

# **F-Squared Institutional Advisors, LLC**

One Newton Executive Park  
2221 Washington Street, Suite 201  
Newton, MA 02462  
(857) 404 - 0840  
[www.f2inv.com](http://www.f2inv.com)

## **Form ADV, Part 2A Brochure**

March 28, 2013

This brochure provides information about the qualifications and business practices of F-Squared Institutional Advisors, LLC, (hereinafter “F-Squared”). If you have any questions about the contents of this brochure, please contact us at 866-288-7657 or [info@f2inv.com](mailto:info@f2inv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that F-Squared or any person associated with F-Squared has achieved a certain level of skill or training.

Additional information about F-Squared is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number.

The CRD number for F-Squared Investments, Inc. is 154802

## **Item 2: Summary of Material Changes**

### **Revised March 28, 2013**

There are no material changes to disclose as a result of creating the new Firm ADV, Part 2A Brochure as of March 28, 2013.

F-Squared Institutional Advisors, LLC maintains its management style, investment strategies, client relations, industry standards, and fee structure.

The last annual update of ADV Part 2A was on August 31, 2012.

## Item 3: Table of Contents

<b>Item 1</b> Cover Page.....	Page 1
<b>Item 2</b> Material Changes.....	Page 2
<b>Item 3</b> Table of Contents.....	Page 3
<b>Item 4</b> Advisory Business.....	Page 4
<b>Item 5</b> Fees and Compensation.....	Page 6
<b>Item 6</b> Performance Based Fees.....	Page 7
<b>Item 7</b> Types of Clients.....	Page 7
<b>Item 8</b> Methods of Analysis, Investment Strategies, and Risk of Loss.....	Page 8
<b>Item 9</b> Disciplinary Information.....	Page 12
<b>Item 10</b> Other Financial Industry Affiliations.....	Page 12
<b>Item 11</b> Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...	Page 13
<b>Item 12</b> Brokerage Practices.....	Page 14
<b>Item 13</b> Review of Accounts.....	Page 14
<b>Item 14</b> Client Referrals.....	Page 15
<b>Item 15</b> Custody.....	Page 15
<b>Item 16</b> Investment Discretion.....	Page 15
<b>Item 17</b> Voting Client Securities.....	Page 15
<b>Item 18</b> Financial Information.....	Page 16

## Item 4: Advisory Business

### ***Description of our Firm:***

Founded in 2011, F-Squared Institutional Advisors, LLC (hereinafter “F-Squared”) is an index manager and SEC registered investment management firm located in Newton, Massachusetts, that provides investment advisory and portfolio management services for a wide range of clients.

F-Squared is a wholly owned subsidiary of F-Squared Investment Management, LLC. F-Squared Investment Management, LLC is a privately owned company with no one individual shareholder owning 25% or more of the company.

### ***Types of Advisory Services We Offer:***

F-Squared provides active index solutions and offers investment management services to a wide range of clients. We offer two primary suites of investment solutions:

- AlphaSector™ Strategies: Investment portfolios designed to create long-term value by seeking to limit losses in down markets while participating when markets are positive. These portfolios track our family of AlphaSector Indexes, and are actively offered to Advisors, Brokers, Wealth Managers, Family Offices, Trust Companies, and Institutional Investors. Individual investors can access the strategies through one of our sub-advised mutual funds or our many distribution partners. Investment portfolios are delivered in multiple formats and through many operational means to meet the needs of our clients.
- Custom Replication Solutions: Investment solutions derived from our proprietary PoRT™ technology that allows F-Squared to accurately clone most actively managed equity mutual funds. This investment solution is targeted to solving significant business challenges such as hedging active manager basis risk of variable annuities or enabling construction of low cost custom portfolios of active managers. While this suite of investment solutions is typically targeted to Institutional Investors, investment portfolios tracking our suite of AlphaCycle® Indexes are also offered to Advisors, Brokers, Wealth Managers, Family Offices, Trust Companies, Consultants, and Institutional Investors.

### Separately Managed Accounts, Model Portfolios, and Institutional Separate Accounts

F-Squared creates multiple investment strategies eligible for sale as Separately Managed Accounts (SMAs), Institutional Separate Accounts, or Model Portfolios. These strategies typically track one of our AlphaSector or AlphaCycle Indexes.

### Sub-Advisory Services

F-Squared currently sub-advises several mutual funds that are readily available to individual investors. In addition, F-Squared creates multiple investment strategies eligible for sale as sub-advisory solutions to mutual funds, exchange traded funds (ETFs) and variable annuities (VAs). The fees charged by F-Squared for sub-advisory solutions for use within commingled vehicles are negotiated.

Information concerning the Sub-Advisory relationship, including a description of the services provided by management and the fees charged for those services, is generally contained in each investment vehicle’s prospectus.

The minimum for these services is \$25 million.

## AlphaSector Indexes

F-Squared has created a suite of investments that are designed to meet the REAL needs of investors: relative performance in rising markets, and significant risk controls in declining markets. Limiting losses has been proven to both improve wealth creation and increase the success rate of systematic withdrawal programs for either individual or Institutional Investors.

All of the AlphaSector Indexes utilize exchange traded funds (ETFs) with all security decisions made with the intent of limiting losses during market declines, in particular during significant market declines. In periods of extreme market distress, a partial or complete allocation to short-term bonds (a “cash equivalent” investment) is allowed. A cash equivalent is viewed as the safe haven in times of significant bear markets. There are currently over 70 standard and/or customized AlphaSector Indexes.

## Custom Replication Solutions

F-Squared creates multiple investment strategies eligible for sale to Institutional Investors through our Custom Replication Solutions services. In most cases, F-Squared delivers the investment solutions as model portfolios for execution on the client's investment platform, or to the trading and custodial provider of their choice.

Our Custom Replication suite builds off of F-Squared's proprietary technology engine, Portfolio Replication Technology (PoRT™). PoRT allows F-Squared to replicate, through the use of public information, most equity-based mutual funds, closed end funds, or variable trust funds in the United States. F-Squared does not replicate individual funds, but instead replicates select, custom portfolios of funds (“Target Portfolio”).

## ***Tailored Advisory Services:***

F-Squared is an index provider and model manager, offering investment strategies that track our AlphaSector and AlphaCycle Indexes. Although our primary business is that of index provider and model manager, F-Squared may offer custom advisory services to Institutional Investors. As the majority of our investment services involve model management, we generally do not allow clients to impose restrictions on investing in certain securities or types of securities.

## ***Wrap Fee Programs:***

F-Squared does not currently participate in any wrap fee programs by providing portfolio management services.

## ***Assets under Management or Advisement:***

As of 12/31/2012, the total assets under management or advisement for F-Squared are as follows:

<b><i>Discretionary:</i></b>	\$4,543,171,848
<b><i>Non-Discretionary:</i></b>	<u>\$2,579,116,542</u>
<b><i>Total:</i></b>	\$7,122,288,390

## Item 5: Fees and Compensation

### ***Fee Schedule:***

F-Squared receives an investment management fee for its advisory services based on the market value of the assets under advisement. The most typical pricing options for providing SMAs or Model Portfolios, excluding operational costs, are as follows, although fees may be subject to negotiation:

<u>ASSET LEVEL</u>	<u>ALPHASECTOR STRATEGIES (MONTHLY)</u>
Firm asset levels up to \$25 million:	40bp (0.40%)
Firm asset levels > \$25 million and < \$100 million:	35bp (0.35%)
Firm asset levels > \$100 million:	30bp (0.30%)
<u>ASSET LEVEL</u>	<u>ALPHASECTOR PREMIUM STRATEGIES (WEEKLY)</u>
Firm asset levels up to \$100 million:	60bp (0.60%)
Firm asset levels > \$100 million:	55bp (0.55%)
<u>ASSET LEVEL</u>	<u>ALPHACYCLE STRATEGIES</u>
Asset levels up to \$100 million:	35bp (0.35%)
Asset levels > \$100 million and < \$500 million:	25bp (0.25%)
Asset levels > \$500 million:	20bp (0.20%)

The most typical fees charged by F-Squared for our Custom Replication Solutions are as follows, although these fees may be subject to negotiation:

<u>ASSET LEVEL</u>	<u>CUSTOM REPLICATION</u>
Asset levels up to \$100 million:	25bp (0.25%)
Asset levels > \$100 million and < \$250 million:	22.5bp (0.225%)
Asset levels > \$250 million and < \$1 billion:	20bp (0.20%)

The fees charged by F-Squared for the BetaHedge™ Overlay strategy is typically 10bp (0.10%).

It is F-Squared policy not to take custody of clients' securities, other than for a limited number of related "Friends and Family" accounts. As such, F-Squared is generally not granted access to our clients' accounts and does not have permission to withdraw, transfer, or otherwise move funds or cash from any client account. In a limited number of institutional accounts, where requested, a negotiated fee of up to 10 bps will be paid to F-Squared in order to perform trade execution on the portfolio.

### ***How Fees are Paid:***

Generally, firms are billed at the end of each quarter on any assets under management that utilize our investment strategies. Firms that utilize our investment strategies may choose different billing methods for applying fees to the underlying investors.

### ***Other Types of Fees or Expenses:***

F-Squared provides investment advisory services in the form of model portfolios or indices. Such arrangements are not uniform and fees are separately negotiated.

In addition to the advisory fees charged by F-Squared, clients may also incur fees and expenses charged by custodians and imposed by financial intermediaries, including but not limited to any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). See item 12 which describes our brokerage practices and details the process for reviewing and recommending a broker dealer for clients' transactions in applicable situations.

Costs of trading and operations for the SMA, Sub-Advisory and Model Portfolio are determined by the SMA platform or Sub-Advisory sponsor or trading platform. Fee collection schedules are typically assigned by the platform sponsor. These fees may be negotiable based on operational support and expected future asset growth.

All fees paid to F-Squared are for investment advisory services and are separate and distinct from the fees and expenses charged by the underlying Exchange Traded Funds used in our models. Sub-Advisory expenses are described in each vehicle's prospectus. Accordingly, clients should review both the fees charged by the ETFs and the fees charged by F-Squared to fully understand the total amount of fees to be paid and evaluate the advisory services being provided.

Although F-Squared bills its clients in arrears, some SMA Platforms or investment advisors that utilize our investment strategies may choose to bill the underlying investor in advance. Investors should refer to their investment advisor or SMA Platform provider for information on billing practices, and where applicable, their policy on refunds for "fees in advance" payment structures.

Neither F-Squared nor any of its supervised employees receive additional compensation for the sale of securities or other investment products to our clients.

## **Item 6: Performance-Based Fees**

F-Squared does not charge performance-based fees other than in the following situations:

- For clients utilizing the Hedged Portfolio strategy, the typical performance based fee is 20% of the quarterly return of the Hedge Portfolio Index above 2%.
- For the Virtus Dynamic AlphaSector Fund, there is fulcrum fee adjustment beginning in 2013 which may increase or decrease the management fee by up to +/- 1.00% of the average net assets of the fund during a rolling 36-month period (or cumulative period since the implementation of the principal investment management changes).

## **Item 7: Types of Clients**

F-Squared provides investment advisory services to a number of clients including wealth management and investment advisory firms, registered investment companies, pensions, endowments, trusts, other business entities and individuals.

There are minimums for accounts, varying by account type.

Although the minimum relationship for F-Squared to enter into an agreement with an Institutional Account or an SMA provider is \$10,000,000, the minimums for the end client are typically determined by the SMA platform sponsor or operational provider, and can range from \$50,000 to \$250,000 for individual accounts. Costs of trading and operations for the SMA and Model Portfolio are determined by the SMA platform sponsor or trading platform. Fee collection schedules are typically determined by the platform sponsor. These fees may be negotiable based on operational support and expected future asset growth.

F-Squared creates multiple investment strategies eligible for sale as sub-advisory solutions to mutual funds, exchange traded funds (ETFs) and variable annuities (VAs). The fees charged by F-Squared for sub-advisory solutions for use within commingled vehicles are negotiated. The minimums for these services are \$25 million.

F-Squared may waive any and all minimum account requirements at their sole discretion.

## **Item 8: Method of Analysis, Investment Strategies and Risk of Loss**

### ***Methods of Analysis:***

***The AlphaSector Strategies*** use a purely technical analysis model that seeks to modestly outperform its assigned benchmark in growth markets and seeks to significantly outperform its benchmark during bear markets. Our model is based on three primary components:

- Historical Price Return
- Volatility
- Changing Levels of Volatility

Our model analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially forecast performance of a particular sector relative to cash returns. This results in a binary decision that determines whether a sector is either invested into or removed from the portfolio.

***The AlphaCycle Strategies*** are based primarily on a quantitative analysis model driven by F-Squared's proprietary technology engine, Portfolio Replication Technology (PoRT™). PoRT allows F-Squared to replicate, through the use of public information, most equity-based mutual funds, closed end funds, or variable trust funds in the United States. F-Squared does not replicate individual funds, but instead replicates select, custom portfolios of funds ("Target Portfolio"). The basket of funds that makes up the Target Portfolio are either 1) selected by the Institutional Investor or Consultant (alpha generation objective), 2) determined by an existing investment portfolio that the client wishes to see replicated (e.g. existing executive deferred compensation plan), or 3) one of our 15 AlphaCycle Indexes of actively managed mutual funds (alpha generation objective).

F-Squared uses a variety of public information as inputs into our PoRT engine. We access the information through a variety of commercially available data services including Morningstar, Standard & Poors, Lipper, and others. We also access certain data from public websites. All information used in our approach is publicly available information. Specific sources of information as input to PoRT includes:

- Daily values of the Target Portfolios or the AlphaCycle Indexes as published by the New York Stock Exchange;
- Daily Net Asset Values (NAVs) of the underlying mutual funds in the indexes;
- Total performance returns for all stocks in the investable universe for each Index;
- Publicly disclosed data representing complete or partial historical holdings data for all funds within each Index (mutual funds periodically publish historical holdings data to the SEC, with the most common frequency quarterly with a 30 - 45 day lag).

### **Outside Providers:**

F-Squared also receives data input into the process from outside investment firms, data providers, or consultant firms for either our AlphaSector Indexes or AlphaCycle Indexes. These firms include Morningstar, Standard & Poors, New Found Research, Santangelo Research Investment Management and Active Index Solutions.



## ***Investment Strategies:***

F-Squared primarily offers two suites of products: Custom Replication Solutions and AlphaSector strategies.

**AlphaSector** Indexes core philosophy and methodology behind our AlphaSector strategies and Indexes are to meet the REAL needs of individual and wealth investors: relative performance in rising markets, and significant risk controls in declining markets. Limiting losses has been proven to both improve wealth creation and increase the success rate of systematic withdrawal programs for either individual or Institutional Investors.

All of the AlphaSector Indexes utilize exchange traded funds (ETFs) with all security decisions made with the intent of limiting losses during market declines, in particular during significant market declines. In periods of extreme market distress, a partial or complete allocation to short-term bonds (a “cash equivalent” investment) is allowed. A cash equivalent is viewed as the safe haven in times of significant bear markets. There are currently over 70 standard and/or customized AlphaSector Indexes.

This approach to investing is taken for two reasons. First, losses have an exponentially negative impact on long-term returns (a 50% loss requires a subsequent 100% gain to return to breakeven). Second, when comparing the frequency and extent of extreme losses versus extreme gains of most equity asset classes, the extreme losses are both much more frequent and cumulatively greater than the extreme gains. Focusing all decisions on limiting losses creates an “odds-in-your-favor” approach to investing.

The investment models, portfolio design, and ETFs within the portfolio for our flagship US equity versions of the Indexes have been used to manage actual clients assets since April, 2001 (primarily in the form of SMAs), and are therefore stress-tested across two bear markets and a bull market.

AlphaSector strategies seek to provide superior downside risk management, especially in weak markets. They represent a powerful but simple story, and use NO derivatives, leverage, or shorting (with the exception of those clients accessing the AlphaSector Hedged Portfolio Index or the Dynamic AlphaSector Index).

### **Portfolio Construction and Design**

All AlphaSector Index portfolios are reviewed monthly and all AlphaSector Premium Indexes are reviewed weekly for reconstitution and rebalancing.

The following is a summary of the core AlphaSector strategies. F-Squared also offers a number of custom strategies to meet client needs.

The AlphaSector US equity strategies (AlphaSector Rotation Index and AlphaSector Premium Index) model utilizes exchange traded funds (ETFs) representing the 9 sectors of the U.S. Economy or short-term Treasuries. The implementation of the strategy is most often through ETFs, which are low cost, highly liquid index-linked vehicles tracking the performance of each respective sector. The ETFs most often used are published by industry leading ETF providers representing the nine sectors of the U.S. Economy and an ETF tracking short term Treasury securities as the proxy for a cash equivalent. As such, there are a maximum number of 9 securities in the portfolio at any one time, resulting in operational ease and lower transaction costs.

AlphaSector Global Index is a blend of two indices, the AlphaSector U.S. equity strategy and the AlphaSector International strategy. The AlphaSector International Index includes five ETFs reflecting the key world economic regions outside the U.S. as well as a Short-term Treasury ETF used as a proxy for a cash equivalent.

Alpha Sector INFIinity (the fixed income strategy) is a diversified multi-sector, inflation neutral fixed income offering which includes ETFs tracking six bond sectors and one short-term treasury ETF as a cash equivalent.

AlphaSector Allocator strategy is a diversified portfolio of the US equity, international and fixed income strategies adding in ETFs tracking “alternative” asset classes such as gold and REITs.

AlphaSector Hedge Portfolio strategies represent an investment “overlay” applied to the live investment signals of the AlphaSector U.S. equity index. The overlay represents the application of leverage and short exposure.

AlphaSector Target Risk Portfolio strategy represents a series of risk-based portfolios ranging from Conservative through Aggressive leveraging the diversification of the AlphaSector Allocator strategy as its foundation.

Default “position” within each Index is typically to have all available ETFs (other than cash equivalents) invested and equally weighted within that index or sleeve at the time of rebalancing. Decisions to remove a sector or asset class from the portfolio at any time are based on a probabilistic determination that that sector or asset class is viewed as likely to lose money on a forward looking basis.

For more information about the philosophy, methodology and construction of any individual AlphaSector Index, please see our website at [www.f2inv.com](http://www.f2inv.com).

**Custom Replication** - AlphaCycle Indexes are select portfolios of best-in-class actively managed mutual funds that have been selected by third-party institutional consultants. By using disciplined means of determining when to add funds to the portfolio and when to remove them, AlphaCycle attempts to capture excess return from the managers for the period of time during which they outperform the market. Although designed to be flexible to meet client specific requirements, there are 15 discrete AlphaCycle strategies covering defined domestic equity asset classes. All AlphaCycle products are designed to outperform their benchmarks and peer groups with modestly reduced risk.

F-Squared generates its custom replication investment solutions through a two-step process:

1. Construction of custom portfolios of actively managed mutual funds. This can be done to achieve consistent outperformance (alpha generation) or to reflect an existing investment portfolio where conversion to individual securities offers investment or financial benefits.
2. Creation of Tracking Portfolios of individual stocks (delivered as Model Portfolios).

*For the sake of clarity, F-Squared’s AlphaCycle investment solutions do not include the direct investment into any mutual fund. All investments are into portfolios of individual stocks that are generated by PoRT.*

The only inputs into PoRT are publicly available information, which includes the daily performance result of the Target Portfolio and the underlying funds, historical fund holdings as periodically reported to the SEC, and other data deemed useful by F-Squared. PoRT then uses a dynamic regression engine on top of a massive scale optimizer to generate the Tracking Portfolios or Model Portfolios.

### ***Risk of Loss:***

All investments in securities include a risk of loss that clients should be prepared to bear. This includes the risk of capital (invested amount) and any profits that have not been realized. Stock and bond markets may fluctuate substantially over time, and performance of any investment is not guaranteed.

Our investment strategies may not achieve their objectives, and they are not intended to be a complete investment program.

The principal risks of our strategies are:

- **Market Risk:** The risk that the value of the securities in which the strategies invest may drop in reaction to tangible and intangible events and conditions, independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may cause a change in the value of the securities. Price changes may be temporary or may last for extended periods.
- **Equity Securities Risk:** The risk that events or circumstances at a particular industry, or a particular company within an industry will impact the value of the stocks and ETFs held by the strategy and thus, the value of your investment over short or extended periods.
- **Interest-Rate Risk:** The risk that fluctuations in interest rates may cause investment prices to fluctuate and impact the value of Fixed Income securities or ETFs held by the strategy. For example, when interest rates rise, yields on existing bonds become less attractive causing their market values to decline.
- **Exchange-Traded Funds (ETFs) Risk:** The risk that the value of an ETF that the strategies invest in will be more volatile than the underlying portfolio of securities the ETF is designed to track, or that the costs to the fund of owning shares of the ETF will exceed those the fund would incur by investing in such securities directly.
- **Sector Concentration Risk:** The risk that events negatively affecting an industry or market sector in which the strategy invests will cause the overall value of the strategy to decline. To the extent that some of our investment strategies invest significant portions of their strategy in ETFs representing particular markets or sectors (such as Energy, Healthcare, Real Estate, etc.) or in an ETF representing U.S. Treasuries, the strategy is more vulnerable to conditions that negatively affect such sectors as compared to investment strategy that is not significantly invested in such sectors.
- **Turnover Risk:** The risk that frequent trading will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains that can negatively impact your overall investment as compared to investments in strategies with low turnover. Some of our investment strategies may involve frequent trading and/or turnover and investors should carefully consider the impact of taxes and brokerage costs on their investment portfolio.
- **U.S. Government Securities Risk:** The risk that U.S. Government securities in the strategy will be subject to price fluctuations, or that an agency or instrumentality will default on an obligation not backed by the full faith and credit of the United States.
- **Quantitative Risk:** The risk that the effectiveness of the quantitative model used for the strategy can dissipate over time as similar strategies are adopted and as the market becomes more efficiently priced.
- **Programming / Modeling Risk:** F-Squared's research and modeling process is extremely complex and the results of that process must then be translated into computer code. Although F-Squared seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished model may contain an error; one or more of such errors could adversely affect a client's portfolio and likely would not constitute a trade error under F-Squared's policies.

- **System Risk:** F-Squared relies extensively on computer programs and systems in its proprietary modeling to evaluate securities, to monitor its portfolio, and to generate reports that are critical to oversight of its activities. In addition, certain systems operated by third parties, including the private fund's prime brokers and market counterparties and their sub-custodians and other service providers, may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on F-Squared's activities. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect F-Squared's ability to monitor its investment portfolios and its risks.
- **Operational Risk:** F-Squared has developed systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in F-Squared's operations may cause F-Squared to suffer financial loss; the disruption of its business; liability to clients or third parties; regulatory intervention; or reputational damage. F-Squared relies heavily on its financial, accounting and other data processing systems.

## **Item 9: Disciplinary Information**

F-Squared has no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## **Item 10: Other Financial Industry Activities and Affiliations**

### ***Broker-Dealer Affiliations***

F-Squared is not registered nor has any pending application to register as a broker-dealer.

### ***Futures/Commodities Affiliations***

F-Squared, nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### ***Investment Company Affiliations***

F-Squared Investment Management, LLC and/or its subsidiaries maintain a relationship with Virtus Investment Partners of Hartford, Connecticut and serves as sub-advisor for open-end mutual funds registered under the Investment Company Act of 1940. Those mutual funds are the Premium AlphaSector Fund, the Global Premium AlphaSector Fund, the Allocator Premium AlphaSector Fund the AlphaSector Rotation Fund and the Dynamic AlphaSector Fund. F-Squared Investment Management, LLC and subsidiaries also sub-advises the Virtus Variable Annuity Trust.

F-Squared maintains a relationship with Caldwell Trust Company of Sarasota, Florida and serves as sub-advisor for the Sector Allocation Model Fund, an open end mutual fund registered under the Investment Company Act of 1940.

F-Squared Investment Management, LLC and its subsidiaries maintain a relationship with Risk Paradigm Group, LLC of Austin, TX and serves as sub-advisor for RPg Emerging Market Sector Rotation Fund, an open end mutual fund registered under the Investment Company Act of 1940.

F-Squared Alternative Investments, LLC's 100% owned subsidiary AlphaSector LLS GP1, LLC is the General Partner and provider of investment services to the Private Fund (F-Squared AlphaSector Leveraged Long Short, LP), as set forth in the Confidential Offering Memorandum.

### ***Investment Adviser Affiliations***

F-Squared is a subsidiary of F-Squared Investment Management, LLC. Other subsidiaries of F-Squared Investment Management, LLC include F-Squared Investments, Inc., F-Squared Retirement Solutions, LLC, F-Squared Alternative Investments, and F-Squared Institutional Solutions, LLC. AlphaSector LLS GP1, LLC is a subsidiary of F-Squared Alternative Investments, LLC and Active Index Solutions, LLC is a subsidiary of F-Squared Investments, Inc. F-Squared Capital, LLC is a newly formed adviser which is 80% owned by F-Squared Investment Management, LLC.

The relationships or arrangements described above do not create a material conflict of interests with any of our clients.

F-Squared does not recommend or select other investment advisers for our clients and receive compensation directly or indirectly from those clients.

## **Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading**

F-Squared has adopted a Code of Ethics which sets forth high ethical standards of business conduct for our employees and governs a number of potential conflicts of interest that we may encounter when providing investment advisory services. This Code is based on the principle that F-Squared owes a fiduciary duty to the investors for which we serve as an adviser. In adherence with this Code, F-Squared and its employees must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of our clients. The Code seeks to place the interests of F-Squared clients over the interests of the firm and any of its employees, and to comply with the applicable Federal Securities Laws and other applicable law.

F-Squared distributes the code to each employee at the time of hire and annually thereafter. Each employee is required to sign the Code acknowledging that they have read, understand, and will abide by the Code and its requirements. Our Chief Compliance Officer conducts training and monitors employee activity to ensure compliance with the Code.

F-Squared will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code includes, but is not limited to the following:

- Requirements on fiduciary duty
- Prohibitions on the acceptance of gifts and entertainment that exceed our policy standards
- Prohibitions on insider trading and communication of material non-public information
- Requirements on the handling of confidential information
- Requirements for pre-clearance of employee transactions
- Identification and pre-clearance requirements on accounts where employees have beneficial interest
- Requirements for reporting all personal securities transactions

### ***Personal Securities Transactions Requirements***

All Access Persons, must not engage, and must not permit any other person or entity to engage, in any purchase or sale of a Reportable Security in which such Access Person has, or by reason of the transaction will acquire any direct or indirect Beneficial Ownership, unless (i) the transaction is an Exempt Transaction (as set forth below) or (ii) he/she has have complied with the provisions set forth below.

#### ***Pre-clearance***

Access Persons must seek to obtain pre-clearance trading approval from the Chief Compliance Officer to purchase or sell any Reportable Security which has been placed on the “Restricted List” or the “Pre-clearance List” for which the person has or will have by reason of the trade a Beneficial Ownership and that the Adviser actively engages in trading, advisory services or performs research on such Reportable Security.

Finally, Access Persons must seek to obtain pre-clearance trading approval from the Adviser before directly or indirectly acquiring Beneficial Ownership in any security in an Initial Public Offering or in a Limited Offering.

In addition to Access Persons, all employees of F-Squared are required to receive pre-clearance trading approval from the Chief Compliance Officer to purchase or sell any security placed on the “Pre-Clearance List”.

## **Item 12: Brokerage Practices**

As a model manager, any selection or recommendation of broker-dealers for client transaction is generally made by the SMA manager and not F-Squared.

For institutional accounts, F-Squared may from time to time recommend a broker-dealer to execute the trading of underlying securities. In those circumstances, F-Squared will use best efforts to select and recommend a broker dealer that will provide the best services at the lowest commission rates. When reviewing a brokerage firm and the services they provide, our assessment includes, but is not limited to the following:

- Reputation/Stability of brokerage firm
- Ability to execute trades in a timely and efficient manner
- Ability to interface with client’s custodian bank
- Competitive Commission Rates

As a model manager, practices surrounding Research and Other Soft Dollar Benefits are not applicable. F-Squared does not receive research or other products or services from a broker-dealer or a third party in connection with client securities transactions.

As a model manager, practices surrounding aggregation of purchase or sale of securities for client accounts are not applicable. Any aggregation of orders would be done by the SMA Platform Manager.

## **Item 13: Review of Accounts**

As a model manager, F-Squared generally does not have access to client accounts. In limited circumstances, F-Squared will manage a number of accounts for friends and family or institutional clients. These accounts are reviewed quarterly to ensure that all transactions are in accordance with model instructions and that any tracking error to the index is within a reasonably acceptable threshold. All institutional accounts are also reviewed post any trading activity to ensure proper trade execution and settlement. These accounts receive confirmation of activity reports post any trading activity and receive account statements on a quarterly and

annual basis. These reports are provided by the custodian or SMA Platform provider that administers the account.

## **Item 14: Client Referrals and Other Compensation**

### ***Other Compensation***

F-Squared does not have any compensation agreements where we receive cash or other economic benefit from someone who is not a client of ours in connection with providing services to our clients.

### ***Client Referrals***

F-Squared does not directly or indirectly compensate any person for referrals of individual person accounts. If an Institutional Client or model manager relationship is introduced to F-Squared by an unaffiliated or an affiliated solicitor, F-Squared may pay that solicitor a referral fee. Any such referral fee shall be paid solely from F-Squared's revenue and shall not result in any additional charge to the Client. If the Client is introduced to F-Squared by an unaffiliated solicitor, the solicitor shall provide the Client with a copy of F-Squared's ADV Part 2 Brochure and a summary of the solicitation arrangement including compensation.

## **Item 15: Custody**

It is our policy not to take custody of clients' securities. As such, F-Squared is not granted access to our clients' accounts and does not have permission to withdraw, transfer, or otherwise move funds or cash from any client account (other than limited access to a small number of "friends and family" and institutional accounts as described below). Custodians are typically selected by the investment advisor, institutional client, or SMA Platform Manager.

F-Squared maintains a small number of "friends and family" accounts through Folio Investments, Inc., an SMA Platform Manager for which it has access to view balances and execute trades consistent with our models.

F-Squared does not send out any statements to clients.

## **Item 16: Investment Discretion**

F-Squared serves as a model manager and as policy we do not typically accept discretion over individual clients' accounts. F-Squared does have limited investment discretion over the mutual fund assets that it sub-advises. This discretion is limited to advising on the trade allocations within the fund to match our investment models as outlined in the sub-advisory agreement with the investment company.

F-Squared maintains limited discretion over a small number of "friends and family" accounts through Folio Investments, Inc., an SMA Platform Manager. The discretion for these accounts involves limited access to balance inquiries and execution of trades in accordance to the models for which the clients have subscribed.

F-Squared also maintains limited discretion over a small number of institutional accounts. The discretion for these accounts involves limited access to balance inquiries and execution of trades in accordance to the models for which the clients have subscribed.

## **Item 17: Voting Client Securities**

F-Squared typically serves as a model manager and as a matter of firm policy and practice, does not accept authority to vote proxies on behalf of clients. Clients may receive a copy of our proxy voting policy and procedure upon request.

As a model manager, underlying securities are held in the name of the client and under this structure they will retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Generally, proxies or other solicitations will be received by the client directly from the custodian or transfer agent. Clients are encouraged to contact their SMA Platform Manager or Investment Adviser or Custodian with questions related to proxies and solicitations. If clients need further assistance with this process, they may contact F-Squared at 866-288-7657 with any questions related.

## **Item 18: Financial Information**

Not applicable.

F-Squared has never been the subject of a bankruptcy petition.



This page intentionally left blank.

# **F-Squared Institutional Advisors, LLC**

One Newton Executive Park  
2221 Washington Street, Suite 201  
Newton, MA 02462  
857-404-0840  
[www.f2inv.com](http://www.f2inv.com)

## **Part 2B of Form ADV: Brochure Supplement**

March 28, 2013

### **Item 1: Cover Page**

- Howard B. Present, Chief Executive Officer
- George D. McClelland, Vice Chairman
- James T. Celico, Managing Director
- Vadim Fishman, Managing Director
- Joseph A. Miskel, Managing Director
- Kevin R. Orr, Managing Director
- Richard F. Tomney, Managing Director
- Richard B. Weed, Managing Director
- Nathan W. Eigerman, CFA, Senior Vice President
- Dennis E. Follmer, Senior Vice President
- Thomas W. Hagstrom, CFA, Senior Vice President
- John J. Harrington, CFA, Senior Vice President
- Jacques Longerstaey, Senior Vice President
- Alexey Panchekha, CFA, Senior Vice President

This brochure supplement provides information on our personnel listed above and supplements the Brochure. This document should accompany the Brochure (Part 2A of Form ADV).

If you have not received the brochure or have any questions about the content of this supplement or the professional qualifications of our investment professionals, please contact us at 866-288-7657 or [info@f2inv.com](mailto:info@f2inv.com).

Additional information about F-Squared Institutional Advisors and/or our investment personnel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number.

The CRD number for F-Squared Institutional Advisors is 154802.

## **Item 2: Educational Background and Business Experience**

### **Howard B. Present – Chief Executive Officer**

**Year of Birth:** 1961

**Education:**

- Masters of Business Administration, Emory University
- Bachelors of Science Petroleum Engineering, University of Texas at Austin

**Business Background:**

Prior to F-Squared Investments, Mr. Present was Founder and President of Helicon Partners LLC, a boutique management firm specializing in new business development within the financial services industry.

Previously, Mr. Present was Managing Director at Evergreen Investments where he was a member of Executive Committee. Mr. Present ran global product management and strategy for the firm, led the successful multi-billion dollar business launch into closed end funds, and was business owner of the Alternative Investments, Managed Accounts, and 529 businesses. He was also a lead participant in the firm's M&A efforts.

Prior to joining Evergreen, he was a Managing Director at Putnam Investments, where he founded the firm's Corporate Product Management department. He also was Partner and Director of Strategy for the Boston Financial Group, a leader in the real estate investment industry, and spent 6 years at Chase Manhattan Private Bank where he ran the firm's offshore fund business.

### **Item 3: Disciplinary Information**

Howard Present has never had any disciplinary disclosures to be reported.

### **Item 4: Other Business Activities**

Howard Present is currently not actively engaged in any other investment related business or occupation.

### **Item 5: Additional Compensation**

Howard Present does not receive any additional compensation for providing advisory services beyond the compensation he receives as Chief Executive Officer.

### **Item 6: Supervision**

Howard Present reports directly to the F-Squared Investment Management, LLC's (the parent company of F-Squared Institutional Advisors, LLC) Board of Directors. You may contact the Vice-Chairman of the Board, George McClelland directly at 857-404-0840. Mr. Present is a member and co-chair of the F-Squared Investment Committee.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Present's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

## **George D. McClelland – Vice Chairman**

**Year of Birth:** 1946

**Education:**

- Masters of Business Administration, Harvard Business School (with distinction)
- Bachelors of Arts in Economics, Trinity College (cum laude)

**Business Background:**

Mr. McClelland is Co-Founder, Vice Chairman, and Director of Business Development for F-Squared Investments. Mr. McClelland has experience in the computer, software, telecommunications, financial services, Internet auction, nanotech and medical delivery fields. Mr. McClelland has held senior positions at Data General, Fidelity Investments, University of Massachusetts Medical Center and United Asset Management. He has founded, or co-founded The Charitable Gift Fund and eSecLending companies, where he was Chairman and CEO.

He currently serves on the board of Safeguard Scientifics, Inc. and Friends of the Children, Boston; and is member of the Board of Advisors for Executive Resources International. He is also a member of the Board of Advisors for Executive Resources International. He has previously served on the boards of Windward Investments (now Windhaven), Riverstone Networks, Storage Networks, The Campbell Group, OSV Partners, Acadian Asset Management, Dwight Asset Management, Clay Finlay, Rogge Partners, Palledyne, Murray Johnstone, L&B Realty Advisors, C S McKee, Advisory Committee of the Group of Thirty, and others.

**Item 3: Disciplinary Information**

George McClelland has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

George McClelland is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

George McClelland does not receive any additional compensation for providing advisory services beyond the compensation he receives as Vice Chairman.

**Item 6: Supervision**

George McClelland is the Vice-Chairman of the Board. You may contact Howard Present Chief Executive Officer directly at (857) 404-0840. Mr. McClelland is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. McClelland's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

## **James T. Celico – Managing Director**

**Year of Birth:** 1970

**Education:**

- Bachelors of Science in Accounting, Pepperdine University

**Business Background:**

Mr. Celico is Managing Director and Co-Head of F-Squared Alternative Solutions, a subsidiary of F-Squared Investment Management, LLC and a member of the F-Squared Investment Committee.

Prior to joining F-Squared, Mr. Celico co-founded 3 affiliated financial services firms in New York, HRC Partners, Liberty Street Advisors and Liberty Street Securities. Jim was the thought leader behind HRC and led the business development team responsible for raising over 8 billion dollars for a variety of asset managers. He was a seed investor and CFO for Liberty Street Advisors, a Registered Investment Advisor to a series of mutual funds, and Liberty Street Securities, a broker dealer distributing hedge funds and other investment products. Prior to creating HRC, Jim held positions in the defined contribution group at Brentwood Asset Advisors and the Asset Management Services and Investment Divisions of The Hartford. He began his career with Fortis Investors.

Mr. Celico is the founder of The RIA Network Group, a consultancy providing strategic guidance to Single/Multi Family Offices and other investment advisors to some of the country's wealthiest families and institutions.

**Item 3: Disciplinary Information**

James Celico has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

James Celico is also currently Managing Member of The RIA Network Group (described above). No investment advisory services are provided by The RIA Network.

**Item 5: Additional Compensation**

James Celico does not receive any additional compensation from his other business activities related to providing investment advisory services nor does he receive any additional compensation from F-Squared beyond the compensation he receives as a Managing Director and Co-Head of F-Squared Alternative Investments, LLC.

**Item 6: Supervision**

James Celico reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Celico is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Celico's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

### **Vadim Fishman – Managing Director**

**Year of Birth:** 1960

**Education:**

- Masters of Science in Technology, Kharkov Politechnical University in Kharkov, Ukraine

**Business Background:**

Prior to F-Squared Investments, Mr. Fishman was the Founder and CEO of IntelDM, Inc., a consulting firm providing mathematical and programming services for the financial services and biotech industries.

Previously, Mr. Fishman was Software Project Manager for Artann Laboratories, where he led software development of new medical diagnostic devices. In this capacity, he designed and developed near real-time methods and software for 2D- and 3D-medical image analysis. He has also held analytical and development roles for such firms as Markov Processes, Inc., Minimax Ltd. in Kharkov, Ukraine, and the Kharkov Institute of Industrial Buildings.

Mr. Fishman is fluent in multiple computer and web programming languages, software and database programs.

**Item 3: Disciplinary Information**

Vadim Fishman has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Vadim Fishman is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Vadim Fishman does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Managing Director.

**Item 6: Supervision**

Vadim Fishman reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Fishman is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Vadim Fishman's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

## **Joseph A. Miskel – Managing Director**

**Year of Birth:** 1965

**Education:**

- Bachelors of Science in Business, Rowan University
- Masters of Business Administration, Fordham University

**Business Background:**

Mr. Miskel is Managing Director of F-Squared, a member of the F-Squared Investment Committee. He has over 25 years of experience in the investment industry with extensive capital markets, asset management, insurance, wealth management and retirement industry expertise.

Previously, Mr. Miskel spent five years as a senior business development professional for Citi Global Investment Services, a division of Capital Markets. Prior to joining Citi, he spent 16 years with Merrill Lynch where he contributed to or led various businesses in Over-The-Counter Derivatives, Fixed Income, Asset Management and Wealth Management.

In addition to his educational degrees earned, Mr. Miskel completed Executive Management training at the Wharton Business School and served as an advisor to the Wharton Pension Research Council.

Mr. Miskel has also served on a number of industry and not-for-profit boards and is currently on the board of the AJ Foundation, that provides specialized education services to autistic children

### **Item 3: Disciplinary Information**

Mr. Miskel has never had any disciplinary disclosures to be reported.

### **Item 4: Other Business Activities**

Mr. Miskel is currently not actively engaged in any other investment related business or occupation.

### **Item 5: Additional Compensation**

Mr. Miskel does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Senior Vice President.

### **Item 6: Supervision**

Mr. Miskel reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Miskel is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Miskel's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

## **Kevin R. Orr – Managing Director**

**Year of Birth:** 1963

**Education:**

- Bachelors of Arts in Economics, University of Buffalo

**Business Background:**

Mr. Orr has over twenty years of experience in the investment management industry with extensive product development and management expertise. Prior to joining F-Squared, Mr. Orr was Executive Vice President at Structured Investment Management where he led the sales and marketing effort for the boutique investment advisory firm specializing in best in class principal protected strategies. He also held the position of Director of Marketing for Loomis Sayles & Company L.P.

Prior to Loomis Sayles & Company L.P., Mr. Orr was Managing Director of Business Development & Investment Services at PanAgora Asset Management, overseeing global product development and business strategy for the quantitative investment firm. He previously held senior positions at Putnam Investments including Managing Director, Director New & Alternative Product Development and Director of International Product Development & Management.

**Item 3: Disciplinary Information**

Kevin Orr has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Kevin Orr is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Kevin Orr does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Managing Director and Head of Strategic Partnerships.

**Item 6: Supervision**

Kevin Orr reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Orr is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Orr's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.



## **Richard F. Tomney – Managing Director**

**Year of Birth:** 1965

**Education:**

- Bachelors of Science in Business Management, Boston College
- Masters of Business Administration, Boston College

**Business Background:**

Mr. Tomney is a Managing Director of the firm and is a member of the F-Squared Management Team and the Investment Committee. Mr. Tomney has more than 27 years of experience in the investment industry with extensive investment and product development expertise.

Previously, Mr. Tomney was Marketing Director at Gottex Fund Management with responsibility for institutional sales and client service to North American clients and consultants. Prior to joining Gottex, Mr. Tomney held the position of Deputy Chief Investment Officer for Liberty Ridge Capital. In that capacity, he was responsible for facilitating projects related to the investment process including revamping the investment models and universe screening tools. He also assisted the Chief Investment Officer in managing the daily operations of the investment management department. Additionally, Mr. Tomney served as Risk Officer, overseeing the implementation of risk management techniques and systems. He was also responsible for product development at the firm for both institutional and retail offerings. Prior to joining Liberty Ridge Capital, Mr. Tomney served as vice president in the Corporate Product Development Group at Putnam Investments. He also held senior product positions at United Asset Management Corporation and Fidelity Investments.

**Item 3: Disciplinary Information**

Mr. Tomney has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Mr. Tomney is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Mr. Tomney does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Managing Director and Head of RIA and Wealth Advising

**Item 6: Supervision**

Mr. Tomney reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Tomney is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Tomney's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

**Richard B. Weed, CFA – Managing Director**

**Year of Birth:** 1963

**Education:**

- Bachelors of Science, Worcester Polytechnic Institute
- Masters of Science, Northeastern University
- Masters of Science, M.I.T

**Business Background:**

Mr. Weed is Managing Director and Co-Head of F-Squared Alternative Investments, LLC a subsidiary of F-Squared Investment Management, LLC and a member of the F-Squared Investment Committee

Mr. Weed has over 20 years of investment management experience with extensive portfolio management, risk-control, quantitative modeling, product research and design expertise.

Previously, Mr. Weed was the CIO of Vernon Square Capital, a long-short, market neutral hedge fund based in Boston. Prior to founding Vernon Square Capital, Mr. Weed spent 9 years at Putnam Investments, where he led the Small and Emerging Growth Equities Team. He also spent 8 years at State Street Global Advisors, where he was a Senior Portfolio Manager in the US Active Equities team.

**Item 3: Disciplinary Information**

Richard Weed has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Richard Weed is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Richard Weed does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Managing Director and Co-Head of F-Squared Alternative Investments, LLC.

**Item 6: Supervision**

Richard Weed reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Weed is a member and co-chair of the F-Squared Investment Committee.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Weed's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

**Nathan W. Eigerman, CFA – Senior Vice President**

**Year of Birth:** 1966

**Education:**

- Bachelors of Arts in Economics, Harvard College
- Masters of Business Administration, Sloan School of Management at MIT

**Business Background:**

Mr. Eigerman is a Senior Vice President of the firm and is a member of F-Squared's Investment Committee. Mr. Eigerman has 18 years of investment management experience with extensive portfolio management, risk-control, quantitative modeling, product research and design expertise.

Previously, Mr. Eigerman was president and CIO of NPI Capital and a member of the investment committee of NPI's subsidiary, Knott Asset Management. Prior to NPI Capital, Mr. Eigerman was a Managing Director of Morgan Stanley Investment Management, and a Founding Partner of Oxhead Capital Management, LLC, a Boston-based hedge fund. Prior to founding Oxhead, he served as a Senior Vice President, Portfolio Manager and Head of International Quantitative Equity Research at Putnam Investments.

Mr. Eigerman has taught financial theory at Harvard University and was a member of the MIT/Sloan Financial Engineering Advisory Board. He was awarded the Chartered Financial Analyst designation in 1999.

**Item 3: Disciplinary Information**

Mr. Eigerman has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Mr. Eigerman is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Mr. Eigerman does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Senior Vice President.

**Item 6: Supervision**

Mr. Eigerman reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Eigerman is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Eigerman's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

**Dennis E. Follmer – Senior Vice President**

**Year of Birth:** 1969

**Education:**

- Bachelors of Science in Finance, Miami University, Ohio
- Masters of Business Administration, Sloan School of Management at MIT

**Business Background:**

Mr. Follmer is a Senior Vice President of the firm and is a member of F-Squared's Investment Committee. Over the past 20 years, Mr. Follmer's experience in the financial markets has included sales and trading, investment management, business development, and co-founding a global fund management firm.

Previously, Mr. Follmer was a Managing Partner at Oceanwood Capital Management, a global hedge fund specializing in event driven strategies. He ran the firm's U.S. office, was a member of the Management Committee, and led the North American analyst team. Prior to Oceanwood Capital, Mr. Follmer was the Senior North American Analyst for the Event Driven Equities Group at Tudor Investment Corp. His career has also included roles as an Event Driven Analyst for a proprietary trading group at Barclays Capital in New York and as an Associate for the Northbridge Group in Lincoln, MA, advising on strategic issues within the electric and gas utilities industries. Mr. Follmer began his career as an institutional fixed income salesman for McDonald & Company Securities in Cleveland, Ohio.

**Item 3: Disciplinary Information**

Mr. Follmer has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Mr. Follmer is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Mr. Follmer does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Senior Vice President.

**Item 6: Supervision**

Mr. Follmer reports directly to Richard Tomney. You may contact Mr. Tomney at (857) 404-0840. Mr. Follmer is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Follmer's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

**Thomas W. Hagstrom, CFA – Senior Vice President**

**Year of Birth:** 1962

**Education:**

- Bachelors of Science, United States Military Academy
- Masters of Business Administration, University of Chicago

**Business Background:**

Mr. Hagstrom has over twenty years of experience in the financial markets, with responsibilities in business development, portfolio management, and sales and trading. Prior to joining F-Squared, Mr. Hagstrom was a Managing Director at State Street Global Advisors in Boston, heading Global Business Management, and was a member of the Senior Management Group.

Mr. Hagstrom was a Managing Director and principal in the emerging markets team at State Street Research and Management before its acquisition by Blackrock in 2005. Prior to SSRM, Mr. Hagstrom held senior capital markets roles at RBS, Lehman Brothers and Credit Suisse First Boston, during which time he qualified for a CFA designation

**Item 3: Disciplinary Information**

Thomas Hagstrom has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Thomas Hagstrom is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Thomas Hagstrom does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Senior Vice President.

**Item 6: Supervision**

Thomas Hagstrom reports directly to Richard Tomney. You may contact Mr. Tomney at (857) 404-0840. Mr. Hagstrom is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Hagstrom's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

**John J. Harrington, CFA – Senior Vice President**

**Year of Birth:** 1955

**Education:**

- Masters of Business Administration in Finance, University of Connecticut at Storrs
- Bachelors of Arts in English, University of Michigan in Ann Arbor
- Awarded the Chartered Financial Analyst designation in 1991.

**Business Background:**

Mr. Harrington has spent over 24 years in the investment management industry. Previously, Mr. Harrington was Director of Investments at Rampart Investment Management in Boston, a firm focused on enhanced income and protective strategies via the use of derivatives.

Prior to joining Rampart, Mr. Harrington spent nine years at Wellington Management Company where he co-managed the firm's Mid Cap Growth investment approach for a number of years. His work experience also includes over five years in the product management area at major global investment management firms.

**Item 3: Disciplinary Information**

John Harrington has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

John Harrington is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

John Harrington does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Senior Vice President.

**Item 6: Supervision**

John Harrington reports directly to Howard Present, Chief Executive Officer. You may contact Howard Present at (857) 404-0840. Mr. Harrington is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Harrington's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

## **Jacques Longerstaey – Senior Vice President**

**Year of Birth:** 1963

**Education:**

- “Licence en Sciences Economiques”, University of Louvain in Belgium

**Business Background:**

Mr. Longerstaey is a Senior Vice President of the firm and is a member of F-Squared’s Investment Committee. He has over 25 years of experience in the financial markets, with responsibilities in research, product development, and risk management.

Prior to joining F-Squared, Mr. Longerstaey was Executive Vice President and Chief Risk Officer of State Street Global Advisors. Between 2003 and 2008, he was Managing Director and Head of the Risk & Portfolio Analysis Group (RPAG) at Putnam Investments. This group was responsible for managing investment risk, counterparty credit, and operational risk across the fund complex. It was also responsible for providing performance attribution and other analyses to both internal and external clients. Mr. Longerstaey had previously been Co-Head of the Risk Management Group at Goldman Sachs Asset Management and from 1987 to 1998 held various positions at J.P Morgan and Co.

He is a member of the Board of Trustees and the Executive Committee of GARP (Global Association of Risk Professionals). Mr. Longerstaey is the Honorary Consul of Belgium for New England.

**Item 3: Disciplinary Information**

Jacques Longerstaey has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Jacques Longerstaey is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Jacques Longerstaey does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Senior Vice President.

**Item 6: Supervision**

Jacques Longerstaey reports directly to Richard Weed. You may contact Richard Weed at (857) 404-0840. Mr. Longerstaey is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Longerstaey’s compliance with F-Squared’s written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.

**Alexey Panckekha, CFA – Senior Vice President**

**Year of Birth:** 1965

**Education:**

- Doctor of Philosophy (Ph.D.) in Physics and Mathematics, Kharkov Politechnical University in Kharkov, Ukraine

**Business Background:**

Mr. Panckekha is a Senior Vice President of the firm and is a member of F-Squared's Investment Committee.

Previously, Mr. Panckekha was a Head of Research at Markov Processes International. Prior to Markov, he was a part of the Portfolio Analytics team at Bloomberg where he led a team responsible for the multi-asset class portfolio risk system and was also a member of the Portfolio Analytics Research team.

Mr. Panckekha has extensive expertise in designing high performance software technology for financial application, which he applied at Bloomberg, Goldman Sachs and several other firms. He also has wide scientific research experience that has been focused on non-linear phenomena in semiconductors, in oceans and in brain activity under complex cognitive tasks. Mr. Panckekha is fluent in multiple computer and web programming languages, software and database programs

**Item 3: Disciplinary Information**

Alexey Panckekha has never had any disciplinary disclosures to be reported.

**Item 4: Other Business Activities**

Alexey Panckekha is currently not actively engaged in any other investment related business or occupation.

**Item 5: Additional Compensation**

Alexey Panckekha does not receive any additional compensation for providing advisory services beyond the compensation he receives as a Senior Vice President.

**Item 6: Supervision**

Alexey Panckekha reports directly to Vadim Fishman. You may contact Vadim Fishman at (609) 403-6101. Mr. Panckekha is a member of the F-Squared Investment Committee which is co-chaired by Howard Present and Richard Weed.

F-Squared's Chief Compliance Officer Mitchell Fishman supervises Mr. Panckekha's compliance with F-Squared's written policies and procedures adopted pursuant to Rule 206(4)-7 under the Investment Advisers Act.