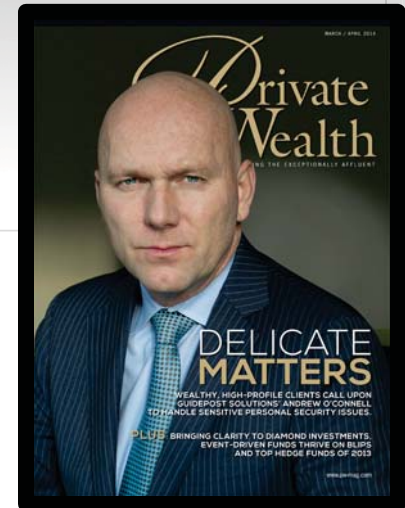




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**Closed-End Fund  
Income & Discount  
Opportunities:**

**An ETF Solution**

# Agenda

- **CEF & ETF Marketplace Statistics**
- **CEF Premium & Discount Trends**
- **Indexing actively managed CEFs**
- **Inside YYY: An ETF of CEFs**

# CEF & ETF Marketplace Stats

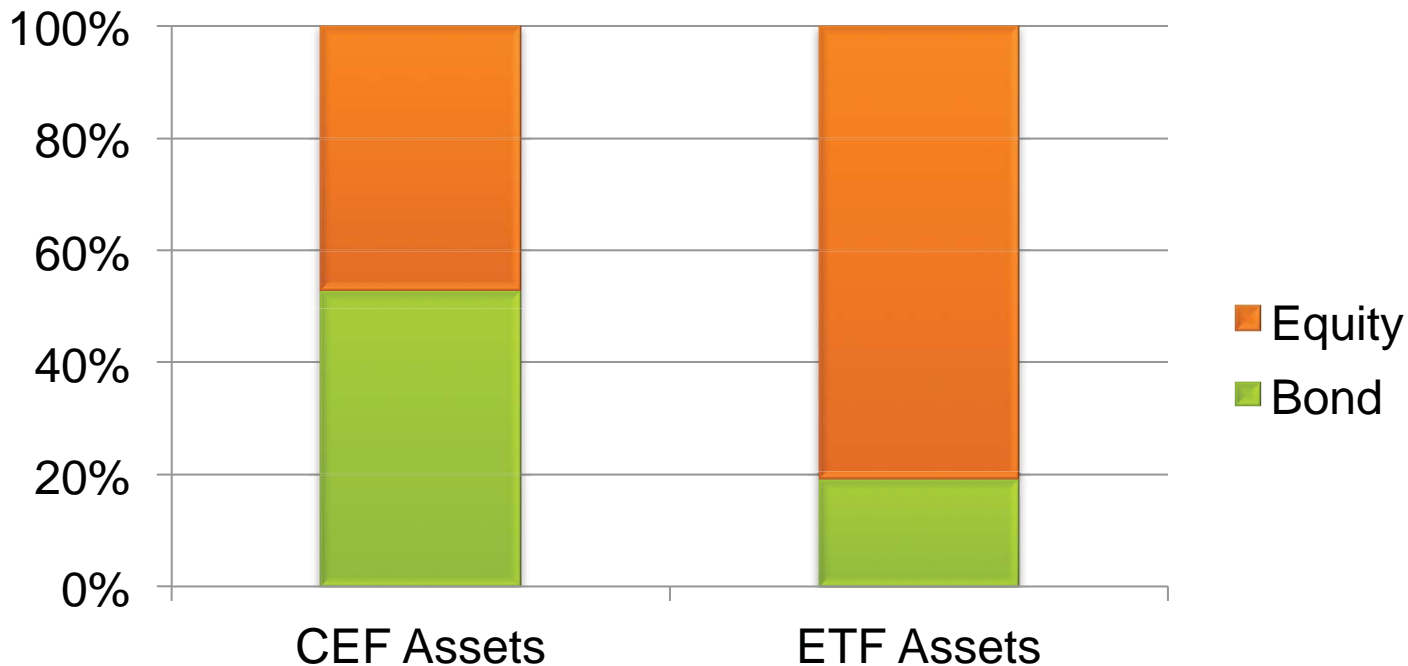
# CEF & ETF Marketplace Size

- **2013 AUM & Number of Funds**
  - CEFs: \$251 billion, 598 funds
  - ETFs: \$1.7 trillion, 1,536 funds

Source: CEFA, ETF.com, January 2014

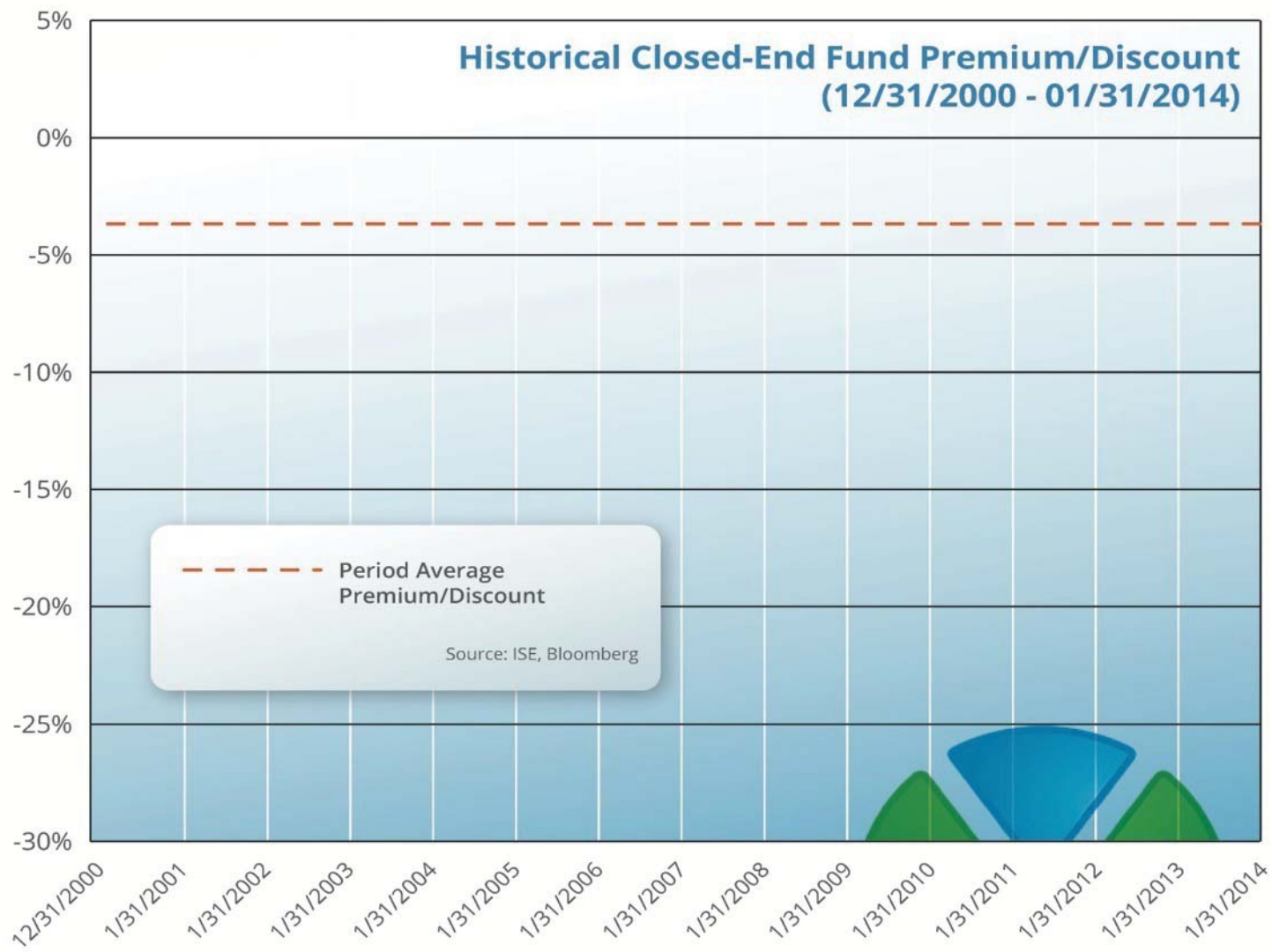
# CEFs vs. ETFs: Marketplace

## ○ CEF & ETF Asset Composition 2013

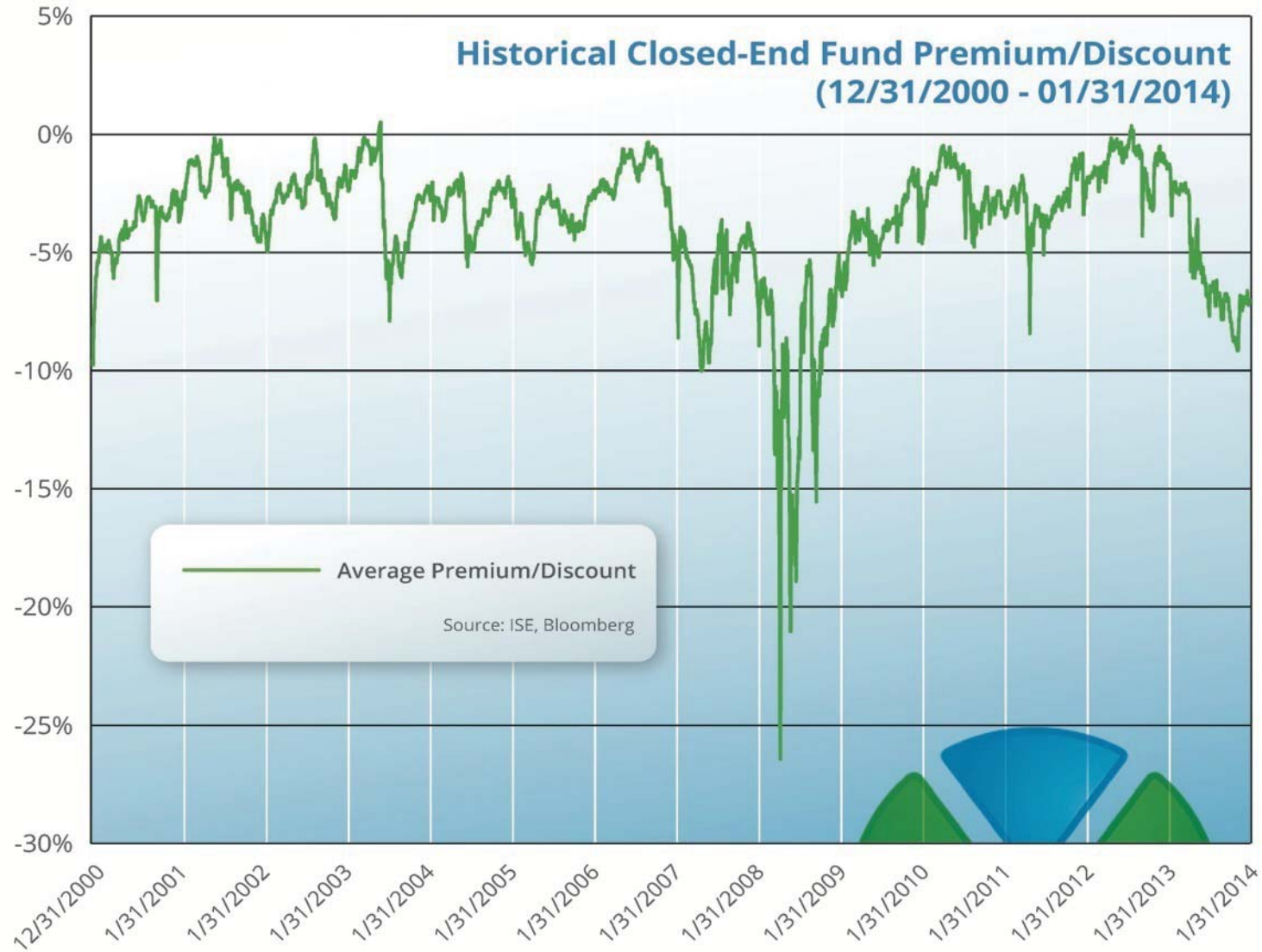


Source: CEFA, ETF.com January 2014

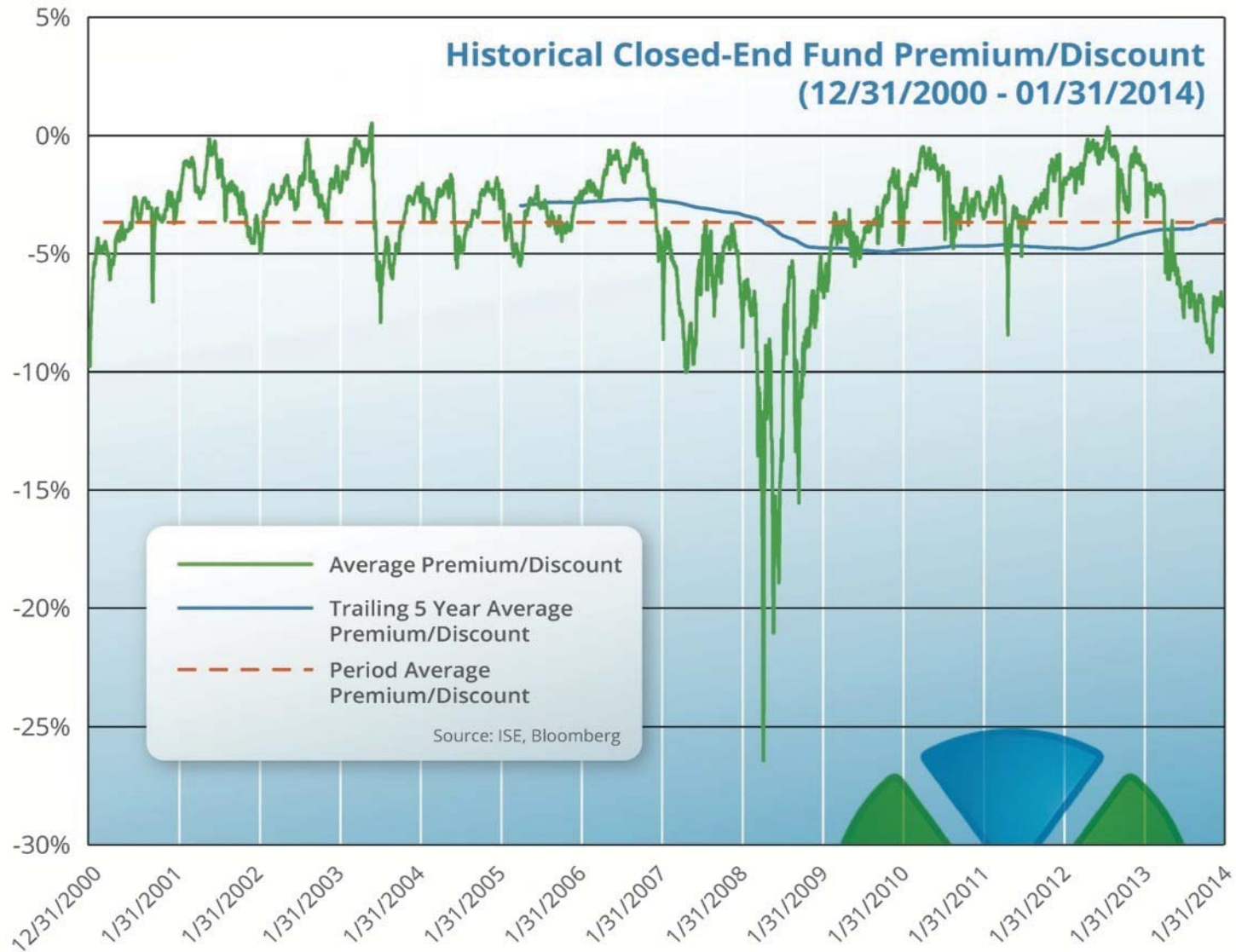
# Closed-End Fund Premium / Discount Trends

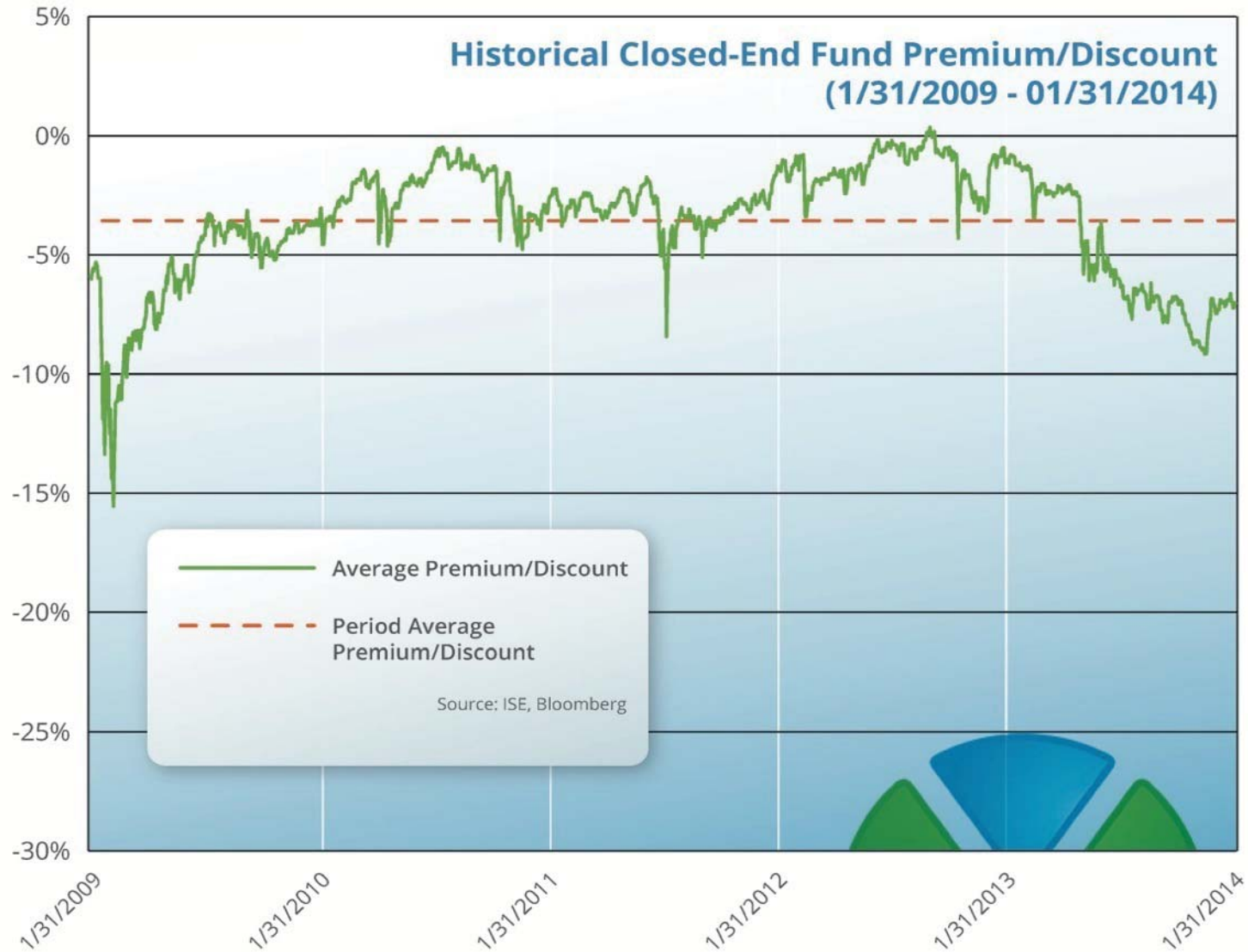






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# Investment Observations

- 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.

# The ISE High Income Index

# ISE High Income Index

- A rules based index of actively managed CEFs.
- The strategy underlying the index methodology is to generate high current income.

## ISE High Income Index: Initial Screens

- 1) Must be registered as an investment company per 1940 Investment Act and listed on a registered U.S. Securities Exchange
- 2) Must be a closed-end fund (CEF) and not an operating company, holding company, commodity pool or royalty trust
- 3) Market capitalization must be \$500 million or above
- 4) Six month daily average traded value (ADV) must be \$1 million or above

# ISE High Income Index: Ranking Criteria

- 1) Distribution Size
- 2) Premium / Discount to Net Asset Value
- 3) Average Daily Value of Shares Traded



## ISE High Income Index: Criteria Weighting

Calculate each CEFs' overall rank from the three weighted criteria below:

- 1) Size of distribution: 50%
- 2) Fund discount / premium to NAV: 25%
- 3) Average daily value of shares traded: 25%

The top 30 ranked CEFs make up the index.

# ISE High Income Index Weighting Scheme

A modified linear weighting methodology is employed.

- Individual CEF exposure is capped at index constitution.
- Index reconstitutes on December 31<sup>st</sup> each year.

# ISE High Income Index Characteristics

- **Indicated distribution: 9.91%**
- **Average CEF discount to NAV: - 5.84%**

Source: International Securities Exchange January 2014

# ISE High Income Portfolio Characteristics

	<b>Debt Only</b>	<b>Index</b>
<b>Overall Duration</b>	<b>4.1 years</b>	<b>1.56 years</b>
<b>Leverage</b>	<b>28.90%</b>	<b>11.01%</b>
<b>Overall Credit Rating</b>	<b>BB+</b>	<b>N/A</b>

Source: International Securities Exchange January 2014



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# The YieldShares High Income ETF (YYY)



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# YYY Value Proposition

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



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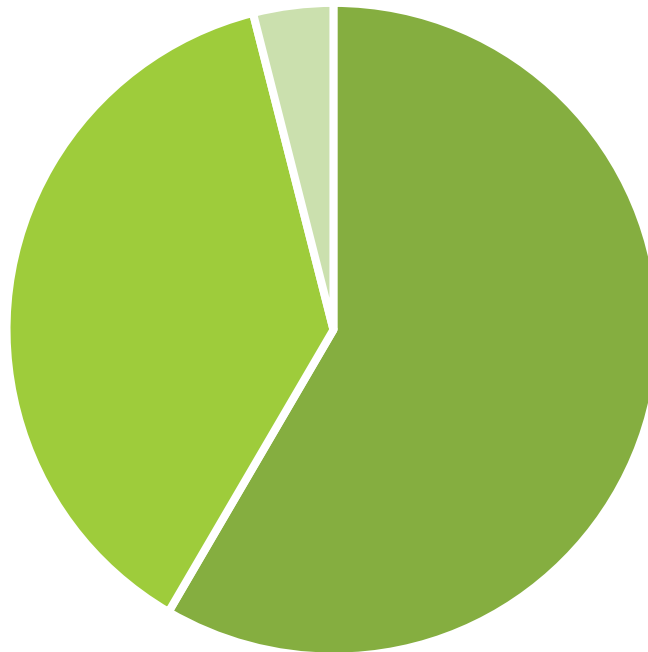
# YYY Is Index Based

- Seeks investment results that, before fees and expenses, correspond generally to the price and yield performance of the ISE High Income Index.
- YYY is listed on the NYSE Arca
- Inception date: June 21, 2013
- Monthly distribution schedule\*

\*There is no guarantee distributions will be paid.

# YYY: Diversified By Asset Class

## ○ 30 CEFs Across Three Asset Classes



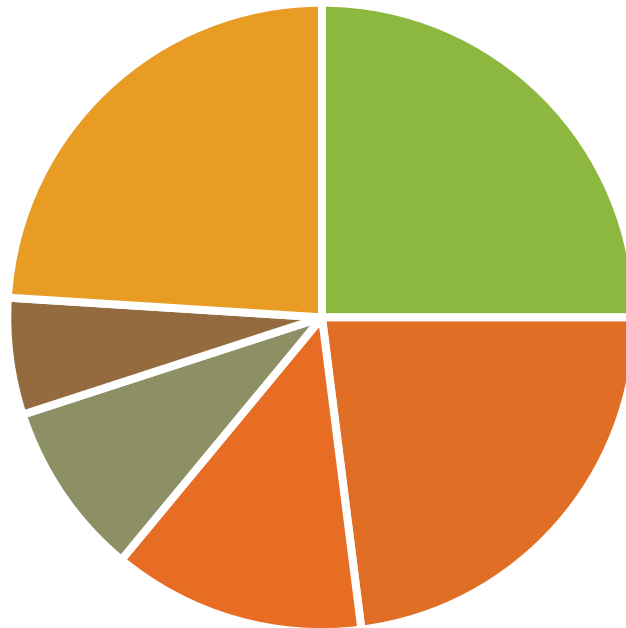
- Equity 58%
- Debt 38%
- Multi-Asset 4%

Source: ISE January 2014



# YYY: Diversified By CEF Sponsor

## 13 CEF Sponsors Represented



- BlackRock 25%
- Eaton Vance 23%
- Allianz / PIMCO 13%
- Gabelli 9%
- Nuveen 6%
- Other 24%

Source: YieldShares January 2014

# YYY: Diverse Investment Categories

## Equity

- Covered Call
- General Equity
- Natural Resources
- Energy
- Commodity
- Global Dividend

## Debt

- Investment Grade
- Multi-Sector
- High Yield
- Limited Duration
- Preferreds
- Non U.S. Income



Source: CEF Connect 2/1/2014

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# YYY CEF Discount Exposure

- **Average CEF discount to NAV: -5.84%**
  - Buying underlying assets for less than 95 cents on the dollar.

Source: ISE 2/1/2014

# YYY Distribution Rates

- **30 Day SEC Yield: 8.57%**
- **Distribution Yield: 9.43%**

Source: YieldShares 3/12/2014



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## YYY Upcoming Distribution Schedule

Month	Ex-Date	Record Date	Pay Date	Amount
January	1/27/2014	1/29/2014	1/30/2014	\$.17000
February	2/25/2014	2/27/2014	2/28/2014	\$.17000
March	3/25/2014	3/27/2014	3/28/2014	
April	4/25/2014	4/29/2014	4/30/2014	
May	5/27/2014	5/29/2014	5/30/2014	

Source: YieldShares



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# YYY Fund Fees & Expenses

**Management Fee: 50bps**

**Acquired CEF Fees & Expenses: 1.15%**

**Total YYY Expense Ratio: 1.65%**

Source: YieldShares



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# YYY Performance

## Performance

Data as of 03/11/2014

	CUMULATIVE (%)			AVG ANNUALIZED (%)	
	1 Mo.	3 Mo.	SINCE INCEPTION *	1 Yr. *	SINCE INCEPTION *
<i>Month End as of 02/28/2014</i>					
Fund NAV	<b>4.55</b>	<b>5.40</b>	<b>31.25</b>	<b>6.76</b>	<b>17.13</b>
Closing Price	<b>4.91</b>	<b>5.44</b>	<b>31.60</b>	<b>7.62</b>	<b>17.31</b>

*Calendar Quarter End as of 12/31/2013*

Fund NAV	<b>27.30</b>
Closing Price	<b>27.75</b>

\* The inception date of the YieldShares High Income ETF (YYY) was June 21, 2013. On that date, a previous fund from a Sponsor unrelated to YieldShares was converted into the current fund and investment objective. The previous fund was called the Sustainable North American Oil Sands ETF (SNDS) and had an inception of June 12, 2012.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted.

For performance current to the most recent month-end, please visit [YieldShares.com](http://YieldShares.com).

Source: YieldShares



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# YYY Performance

Since June 21, 2013 Fund Index Change To ISE High Income Index:

- 12.12%

2014 through March 12<sup>th</sup> close:

- 3.71%

Source: Stockcharts 3/12/2014



# YYY Performance Chart Since Inception



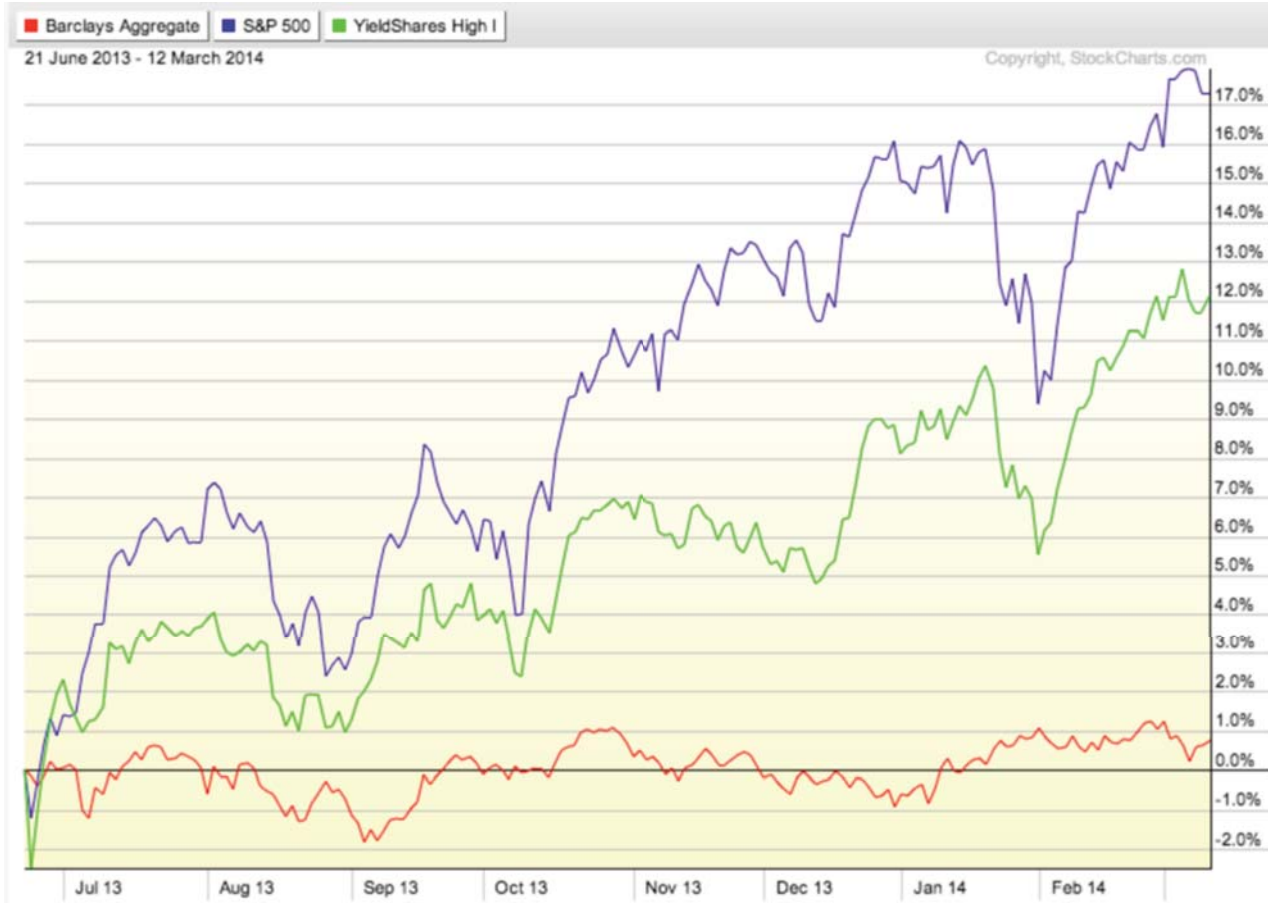
Source: Stockcharts 3/12/2014



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# YYY Performance Comparison:

## S&P 500 Index & Barclays U.S. Aggregate Bond Index



Source: Stockcharts 3/12/2014, Index definitions found before disclosure section.

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# Potential Uses Mentioned By Financial Professionals

- Balanced approach to high current income
- Diversified alternative to individual CEF positions
- Tool to lower the effective duration of a traditional income allocation
- Complement to other CEF ETFs and UITs

# Question & Answer Period

- **YieldShares High Income ETF (YYY)**
  - For more information please visit our website: [YieldShares.com](https://www.yieldshares.com)
- **Distribution Partner: ETF Managers Group**
  - [Harold Janecek, Director ETF Sales](#)
  - [\(331\) 330-6507](tel:3313306507), [harold@etfmg.com](mailto:harold@etfmg.com)

# Index Definitions

- The Barclays U.S. Aggregate Bond Index represents the securities in the U.S. dollar denominated investment grade bond market.
- The S&P 500 measures the performance of approximately 500 large cap equities in the U.S. marketplace.

# 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](http://www.yieldshares.com). Read the prospectus carefully before investing.**

**There is no guarantee the fund will make distributions.**

# 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.

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