Abstract: Can alpha be delivered through a fund-of-funds approach?

Strategy: Fund of Funds.

<table>
<thead>
<tr>
<th>DELIVERABLES</th>
<th>STATUS</th>
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</thead>
<tbody>
<tr>
<td>Analysis of chosen Hedge Funds.</td>
<td>Complete</td>
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<tr>
<td>Perform analysis of the past eight quarters.</td>
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<tr>
<td>Take the holdings above the mean performance of each fund and stack them based on performance into the supra-fund.</td>
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Next Steps

Control Analysis

Track performance of supra-fund vs. chosen Hedge Funds.

Track performance of supra-fund vs. relative Hedge Fund ETF (ALFA).

Due Diligence

Execution/window of profitability? Portfolio turnover?

ALFA = Alphacnome Alternative Alpha ETF

The investment seeks to track the price and yield, before fees and expenses, of the AlphaClone Hedge Fund Long/Short Index. The fund uses a passive or indexing investment approach to track the AlphaClone Hedge Fund Long/Short Index. The index is composed of U.S. equity securities selected based on a proprietary hedge fund position replication methodology developed by AlphaClone, LLC. The fund is non-diversified.

*ALFA used due to non-transparency in actual Hedge Fund reporting.

Scope:

- Analysis on length of holding by Hedge Funds.
  - Quarterly
  - % of portfolio
  - Directional Strategy (Long/Short)
- Industry analysis
  - Perform same due diligence as above for industry
  - Give forward looking guidance
  - Assess street sentiment (analyst guidance)
- Fundamentals of invested firms
  - SWOT
  - Why? (M&A?; R&D prospects?; etc.)
    - Identify the gains/losses through the three layers
- AVG change vs. the top performers