

5 T H A N N U A L

Financial Advisor RETIREMENT SYMPOSIUM

Income-Producing Alternatives to Bonds

PANELISTS

MODERATOR

Tom Kostigen

Editor

Financial Advisor and *Private
Wealth* Magazines

William Kahane

Chief Executive Office & Director
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Chief Executive
YieldShares

Leonard Tannenbaum, CFA

Chief Executive Officer
Fifth Street Management, LLC



The Opportunity

America's conventional foundations of financial security have eroded.

	1980-1990	Change	2000-2010
Private sector workers covered by pension benefits	43%	↓	10%
Value of homes	+113%	↓	+39%
S&P 500 return	+234%	↓	-23%
10-yr Treasury average yield	10.6%	↓	4.4%
% change in real personal income	+112%	↓	+44%
U.S. life expectancy	74 years	↑	77 years

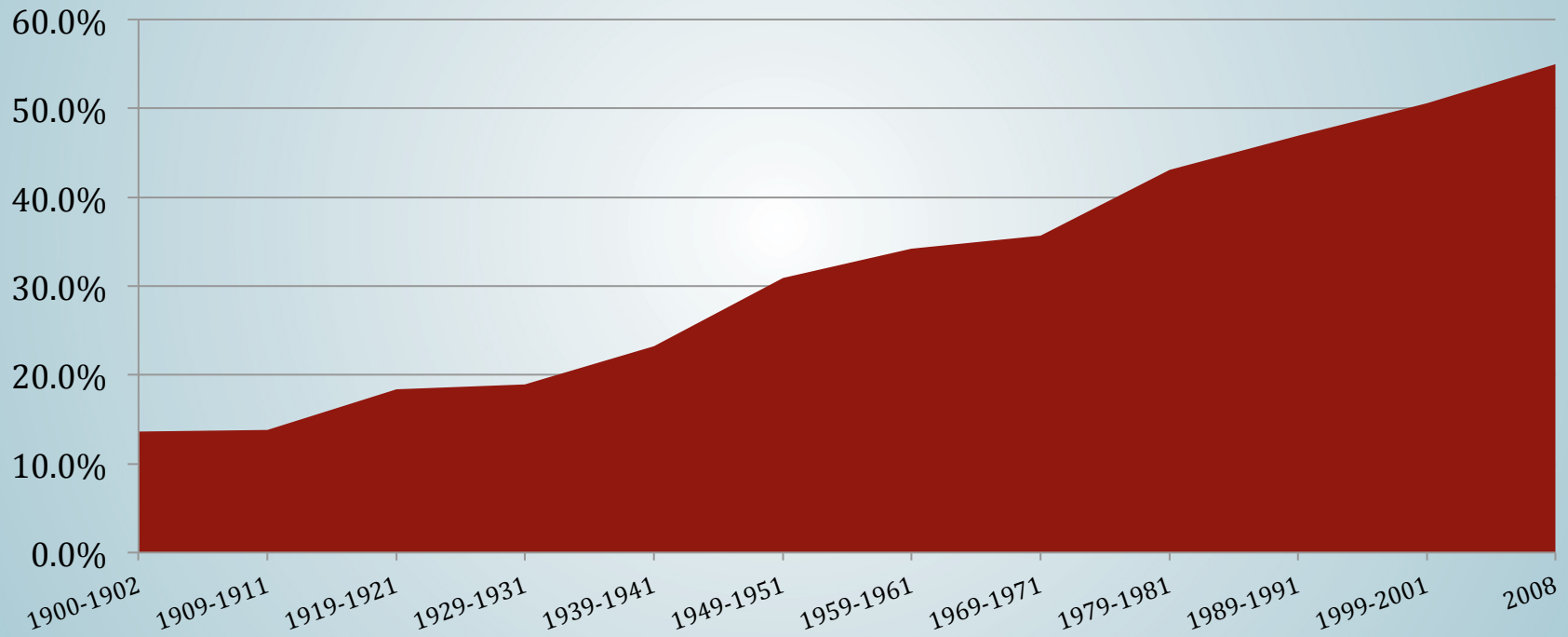
In a world of rapidly declining income generators, RCS Capital delivers direct investment programs designed to provide “Durable Income”



The Opportunity

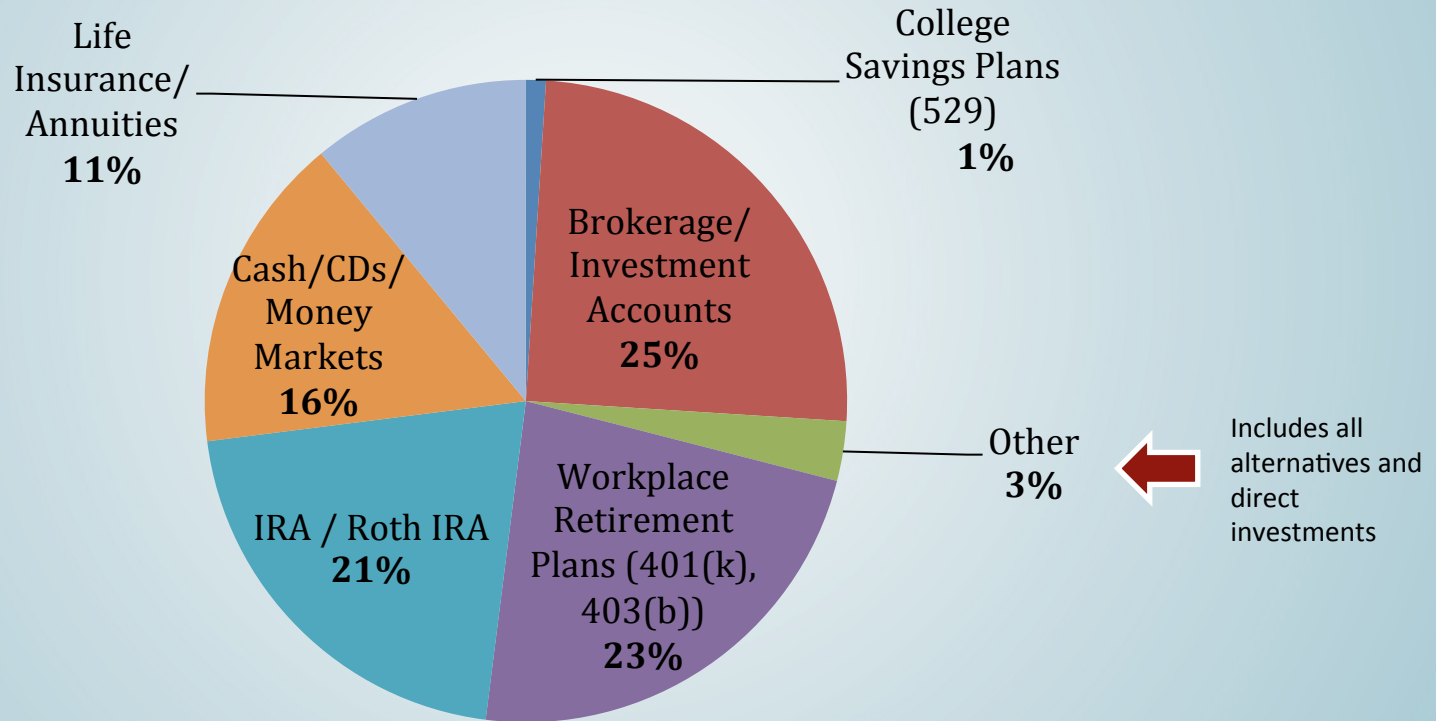
Americans are living longer, yet 82% are NOT very confident they will have sufficient funds to retire comfortably.

Percentage of Population Living to 80 Years of Age



The Opportunity

In 2012, the Mass Affluent, those Americans able to afford a comfortable retirement, accounted for \$7.5 trillion of investable assets, yet allocated less than 3% to direct investment programs.

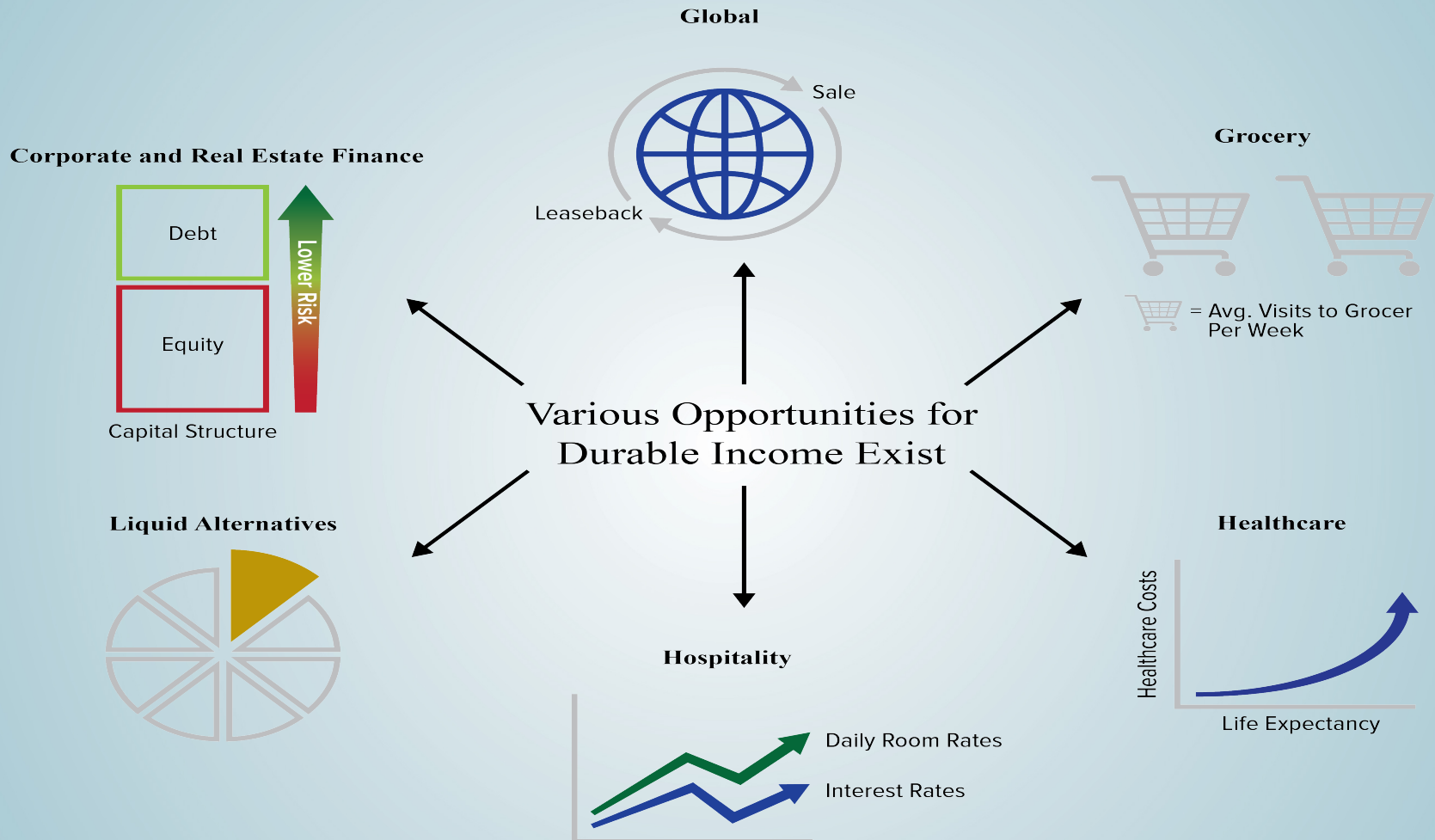


The Durable Income Story

WHAT IT IS AND WHY IT'S IMPORTANT TODAY

- | | | |
|---|--|---|
| 1 | <i>Durable Income</i> | ✓ |
| 2 | <i>Capital Appreciation</i> | ✓ |
| 3 | <i>Inflation Hedge</i> | ✓ |
| 4 | <i>Lower Portfolio Volatility</i> | ✓ |
| 5 | <i>Lower Correlation to the Stock Market</i> | ✓ |
| 6 | <i>Risk-Return Balance and Portfolio Diversification</i> | ✓ |
| 7 | <i>Tax-Efficient Total Returns</i> | ✓ |

How To Achieve It?



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The Closed-End Fund Income Opportunity:

An ETF Solution

Talking Points

- **Closed-End Funds: Opportunity For Income**
- **CEF Premium & Discount Trends**
- **Inside YYY: An ETF of CEFs**



Closed-End Funds (CEFs)

- CEFs offer the potential for regular income distributions from a variety of asset classes and strategies.
- The fixed number of shares issued by a CEF is a unique characteristic of the vehicle.
- CEF shares are bought and sold at market price, not necessarily NAV, on an exchange.



CEFs: Two Income Opportunities

- Ability to select income funds from a variety of asset classes, strategies and managers not available in all investment vehicles.
- Ability to purchase CEF shares for less than net asset value thus potentially increasing the yield potential on investment.

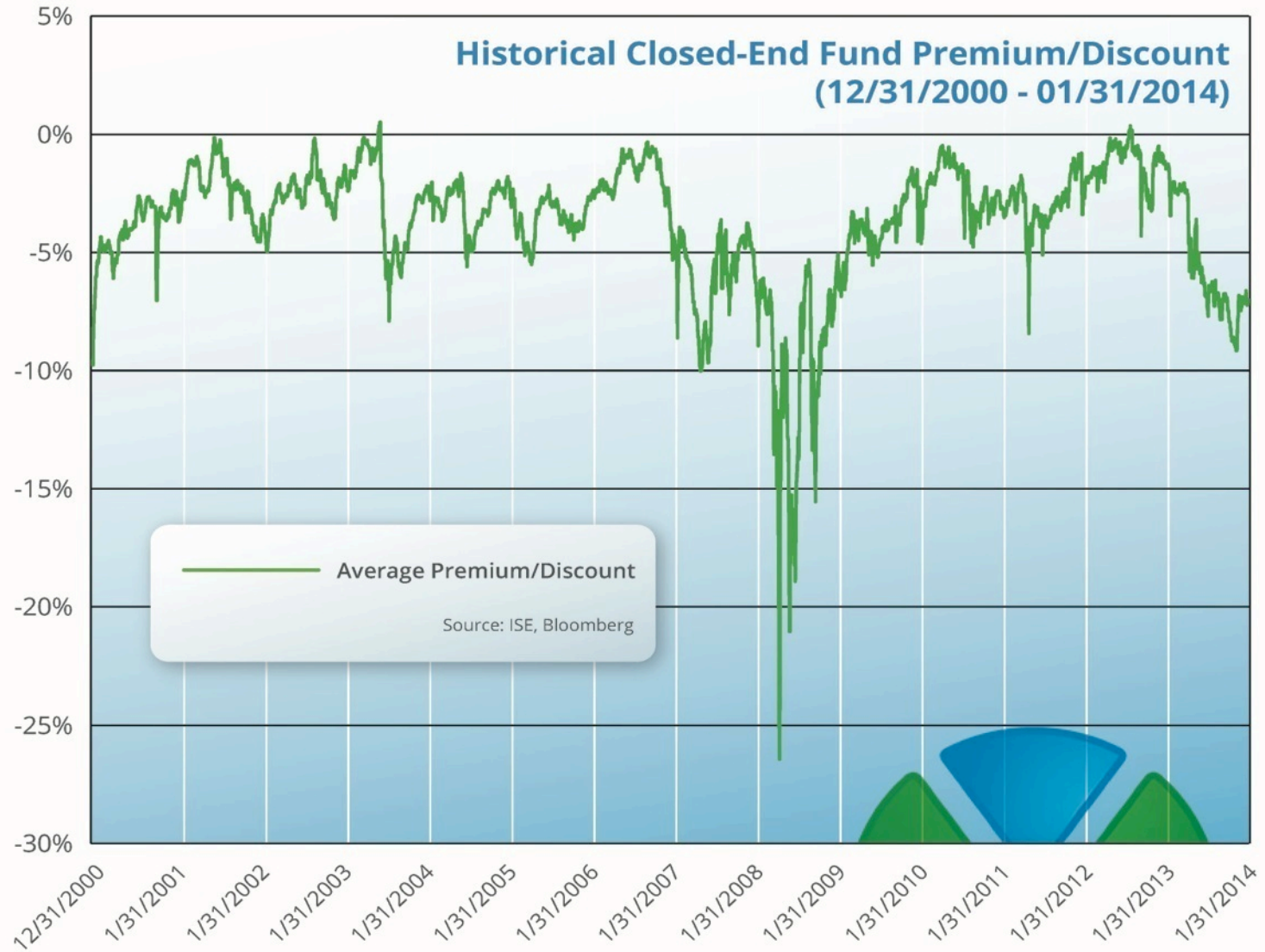


5 T H A N N U A L
Financial Advisor
RETIREMENT SYMPOSIUM

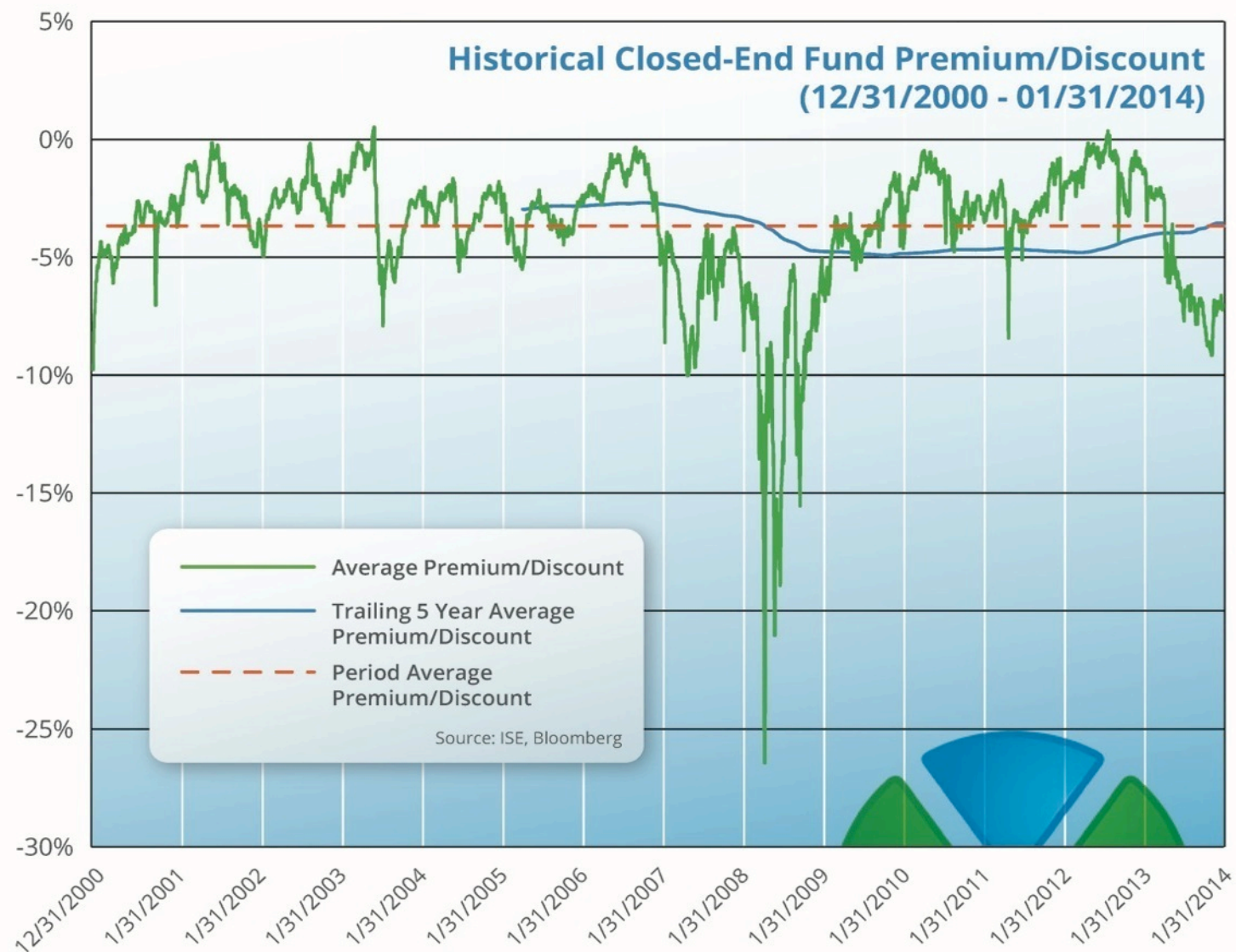
Closed-End Fund
Premium / Discount
Trends



Private
Wealth For Financial Professional
Use Only



For Financial Professional
Use Only



For Financial Professional
Use Only

Investment Observations

- Over the last 14 years, the market price of the average CEF trade has traded at a discount to net-asset value.
- In 2014 the average CEF is trading at an above average discount to net-asset value versus the long term 14 year historical average and shorter term 5 year average.



YieldShares High Income ETF (YYY):

- Access potential CEF income and capital appreciation opportunities through the efficient structure of an ETF.



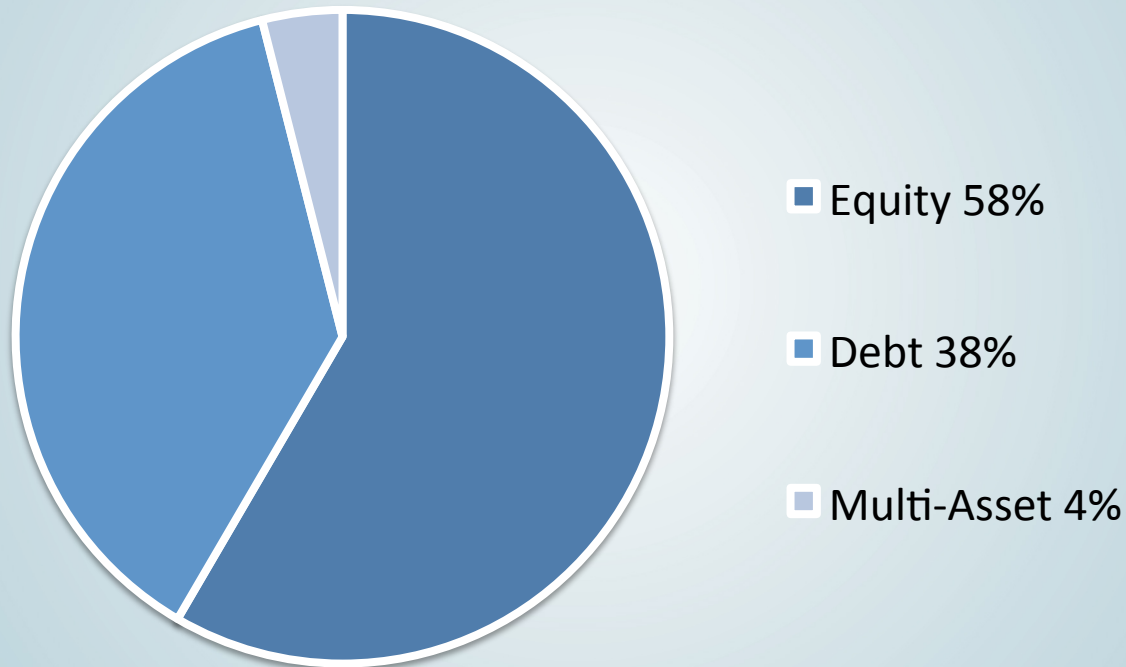
YYY: An Index Based ETF

- The ISE High Income Index is comprised of 30 CEFs ranked highest overall in three criteria: distribution amount, discount to net asset value and fund liquidity.
- The index reconstitutes on December 31st each year.



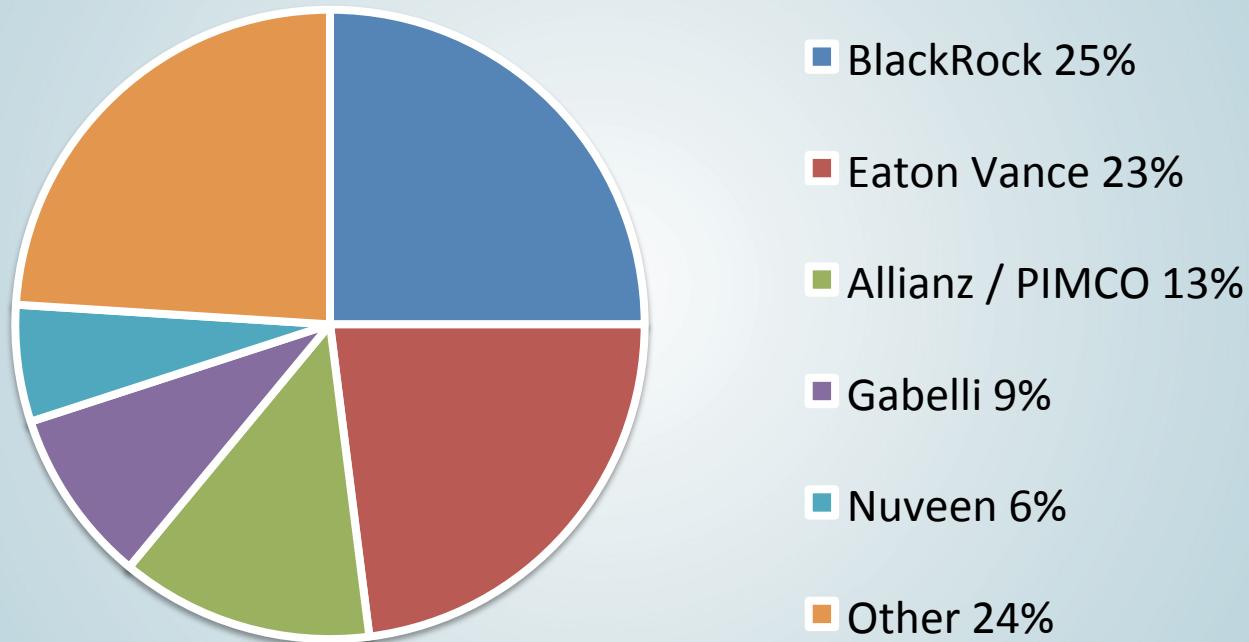
YYY: Diversified By Asset Class

- **30 CEFs Across Three Asset Classes**



YYY: Diversified By CEF Sponsor

- **13 CEF Sponsors Represented**



YYY Distribution Numbers

- 30 Day SEC Yield: 8.38%
- Distribution Yield: 8.46%

YYY Fund Fees & Expenses

Management Fee: 50bps

Acquired CEF Fees & Expenses: 1.15%

Total YYY Expense Ratio: 1.65%

Disclosure

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's prospectus, which may be obtained by visiting www.yieldshares.com. Read the prospectus carefully before investing.

There is no guarantee the fund will make distributions.



For Financial Professional
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Disclosure

Investing involves risk, including the possible loss of principal. Because the Fund is a fund of funds, its investment performance largely depends on the investment performance of the Underlying Funds in which it invests.

An investment in the Fund is subject to the risks associated with the Underlying Funds that comprise the Index, including risks related to investments in derivatives, REITs, foreign securities and municipal securities. The underlying holdings of the fund may be leveraged, which will expose the holdings to higher volatility and may accelerate the impact of any losses. Fixed-income securities' prices generally fall as interest rates rise. High yield securities are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities may be subject to greater price volatility due to such factors (*continued*)



Disclosure

(con't)

as specific corporate developments, interest rate sensitivity, negative perceptions of the non-investment grade securities markets, real or perceived adverse economic conditions, and lower liquidity. Preferred stock is subject to many of the risks associated with debt securities, including interest rate risk. In addition, preferred stock may not pay a dividend, an issuer may suspend payment of dividends on preferred stock at any time, and in certain situations an issuer may call or redeem its preferred stock or convert it to common stock. International investments may also involve risk from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, and from economic or political instability.



Disclosure

There is no guarantee that the fund will meet its investment objective.

The Fund will pay indirectly a proportional share of the fees and expenses of the Underlying Funds in which it invests, including their investment advisory and administration fees, in addition to its own fees and expenses. In addition, at times certain segments of the market represented by constituent Underlying Funds may be out of favor and underperform other segments.

Exchange Traded Concepts, LLC serves as the investment advisor, and Index Management Solutions, LLC serves as a sub advisor to the fund. The Funds are distributed by SEI Investments Distribution Co., which is not affiliated with Exchange Traded Concepts, LLC or any of its affiliates. Diversification may not protect against investment loss. There is no guarantee that distributions will be made. The information presented here is not intended to be individual or personalized investment or tax advice.



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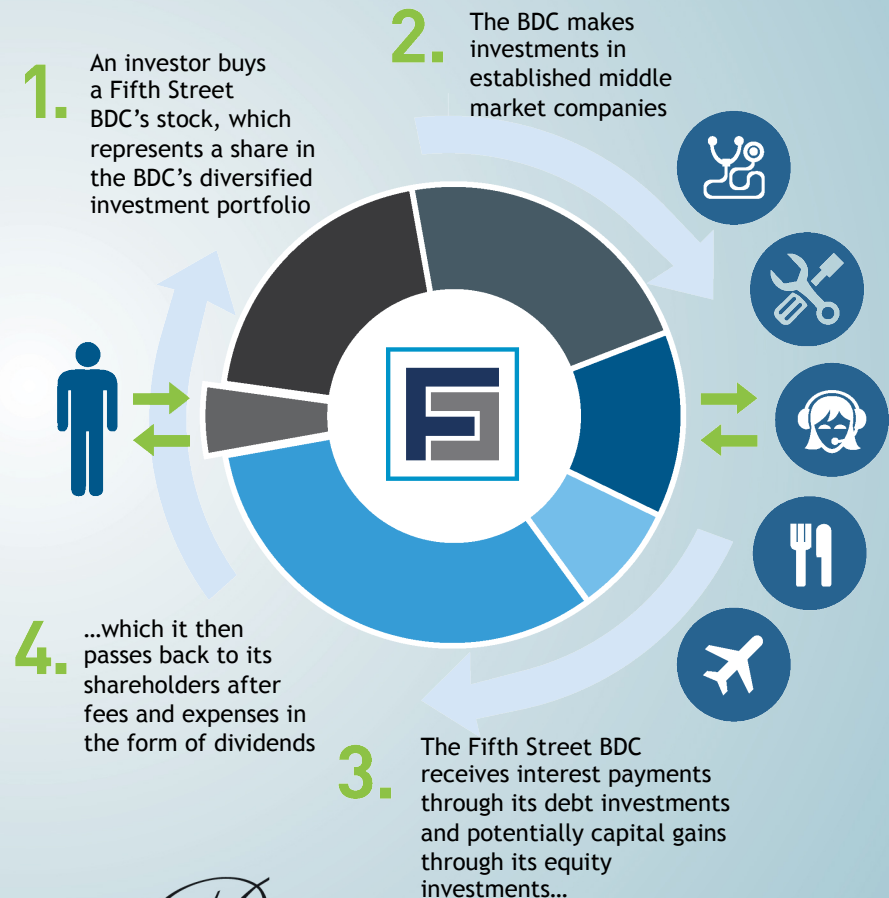
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What is a Business Development Company (or BDC)?

- Structure comparable to equity REITs and MLPs
- Special type of pass-through entity created by Congress in 1980
- Total public market capitalization of BDC industry is over \$30 billion⁽¹⁾
- Required dividend payout of at least 90% of annual net income results in attractive dividend yields of 8-12% in the current low yielding environment



⁽¹⁾ KBW Investment Banking Group,
Weekly BDC Market Overview; 3/1/2014

What Do Your Clients Care About?



☐ Saving for Retirement

☐ Generating Stable Income

☐ Positioning for Rising Interest Rates

☐ Diversification

☐ Being Risk Adverse

☐ Built-in Liquidity

☒ **ALL OF THE ABOVE**

As Banks Pull Back, Alternative Lenders Step In

FIFTH STREET IS THE CONDUIT

Banks

Fifth Street
(*Investment Grade Rated*)

Non-Investment Grade Middle Market Companies



FIFTH STREET MANAGEMENT LLC

- Leading alternative asset manager
- \$4B+ in AUM
- Investment adviser of two publicly-traded BDCs
- 16 year track record⁽¹⁾

(1) Fifth Street Management LLC and affiliated predecessor funds

Fifth Street Finance Corp. (NASDAQ:FSC)

One of the largest, most established BDCs in the country.



Market
Capitalization

\$1.3B+



Years as a
Public Company

6



Investment
Grade Ratings

2
(BBB-)



Daily Trading Volume
(3-Month Average)

1.5M
shares



CEO Ownership of
Common Stock

\$19M



Analyst
Coverage

14
analysts

INSTITUTIONAL

PROVEN

SAFE

LIQUID

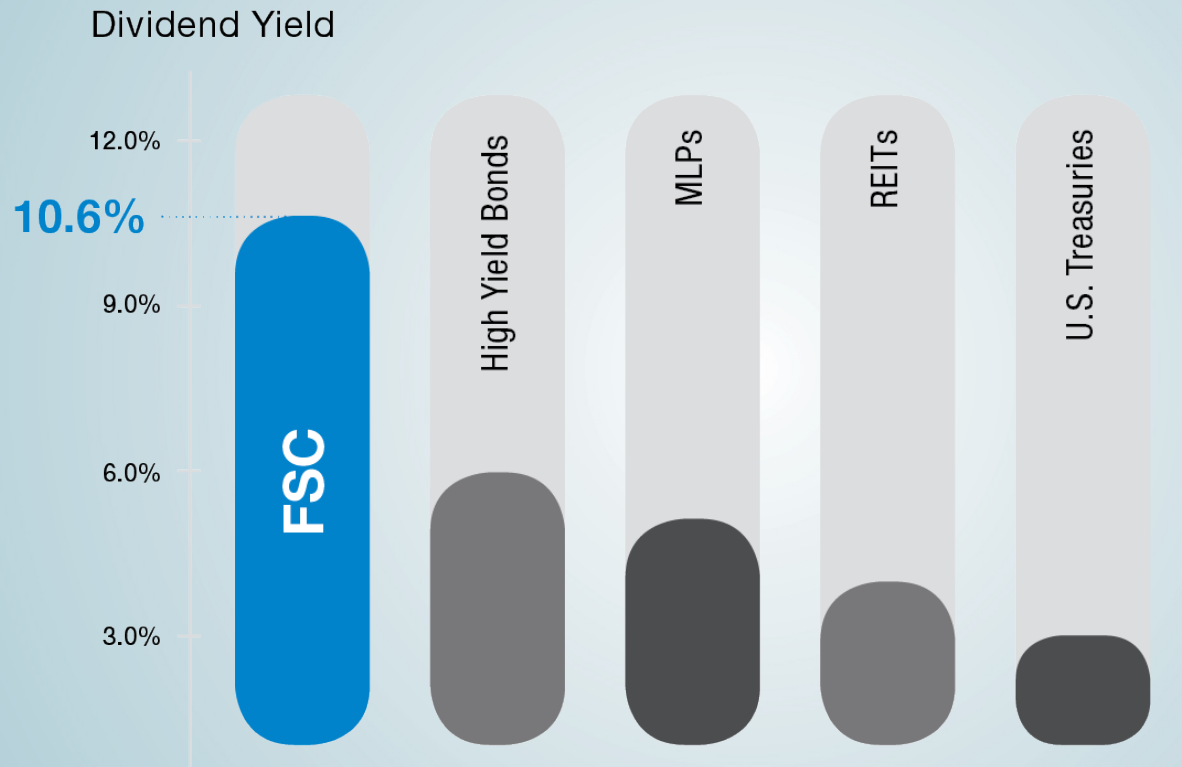
ALIGNED

RECOGNIZED

Note: All figures as of April 11, 2014
Source: FactSet



FSC's Monthly Dividends



MONTHLY DIVIDENDS PAID AND/OR DECLARED FOR 2014

<u>Payment Date</u>	<u>Amount Per Share</u>
January 2014	\$0.0833
February 2014	\$0.0833
March 2014	\$0.0833
April 2014	\$0.0833
May 2014	\$0.0833
June 2014	\$0.0833
July 2014	\$0.0833
August 2014	\$0.0833

Note: FSC dividend yield as of 3/20/14, based on annualizing the \$0.0833 monthly dividend declared through August 2014. Twelve month trailing yields as of 3/20/14 for high yield bonds are represented by the iShares iBoxx USD High Yield Corporate Bond ETF, Master Limited Partnerships (MLPs) by the JPMorgan Alerian MLP ETN, Real Estate Investment Trusts (REITs) by the iShares US Real Estate ETF, and U.S. Treasuries by the 10-year U.S. Treasury Bond. Individuals cannot invest directly in an index.



Fifth Street Senior Floating Rate Corp. (NASDAQ:FSFR)



% of Debt Portfolio in
Floating Rate Investments

100%

WELL-POSITIONED



% of Portfolio Invested
in Senior Secured Loans

100%

SAFE

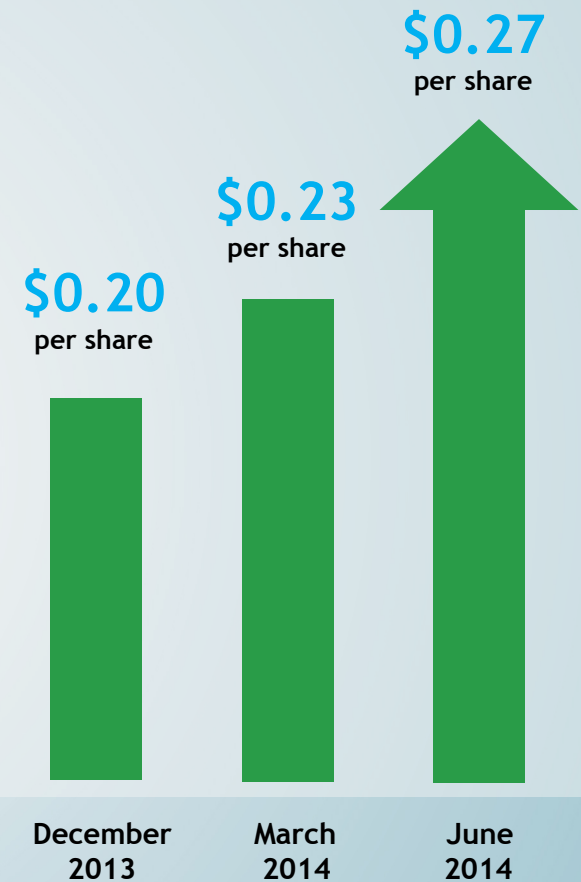


CEO Ownership of
Common Stock⁽²⁾

\$6.2M

ALIGNED

FSFR's GROWING QUARTERLY DIVIDEND⁽¹⁾



(1) FSFR had a December quarterly dividend of \$0.20 per share, a March quarterly dividend of \$0.23 per share and its Board of Directors has declared a June quarterly dividend of \$0.27 per share payable July 15, 2014. Dividend yield is calculated as of 3/20/14 and annualizes the respective quarter's dividend; (2) Source: FactSet.

