life Cycle



Only Closed-End Mutual Funds can be bought at a discount to NAV, not ETF's or Open-Ended Mutual Funds



Closed-End Fund Income

Out of 389 CEFs in existence over the past decade, the annualized rate of return has been 7%, ***including reinvested cash distributions.***

This return is approximately the same as the S&P Target Risk Growth Index at 6.7% over the same time period.

The key to minimizing risk and maximizing return is to buy CEFs at deep discounts.

Sell funds when discounts narrow, and replace with other funds with deep discounts.

Research backed - University of Oregon Study.



Results of Employing this Income Strategy

Income Component

Makes up approximately 7% to 8%

Extra Gains from Discount Narrowing

About 3 to 4% annually

Total Return

Our Strategy 10.1% annualized since inception

S&P 500 7.7%

BarCap Aggregate Bond Index 5.0%



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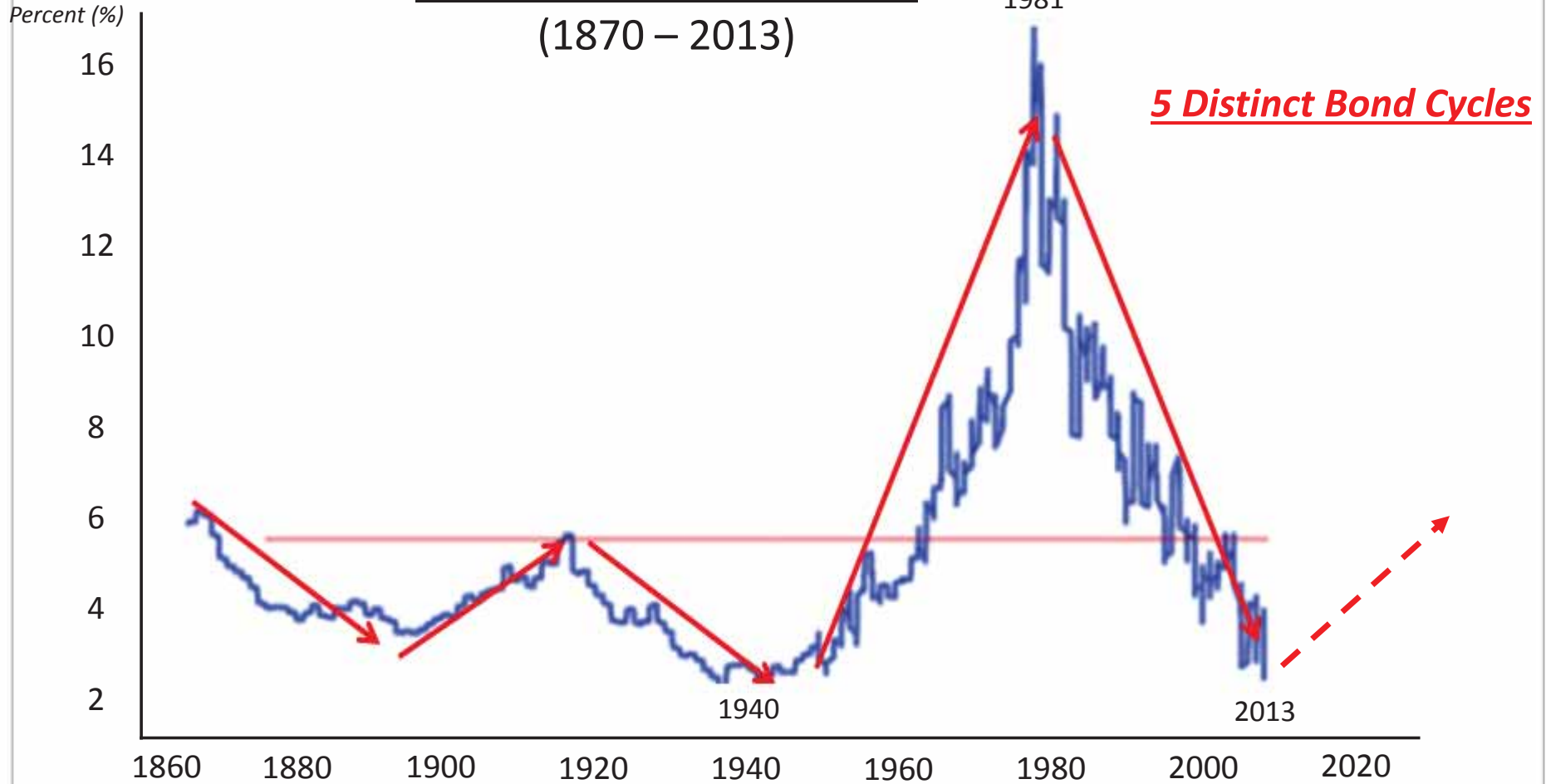
Dan Thibeault

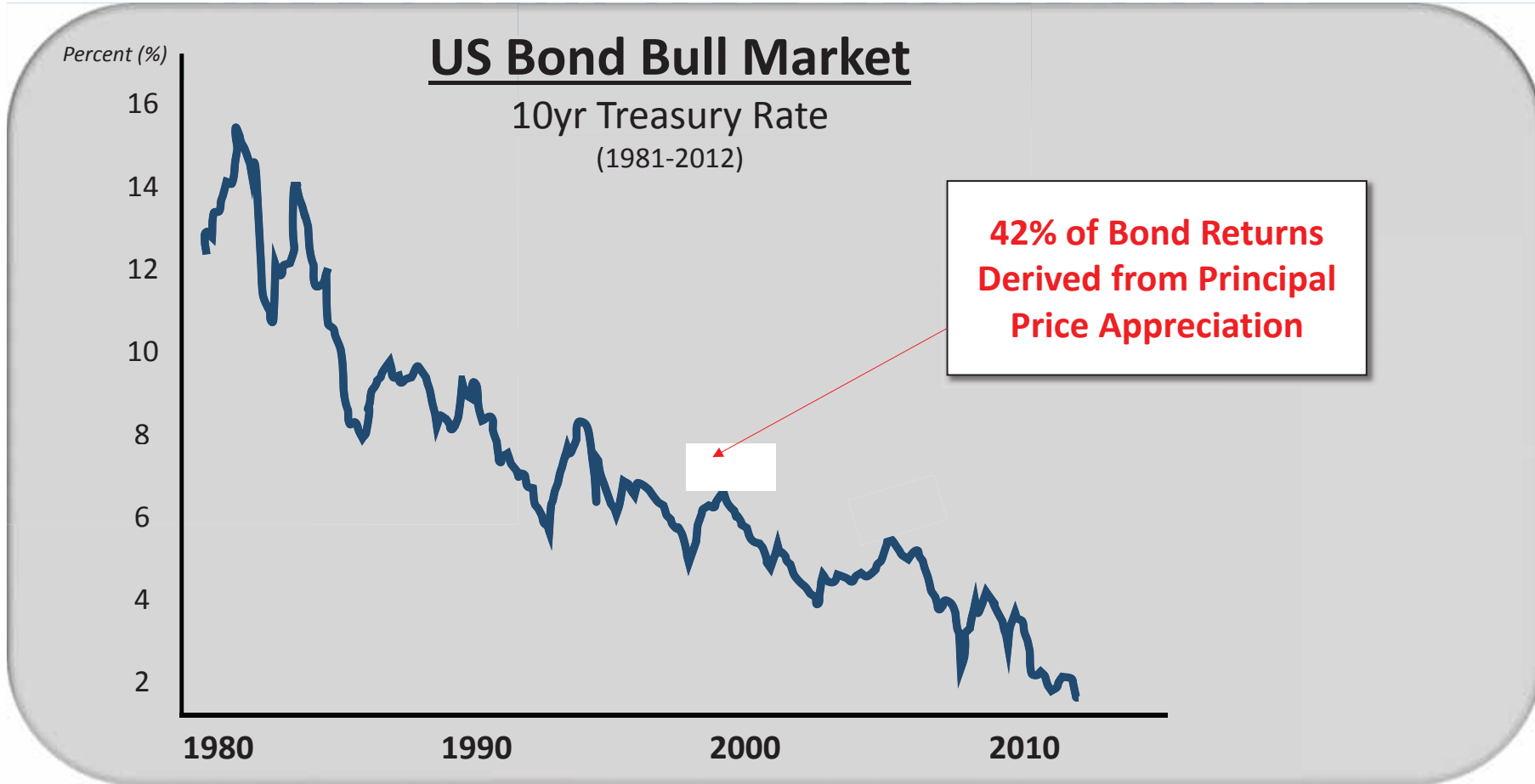
CIO, CEO

GL Capital Partners



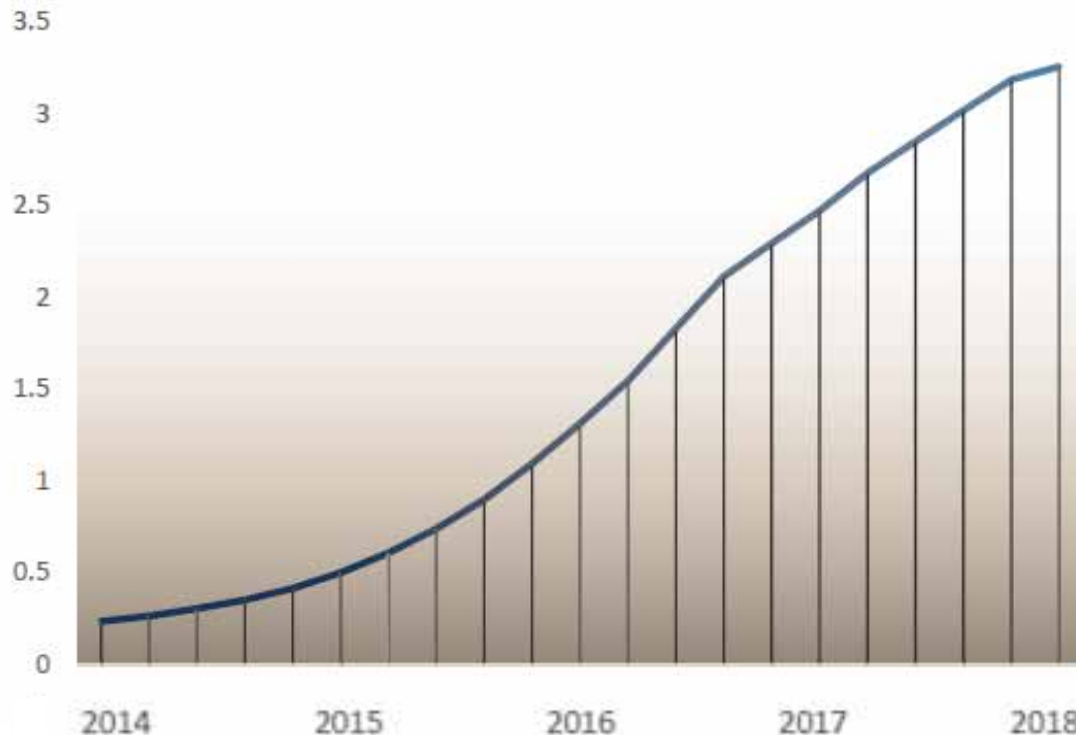
US Treasury Interest Rates (1870 – 2013)





Interest Rate Risk

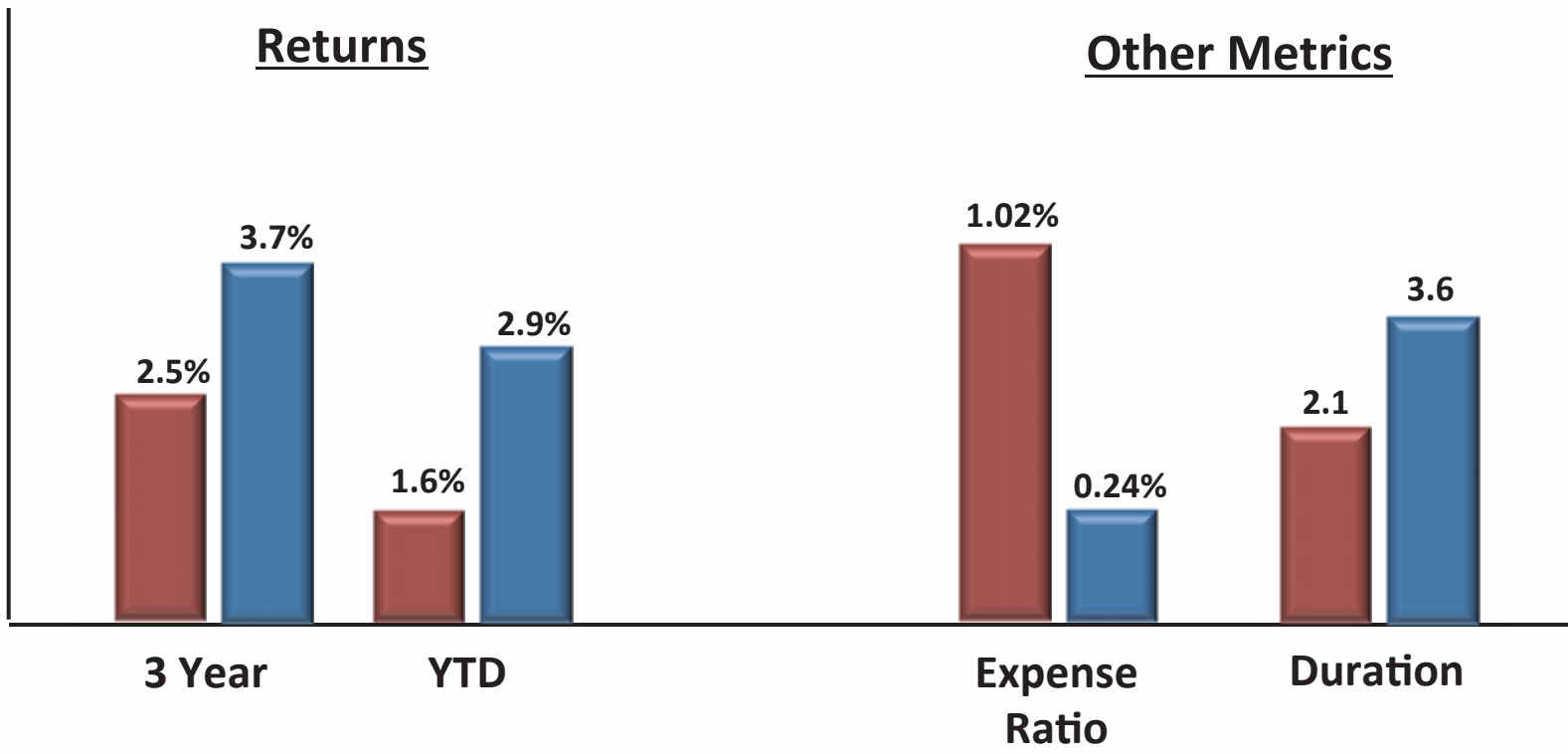
5 Year Interest Rate Projections (Swaps Implied Forwards)



- Loss on Average Intermediate Bond Fund: **(13.6%)**
- Loss on Average Long-Term Bond Fund: **(27.5%)**

Leaves Investors with Three Options:

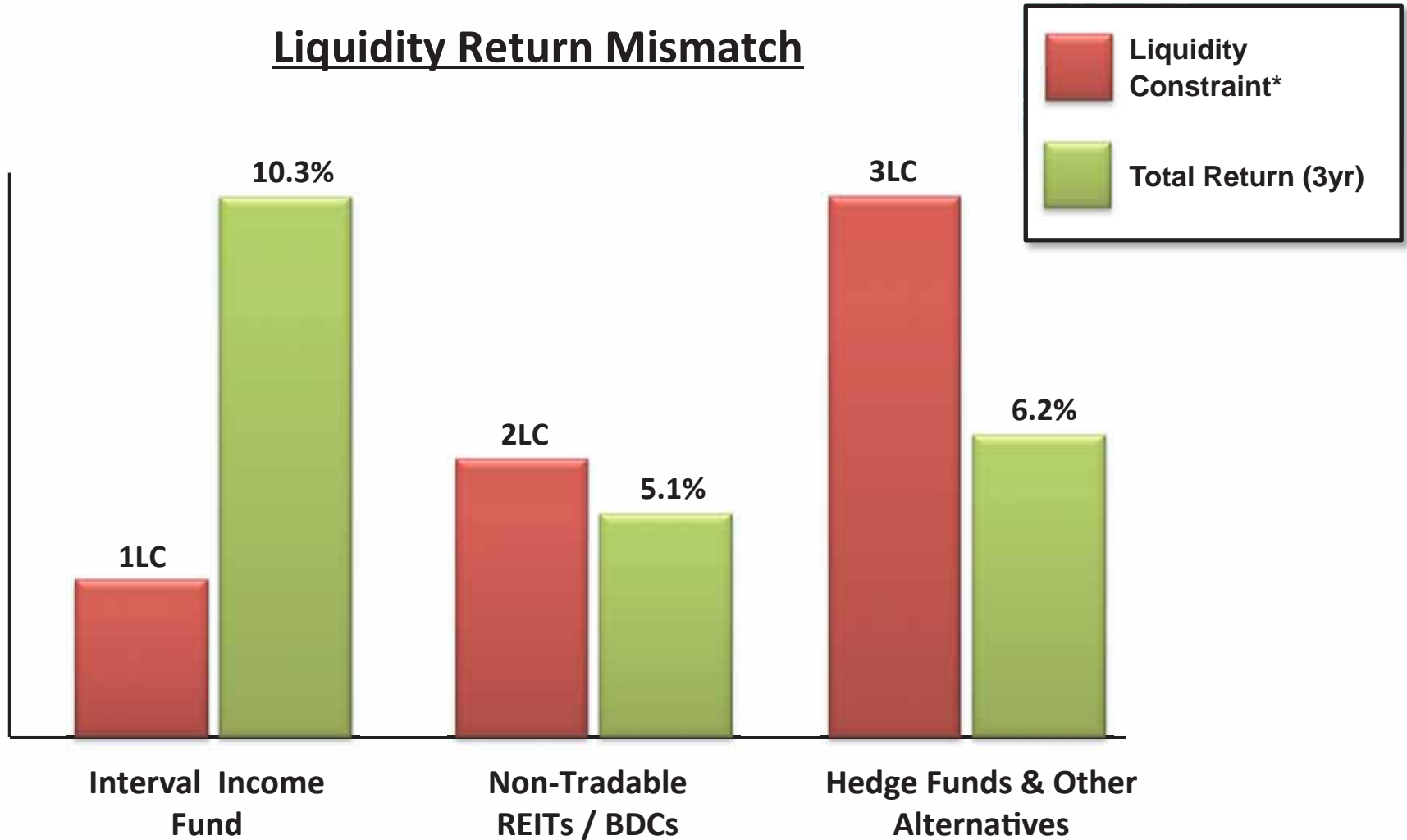
- 1. Invest in short-term fixed income products only**
- 2. Invest in income-generating products with minimal interest rate risk (variable debt, absolute return)**
- 3. Invest while hedging interest rate risk factor**



Funds Not Producing Risk-Adjusted Returns To Justify Fees

* Morningstar, Fund Factsheets & GLCP Research

Liquidity Return Mismatch



* Liquidity Constraint separated into three tiers according to Expected Lock-up: (1LC) No Lock-up; (2LC) Varying Short-term Lock-up; (3LC) Longer-Term Lock-up

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Managing Director, Investments

F-Squared Investments



About F-Squared Investments

- **Manufacturer of next generation Investment Indexes**
 - Offices in Wellesley, MA and Princeton, NJ
- **New thinking for today's markets**
 - Seek to align Investment Indexes with the real needs of the marketplace
 - Solution-based Indexes
 - Designed to consistently deliver on well-defined investment expectations

Conventional Approach	F-Squared Investments
Bull Market	Full Market
Benchmark-Centric	Investor-Centric
Offensive Bias	Defensive Bias
Buy & Hold	De-Risk/Re-Risk



The historic bull market in Fixed Income: Is it ending? Traditional bond categories may present more risk in the future

- The bull market in bonds provided an extended period of generally positive returns
- Will 2013-2014 prove to be a turning point?

Total Return by Period	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	June 2014 YTD
Barclays US Aggregate Bond Index	10.3%	4.1%	4.3%	2.4%	4.3%	7.0%	5.2%	5.9%	6.5%	7.8%	4.2%	-2.0%	3.9%
Barclays US Treasury 5-7 Year Index	13.1%	2.5%	2.8%	1.5%	3.3%	10.2%	15.1%	-3.1%	8.0%	11.1%	3.1%	-3.6%	3.0%
Barclays US Treasury 7-10 Year Index	14.5%	1.9%	4.4%	2.4%	2.7%	10.2%	18.0%	-6.0%	9.4%	15.6%	4.2%	-6.0%	5.2%
Barclays US Treasury 10-20 Year Index	16.6%	2.9%	7.0%	5.5%	2.2%	9.6%	19.7%	-8.1%	9.7%	21.8%	4.2%	-8.4%	7.9%
Barclays US Treasury TIPS Index	16.6%	8.4%	8.5%	2.8%	0.4%	11.6%	-2.4%	11.4%	6.3%	13.6%	7.0%	-8.6%	5.8%
Barclays US Mortgage-Backed Index	8.7%	3.1%	4.7%	2.6%	5.2%	6.9%	8.3%	5.9%	5.4%	6.2%	2.6%	-1.4%	4.0%
IBOXX Liquid Investment Grade Index	7.0%	7.3%	5.7%	0.8%	4.1%	3.9%	1.0%	12.8%	9.4%	9.1%	11.8%	-2.4%	6.5%
IBOXX Liquid High Yield Index	-8.8%	19.6%	10.1%	2.1%	7.9%	2.3%	-23.9%	44.5%	12.6%	5.9%	14.1%	5.9%	5.0%
<u>For comparison to U.S. equity returns:</u>													
S&P 500	-22.1%	28.7%	10.9%	4.9%	15.8%	5.5%	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	7.1%

Past performance is not indicative of future results. It is not possible to invest directly in an index. Index performance does not reflect charges and expense and is not based on actual advisory client assets. Index performance does include the reinvestment of dividends and other distributions.

Source: Morningstar Direct data, F-Squared analysis.



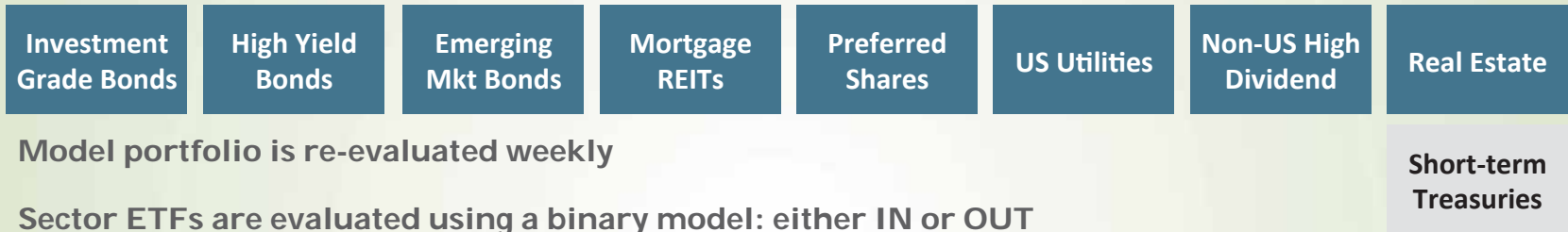
Seeking income beyond the bond markets: Multi-Asset High Income

<p>Market need</p>	<ul style="list-style-type: none"> ▪ An income solution for a low-rate, higher-risk bond environment
<p>Existing solutions</p>	<ul style="list-style-type: none"> ▪ Multi-Sector High Income strategies <ul style="list-style-type: none"> ▪ Seek income streams across multiple investment categories, including both bonds and equities ▪ “One stop shopping” with potential diversification benefits ▪ Most are categorized as tactical allocation strategies
<p>AlphaSector Multi-Asset High Income Premium Index</p>	<ul style="list-style-type: none"> ▪ Risk-managed approach to the MAHI category ▪ Index construction designed to seek yield and to manage downside risk ▪ Disciplined, quantitative model



AlphaSector Multi-Asset High Income: Index construction

- Eligible investments include:
 - Eight exchange traded funds (ETFs) representing potential high income assets
 - Short-term Treasury ETF



- Model portfolio is re-evaluated weekly
- Sector ETFs are evaluated using a binary model: either IN or OUT
 - Sectors forecasted for positive return are left in; sectors forecasted to decline are removed entirely
- Four highest-yielding “IN” ETFs are selected for use
 - There is a maximum cap of 25% for any sector ETF at time of rebalance
- When 5 or more sectors are OUT, the index will begin to include the Short-term Treasuries
 - 3 sectors IN = 25% in the Short-term Treasury ETF
 - 2 sectors IN = 50% in the Short-term Treasury ETF
 - 1 sector IN = 75% in the Short-term Treasury ETF
 - 0 sectors IN = 100% in the Short-term Treasury ETF



AlphaSector Multi-Asset High Income: Index components

Fixed Income¹

- **Investment Grade Corporate Debt**
 - iShares iBoxx \$ Investment Grade Corporate Bond ETF (ticker LOD)
 - Current Yield: 3.57%
- **High Yield Debt**
 - iShares iBoxx \$ High Yield Corporate Bond ETF (ticker HYG)
 - Current Yield: 5.73%
- **Emerging Market Debt**
 - iShares J.P. Morgan USD Emerging Markets Bond ETF (ticker EMB)
 - Current Yield: 4.48%
- **Mortgage REITs**
 - iShares Mortgage REIT Capped ETF (ticker REM)
 - Current Yield: 13.40%

Equity¹

- **US Preferred Shares**
 - iShares U.S. Preferred Stock ETF (ticker PFF)
 - Current Yield: 6.56%
- **Utilities**
 - Utilities Select Sector SPDR® Fund (ticker IDU)
 - Current Yield: 2.91%
- **Non-US Dividend**
 - SPDR® S&P® International Dividend ETF (ticker DWX)
 - Current Yield: 5.20%
- **Real Estate**
 - iShares U.S. Real Estate ETF (ticker IYR)
 - Current Yield: 3.57%

In addition the components shown above, the Index may include a Short-Term Treasury ETF, used as a cash alternative.

¹Yields as of June 30, 2014. Note that yields are subject to change.
 Past performance is no guarantee of future results.
 Source for yield information: Morningstar.



AlphaSector Multi-Asset High Income: Performance summary¹

AlphaSector MAHI² Premium Index
Period: 08/2013 (inception) through 06/2014

	AlphaSector MAHI Premium Index	iBoxx Liquid High Yield Index	Barclays US Aggregate Bond Index
Cumulative Return since Inception (08/2013)	6.9%	8.7%	4.2%
YTD Return (06/2014)	8.9%	5.0%	3.9%

The iBoxx Liquid High Yield and Barclays US Aggregate Bond figures are provided for comparison. AlphaSector MAHI Premium Index has both bond and non-bond ETFs in its eligible investment universe.

Source: Morningstar Direct data, F-Squared analysis.

Past performance is not indicative of future results. It is not possible to invest directly in an index. Index performance does not reflect charges and expense and is not based on actual advisory client assets. Index performance does include the reinvestment of dividends and other distributions. F-Squared began managing advisory client assets in February 2009.

¹Aug 2013– June 2014 ²"MAHI" = Multi-Asset High Income.



Important information

Past performance is not indicative of future results. It is not possible to invest directly in an index. Index performance does not reflect charges and expenses, and is not based on actual advisory client assets. Index performance does include the reinvestment of dividends and other distributions. F-Squared Investments began managing advisory client assets in February 2009.

This document includes the results of a backtest. The backtested performance results shown were achieved by means of the retroactive application of a model that was designed with the benefit of hindsight, and were compiled after the end of the period depicted and does not represent the actual investment decisions of the advisor. These results do not reflect the effect of material economic and market factors on decision-making.

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Given the results shown are that of an index, they do not reflect the deduction of any advisory fees or expenses, nor trading costs, both of which will decrease the return experienced by a client. Note that F-Squared’s Model Management clients are responsible for trading and will therefore encounter third party fees for which F-Squared is not responsible. F-Squared’s fees and anticipated expenses will be specified in each client agreement. F-Squared’s fees will be made available upon request and are disclosed in its publicly-available Form ADV Part 2A.

AlphaSector Indexes

Because no investor may invest directly in an index, data for all AlphaSector Indexes represented in this material does not reflect the actual trading of any client account. No representation is being made that any client will or is likely to achieve results similar to those presented herein.

Most AlphaSector Indexes are evaluated for rebalancing on a monthly basis or evaluated for rebalancing on a weekly basis. The following is a summary of the AlphaSector strategies presented in this document.

The AlphaSector Multi-Asset High Income Index (“MAHI”) is designed to provide exposure to asset classes, including bonds and equities, that may offer the potential for income. F-Squared defines the inception date for the AlphaSector MAHI Index as August 2013.

F-Squared may change the exposures and index compositions reflected herein at any time and in any manner in response to market conditions or other factors without prior notice to investors.

Index Maintenance: F-Squared actively maintains the Quant Model that generates the signals utilized to populate the Index. The Quant Model operates based on numerous and complex underlying mathematical assumptions. F-Squared periodically updates or revises these assumptions in an effort to improve the model’s accuracy and responsiveness. These changes alter Index construction moving forward. Consequently, past index performance may not be representative of future performance.

Lack of Index Transparency: F-Squared does not publish detailed information about the Index at this time, including the specific names and weightings of the ETFs comprising the Index or the weekly “buy/sell” signals. Moreover, to date, no independent third-party has verified the accuracy of the Index performance presented herein.



Important information (continued)

Index Calculation Methodology: Index returns are calculated on a monthly total-return basis using published closing market prices for the constituent ETFs, as of the last business day of the month (“Market-Based ETF Valuations”). They are time and asset weighted and reflect the reinvestment of all dividends and other distributions. Monthly returns are geometrically linked to create quarterly and annual returns. All returns are calculated and expressed in U.S. dollars. Prior to April 3, 2014, Index returns were calculated using the published closing net asset values (“NAVs”) for the ETFs comprising the Funds, as of the last business day of the month (“NAV Based ETF Valuations”). F-Squared switched from NAV-Based ETF Valuations to Market-Based ETF Valuation to more accurately reflect the manner in which ETFs are most commonly valued. This change did not materially impact Index performance.

References to non-AlphaSector Indexes

Standard & Poor’s 500 Index (Total Return) (“S&P 500”) is a broad-based unmanaged index of 500 stocks, which is widely recognized as a representative of the equity market in general.

The Barclays US Aggregate Bond Index (Total Return) (“Barclays Aggregate Bond”) is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.

The iBoxx Liquid High Yield Index is a benchmark that tracks a broad range of U.S. high yield corporate bonds.

The Barclays US Treasury Indexes are a set of benchmarks designed to track US Treasury obligations of varying maturities.

The Barclays US Treasury TIPS Index tracks Treasury Inflation-Protected Securities, an obligation issued by the US Treasury.

The Barclays Mortgage-backed Securities Index is a market value-weighted index which covers the mortgage-backed securities component of the Barclays US Aggregate Bond Index. The index is composed of agency mortgage-backed pass-through securities of the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) with a minimum \$150 million par amount outstanding and a weighted-average maturity of at least 1 year. The index includes reinvestment of income.

The iBoxx Liquid Investment Grade Index is a benchmark that tracks a broad range of U.S. investment grade corporate bonds.

Definitions

Annual Excess Return: Excess return is a measure of the investment's return in excess of the benchmark's return.

Standard Deviation: Standard deviation is a statistical measurement of dispersion about an average, which, for an investment, depicts how widely the returns varied over the time period indicated. Morningstar computes standard deviation using the trailing monthly total returns for the time period. All of the monthly standard deviations are then annualized.

R-Squared: R-Squared reflects the percentage of an investment's movements that are explained by movements in the benchmark, showing the degree of correlation between the investment and the benchmark. A score of 1.00 means that the investment exactly tracked the benchmark's movement. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Maximum Drawdown: The peak to trough decline during a specific record period for the investment. We display both the number of months between the peak and trough and the corresponding percentage change during that period.

Up Capture / Down Capture: A measure of the manager's performance in periods when the benchmark has positive/negative returns. In essence, it provides the percentage of the up or down market, as represented by the benchmark return, that was captured by the subject investment.

