

Item 1 – Wrap Fee Program Brochure Cover Page



**ALPHACLONE
WRAP FEE PROGRAM BROCHURE**

MARCH 2012

Sponsored by:
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This brochure provides clients with information about AlphaClone LLC (“AlphaClone”) and AlphaClone’s Wrap Fee Program (the “Program”). You should consider the information in this brochure carefully before becoming a Program client. Please note that this information has not been approved or verified by any governmental authority.

Item 2 – Material Changes

Our previous Wrap Free Program Brochure was dated March 7, 2011. The material changes in this Wrap Fee Program Brochure from our previous Wrap Fee Program Brochure are as follows:

- AlphaClone has reduced its minimum requirement to establish an account under its Wrap Fee Program to \$100,000 from \$250,000.
- AlphaClone's business now includes the licensing of its intellectual property for use by third parties, including mutual funds, exchange traded funds and index providers for a fee.

We will deliver an updated Wrap Fee Program Brochure annually to wrap fee program clients, together with a summary of material changes, within 120 days of the close of our fiscal year. You may request a copy of our Wrap Fee Program Brochure by contacting AlphaClone at (415) 293-8388 or by e-mailing contact@alphaclone.com. Our Firm Brochure is also available on our web site at www.alphaclone.com.

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Item 4 - Services, Fees and Compensation

AlphaClone is a research and investment firm that specializes in leveraging publicly available information to derive investment strategies. AlphaClone's research approach compiles data primarily from public filings made with the SEC by hedge funds and other institutional investment managers. AlphaClone uses the data to construct and backtest core investment strategies and make investments for its clients based on the client's selection of one or more core strategy. The core strategies are monitored and adjusted quarterly. Our clients' investments also are adjusted quarterly so that they substantially track their chosen core portfolios.

AlphaClone offers its core strategies through the AlphaClone Wrap Fee Program where it serves as the Program's sponsor and investment adviser. The Program operates exclusively through AlphaClone's interactive website. The Program is fee based (see schedule below). Wrap Fee Program fees are not negotiable. AlphaClone retains between 75% and 83% of the Program's total fees as its portfolio management fee. Clients do not incur separate brokerage commissions.

The basic fee schedule has tapered asset based fees charged quarterly in advance as follows:

| <u>For Amounts</u> | <u>Annual fee (charged quarterly)</u> |
|--------------------------|---------------------------------------|
| First \$250,000 | 1.50% |
| \$250,001 to \$500,000 | 1.35% |
| \$500,001 to \$1,000,000 | 1.15% |
| More than \$1,000,000 | 1.00% |

Minimum annual fee per account \$750.00

Our Program fees are computed and payable quarterly in advance during the first month of each calendar quarter and will be calculated based on the market value of the client account assets held on the last day of the prior quarter. The fee for the calendar quarter in which assets were first deposited into the account will be based on the market value of the account assets on the day the assets were deposited in the account and prorated for the number of days the account was open during the quarter. If the account is terminated prior to the end of a quarter, the fee for that quarter will be prorated for the number of days the account was open during that quarter and any overpayment, net of Folio's charges to AlphaClone for the quarter, will be returned to client following the closing of the account. Fees are not negotiable.

Our Program fees are designed to cover all client costs except costs incurred because of special requests for services not provided by the program. For example, the program provides for electronic delivery of documents. If a client requests paper copies of documents, a separate charge will be imposed for that service. Similarly, separate charges may be imposed if clients request money or other asset transfers to accounts outside the program. In addition, ETFs and other registered investment companies that may be included among a client's holdings, charge separate fees and expenses as described in their prospectuses.

Clients may be able to purchase services similar to those offered under the Program from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than the Program, depending on the fees charged by such other service providers.

AlphaClone provides investment advisory services exclusively through its interactive website except that in any twelve month period AlphaClone may provide investment advice to less than 15 clients through other means.

Item 5 - Account Requirements and Types of Clients

This Program is designed to provide investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and business entities who meet AlphaClone's

suitability requirements. The Program requires that the client complete a suitability questionnaire and if applicable an account application. Clients approved for an account must maintain a securities brokerage and custody account with Folio Investments Inc., the Wrap Fee Broker. AlphaClone selected the Wrap Fee Broker on the basis of services provided to AlphaClone's clients and the fees it charges to AlphaClone. Except for discretionary services not contemplated by the Wrap Fee Broker's account agreement, none of the Wrap Fee Broker's charges are paid by AlphaClone's clients. A minimum of \$100,000 initial investment is required to open an account. Fees are non-negotiable for wrap fee accounts.

Item 6 - Portfolio Manager Selection and Evaluation

Advisory Business

All core strategies offered through the Program are derived by AlphaClone from public filings made with the SEC by hedge funds and institutional investment managers. AlphaClone is in no way affiliated with the hedge funds or institutional investment managers who make such filings and any use of a specific filing by AlphaClone in one or more core strategies is in no way intended to be an endorsement of the firm making the public filing. AlphaClone core strategies can hold any US-exchange traded security including ADRs and ETFs.

To determine client suitability and core strategy selection AlphaClone relies upon the information provided to it by the client, including the application and suitability questionnaire. Client may impose reasonable restrictions, subject to approval, on the management of the Account, including the designation of specific securities or a specific category of securities, that should not be purchased for the Account or that should be sold if held in the Account, and may reasonably modify such restrictions from time to time.

AlphaClone retains between 75% and 83% of the Program's total fees for its services as portfolio manager. These web based services also may become available to clients who choose not to participate in the Program. AlphaClone may provide investment advice to less than fifteen clients through means other than its interactive website. Fees may be negotiated with clients which are not part of the wrap fee program. Clients who are not part of the Program may direct AlphaClone to use broker-dealers designated by the client or make other arrangements with AlphaClone regarding the selection of broker-dealers for their securities transactions.

Method of Analysis, Investment Strategies and Risk of Loss

AlphaClone compiles securities holdings data primarily from public disclosure filings made with the Securities and Exchange Commission by hedge funds and other institutional investment managers. AlphaClone uses the holdings data to construct and backtests core investment strategies made up of US-exchange traded marketable securities including ADRs and ETFs. AlphaClone makes investments for its clients based on the client's selection of one or more of the core strategies.

To the extent that any client account is invested in marketable securities, such investments are not deposits or obligations of and are not guaranteed by AlphaClone or its affiliates. Such investments involve investment risks, including possible loss of principal amount invested which clients should be prepared to bear

Voting Client Securities

Client, not AlphaClone, shall be responsible for voting all proxies; executing waivers, consents and other instruments; and responding to any plan of reorganization, merger, combination, consolidation, liquidation or similar transaction or plan with respect to any securities in the wrap fee account. AlphaClone shall not be obligated to render any advice or take any action on behalf of client with respect to securities held in the account, nor shall AlphaClone be obligated to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, on behalf of the account. The right to take any actions with respect to any legal proceedings, including, without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including, without

limitation, shareholder litigation, with respect to transactions, securities or other investments held in the account is expressly reserved to client. The Wrap Fee Broker shall deliver to Client all shareholder communications, including proxy statements and proxies, distributed by the issuers of Securities held in the Account. Clients can obtain a copy of AlphaClones proxy voting policies and procedures upon request.

Item 9 - Additional Information

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

AlphaClone and its employees may not buy or sell securities recommended to clients except in accordance with procedures intended to avoid conflicts of interest with clients. Securities transactions by AlphaClone and its employees may not be effected on the same day as transactions it makes for its clients except at prices equal to or inferior the prices at which it buys or sells the securities for its clients. AlphaClone maintains records of all securities transactions made for its own account and requires its employees to report their securities transactions to AlphaClone within thirty days of the end of each calendar quarter.

AlphaClone and/or its representatives may buy or sell for their personal account(s) investment products identical to those recommended to clients. AlphaClone also reserves the right for it and its employees to buy or sell securities of issuers of which it or its affiliates are officers or directors or otherwise have a financial interest. It is the general policy of AlphaClone that neither it nor its representatives may purchase or sell any individual security prior to a transaction(s) being implemented for an advisory account. This policy is meant to prevent AlphaClone and/or its representatives from benefiting as a result of transactions placed on behalf of advisory accounts. In no case, shall AlphaClone's representatives prefer their own interest to that of their advisory clients.

In accordance with Section 204A of the Investment Advisers Act of 1940, Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Advisor. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

Review of Accounts

Mazin Jadallah serves as AlphaClone's chief executive officer and is the key member of the firm. He manages the Program, the investment process and client relations. He is responsible for compliance. He conducts at least annual reviews of all client accounts. Any other investment adviser representatives that may be employed by AlphaClone will be required to have at least a graduate level degree and at least three years relevant financial analysis, portfolio management, financial research or client management experience before they can provide investment advice to clients.

Education, Business Background and Standards

Mazin Jadallah

Y.O.B: 1969

Education

Texas Tech University, Lubbock, TX - 1992, Bachelors of Science, Industrial Engineering
Rollins College, Winter Park, FL - 1996, MBA, Finance & Management

Business Background for the last 5 years

Time Warner Inc., New York, NY

10/98 to 10/01 – Executive Director, Corporate

10/01 to 7/04 – Vice President, Corporate Development, Time Warner Interactive Video Group

Open TV Inc., San Francisco, CA

7/04 to 3/07 – Senior Vice President, Strategic Development

AlphaClone LLC, San Francisco, CA

12/07 to current – Founder and CEO, 01/2010 to current – Managing Member & Chief Compliance Officer

Other Business Activities

AlphaClone publishes a web-delivered research platform that allows users to derive and backtest stock portfolios based on the public disclosures of hedge funds and institutional investment managers. Users can explore different portfolio construction strategies for both individual managers and for combined groups of managers. AlphaClone's research service is intended as an investment data and simulation platform and is offered for a quarterly subscription fee.

We license our intellectual property for use by third parties, including mutual funds, exchange traded funds and index providers for a fee. Licensees may use our intellectual property to develop investment strategies for managing accounts. In addition, services may include the development of model portfolios and indexes for a licensee's use.

AlphaClone expects to devote approximately 50% of its time to these activities.