

F-Squared Capital, LLC

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Form ADV, Part 2A Brochure

April 15, 2013

This brochure provides information about the qualifications and business practices of F-Squared Capital, LLC (hereinafter “F-Squared”). If you have any questions about the contents of this brochure, please contact us at 866-288-7657 or info@f-squaredinvestments.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 Capital, LLC is available on the SEC’s website at 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 Capital, LLC is 166945.

Item 2: Summary of Material Changes

April 15, 2013

Not Applicable. This Brochure is the initial Form ADV Part 2A submitted by F-Squared Capital, LLC in connection with its registration with the Securities and Exchange Commission.

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Item 4: Advisory Business

Description of our Firm:

Founded in 2013, F-Squared Capital, LLC (hereinafter “F-Squared”) is an investment adviser registered with the SEC located in Newton, Massachusetts, that provides investment advisory and portfolio management services for a wide range of Clients.

F-Squared is a majority owned subsidiary of F-Squared Investment Management, LLC. The remaining ownership is primarily held by employees of F-Squared and its affiliates. F-Squared Investment Management, LLC is a privately owned company with no individual member owning more than 25% of the company.

Types of Advisory Services We Offer:

F-Squared offers investment management services to a wide range of Clients. We offer investment solutions using our AlphaSector™ strategies, which track F-Squared Investment’s AlphaSector Indices.

- 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 the family of AlphaSector Indices, and are actively offered to Advisors, Broker-Dealers, Wealth Managers, Family Offices, Trust Companies and Institutional Investors. Investment portfolios are delivered in multiple formats and through many operational means to meet the needs of our Clients.

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 the AlphaSector Indices.

Tailored Advisory Services:

F-Squared is a manager of separately managed accounts, offering investment strategies that track the AlphaSector Indices. F-Squared may also offer custom advisory services to meet the needs of certain Clients.

Wrap Fee Programs:

F-Squared does not currently participate in any wrap fee programs by providing portfolio management services; although it anticipates it will do so in the future.

Assets under Management or Advisement:

As of 4/15/2013, F-Squared has no assets under management or advisement on either a discretionary or non-discretionary basis.

Item 5: Fees and Compensation

Fee Schedule:

For dual contract Separately Managed Accounts (“SMAs”) which utilize the AlphaSector Strategies, F-Squared will typically charge an investment management fee between 0.75% and 0.95% of the assets under management in each account. For single contract SMAs or SMA Wrap programs, the fees are negotiated and typically charged a lower fee. Fees are typically payable on a quarterly basis in advance and will be automatically deducted from Client accounts. Assets will be held in custody chosen by the Client from a list of third party custodians approved by F-Squared. Clients may terminate at any time (T+3), and upon termination, any prorated collected investment management fees will be returned to the Client within 30 days of such termination.

For Tailored Advisory Services, F-Squared will charge an investment management fee, the terms of which will be negotiated, but that will typically negotiated based upon the assets under management payable on a quarterly basis in advance.

Additional Information concerning fees:

F-Squared provides various investment advisory services. Such arrangements are not uniform and fees may be separately negotiated. Firms that utilize our services may choose different billing methods for applying fees to the underlying investors.

F-Squared may become investment manager for a limited number of related “Friends and Family” accounts. Fees may be waived for these Clients (for example employees of F-Squared and its affiliates, board members, investors in F-Squared or F-Squared Investment Management, LLC. and their families).

In certain circumstances, investment management fees may be negotiable based upon prior business relationships with F-Squared or other affiliates. Prior to the commencement of investment management services, the Client and F-Squared will enter into a written agreement that sets forth the terms and conditions of the relationship and describes the scope of the services to be provided.

All fees paid to F-Squared for investment management services are separate from the fees and expenses included in the price of exchange traded funds (“ETFs”), mutual funds, etc. These fees and expenses are generally described in their related prospectus. Clients should review all fees charged by F-Squared, custodians, ETF providers, etc. in order to fully understand the total amount of fees being paid and the investment management services being provided.

Advisory recommendations are based on the Client’s financial situation at the time the services are provided and are based on financial information disclosed by the Client. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the markets and the economy. Past performance is in no way an indication of future performance. Clients are reminded that as their financial situation, goals, objectives or needs change that the Client must notify F-Squared immediately. Individual investors are encouraged to speak with their financial, legal and tax advisors prior to making any investment decisions.

See item 12 which describes F-Squared brokerage practices and details the process for reviewing and recommending a broker dealer for Clients’ transactions in applicable situations.

Neither F-Squared nor any of its supervised persons 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 directly; however, F-Squared Institutional Advisors, LLC does charge Clients utilizing the AlphaSector Hedged Portfolio Index strategy and/or the Dynamic AlphaSector Index strategy. The typical performance based fee is 20% of the quarterly return of the AlphaSector Hedge Portfolio Index above 2%. For the Virtus Dynamic AlphaSector Index, there is a 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, and other business entities.

The minimum investment to open a new account varies by account type. The minimum investment to open a new account for a new Separately Managed Accounts is generally \$100,000.

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:

F-Squared generally offers SMAs and trading services for SMAs that track the AlphaSector Strategy Indices from F-Squared Institutional Advisors, LLC. Please see Form ADV Part 2 of F-Squared Institutional Advisors, LLC for more detail concerning these strategies.

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. The model is based on three primary components:

- Historical Price Return
- Volatility
- Changing Levels of Volatility

F-Squared Investments employs disciplined, quantitative models to deliver the AlphaSector series of investment strategies. The AlphaSector models cover several major long-only asset classes: US Equity, International, Fixed Income, and Real Assets (Gold and Real Estate), plus asset allocation strategies that combine various combinations of these core asset classes. F-Squared also delivers a wide variety of customized or hybrid investment solutions. The goal of the strategies is to seek to provide a “full market solution with embedded downside risk management.” During neutral and bull markets, the strategies

seek to provide exposure to the target asset class, delivering participation in market returns. The embedded downside risk management engages in periods of dangerous or declining markets. When a serious market decline occurs, the strategies have the ability to move partly or wholly to cash or a cash equivalent. This flexibility to move to cash as a means of de-risking investment portfolios is critical to delivering downside protection.

To drive the decision and portfolio process, the algorithm analyzes data on price trends and volatility in the relevant sectors, asset classes or countries. These investments are defined by exchange traded funds (“ETFs”). The algorithm assesses ETF for potential risk of loss. The inputs and rules are customized for each asset class, but the investment philosophy is consistent.

Portfolio Construction and Design

All AlphaSector Indices are reviewed monthly and all AlphaSector Premium Indices are reviewed weekly for reconstitution and rebalancing.

The following is a summary of the core AlphaSector strategies. F-Squared Institutional Advisors, LLC also offers a number of custom strategies to meet Client needs.

- The AlphaSector US equity strategies (AlphaSector Rotation Index and AlphaSector Premium Index) utilize 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 Equity strategy 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 INFinity (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.

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 the F-Squared website at www.f-squaredinvestments.com.

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 those of 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 information.
- **Operational Risk:** F-Squared has developed systems and procedures to control operational risk. Operational risks arising from mistakes made in the trade 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 as a broker-dealer, nor does it have an application pending 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 subsidiaries maintain a relationship with Virtus Investment Partners of Hartford, Connecticut and serves as sub-advisor for several 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 and the Dynamic AlphaSector Premium Fund. F-Squared Investment Management, LLC and subsidiaries also sub-advises the Virtus Variable Annuity Trust.

F-Squared Investment Management, LLC and subsidiaries 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 also 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 wholly-owned subsidiary AlphaSector LLS GP1, LLC, a Delaware limited liability company, is the general partner and provider of investment services to the private fund, F-Squared AlphaSector Leveraged Long Short, LP, as set forth in its Confidential Offering Memorandum.

F-Squared Retirement Solutions, LLC maintains a relationship with Reliance Trust Company of Atlanta, GA and serves as sub-advisor products within the Trust Advisors Portfolios Program, Series Three and Series Eight, registered under the State of Georgia, which are eligible for ERISA qualified retirement plan assets only.

Investment Adviser Affiliations

F-Squared Capital, LLC is a subsidiary of F-Squared Investment Management, LLC. Other subsidiaries of F-Squared Investment Management, LLC include the following: F-Squared Investments, Inc., F-Squared Institutional Advisors, LLC, F-Squared Retirement Solutions, LLC, F-Squared Alternative Investments, LLC, 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.

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 that 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 Clients for which we serve as an investment 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 Clients over the interests of F-Squared 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. All employees receive training and are monitored for 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 applicable 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 discussed in Rule 204A-1 under the Advisers Act) 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 Chief Compliance Officer 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, including non-Access Persons, 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” and “Restricted” lists.

Item 12: Brokerage Practices

F-Squared does not have discretionary authority to select the custodian for a Client’s custodial accounts or the administrator for any accounts including defined contribution accounts. The Client will select the custodian or administrator (herein the “Custodian”) to safeguard Client assets and authorizes F-Squared to direct trades to this Custodian as agreed in the investment management agreement.

Where F-Squared does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a Custodian not recommended by F-Squared.

F-Squared may recommend a custodian based upon but not limited to the following:

- Quality of execution – accuracy and timely execution, clearance and error/dispute resolution with emphasis placed on quality of execution demonstrated through a long-term track record
- Reputation/Stability of brokerage firm
- Ability to interface with Client’s custodian bank

F-Squared does not receive research services, other products, or compensation as a result of recommending a particular Custodian that may result in the Client paying higher commissions than those obtainable through other Custodians.

F-Squared maintains policies and procedures to review the quality of executions and services provided by Custodians on a regular basis.

The following are additional details regarding the brokerage practices of F-Squared:

1. Soft Dollars – Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security transactions with the broker in exchange for research and other services. F-Squared does not participate in soft dollar programs sponsored or offered by any broker-dealers.
2. Brokerage Referrals – F-Squared does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
3. Cross Transactions – F-Squared will not engage in any cross transactions with its own accounts (i.e., trade any security from or to F-Squared’s own account) with other Client accounts or between Clients’ accounts (i.e., purchase of a security into one Client account from another Client’s account[s]).

Aggregating and Allocating Trades - While performing trade execution services, F-Squared will seek to execute orders on a basis that is fair and equitable. Orders for multiple Clients may be aggregated and allocated among the Clients pro-rata based on the assets under management of each Client. If all orders are not filled at the same price, then they may be allocated on an average price basis or in such other fair and equitable manner as determined by F-Squared. The combination or coordination of orders may not always be feasible and the timing of trades placed for the Clients may vary for a number of reasons.

Item 13: Review of Accounts

For any single contract SMAs opened directly with F-Squared (i.e. without a financial advisor or intermediary), F-Squared will conduct an initial suitability review upon opening of Client accounts and then annually thereafter to discover whether there has been any change in risk or objectives of the Client.

Participants in the review of Client accounts include senior investment professionals, trading personnel, operations, compliance and risk personnel. This group will meet regularly and consistently (at least quarterly) to review the Client accounts. Client account performance, security positions and size of the positions may be reviewed to ensure that all transactions are in accordance with model instructions of the strategy and that any tracking error to the index performance is within a reasonably acceptable threshold. In addition, accounts are also reviewed post any trading activity to ensure proper trade execution and settlement.

The Custodian and/or SMA Platform for these accounts will provide confirmation of activity reports post any trading activity and send account statements on a quarterly and annual basis. These reports may be 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 a model manager and/or trade execution 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 and a summary of the solicitation arrangement including compensation.

Item 15: Custody

F-Squared does not act as a qualified custodian or accept custody of Clients' accounts or securities. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct F-Squared to utilize that custodian for the Client's security transactions. F-Squared does not send out statements directly to Clients and thus encourages Clients to review statements provided by their custodian.

For those Clients for which F-Squared is performing trade execution services, F-Squared is deemed to have custody of the Clients' assets. Rule 206(4)-2 of the Investment Advisers Act imposes certain requirements on registered investment advisers who have actual or deemed custody of Client assets. As such, F-Squared has engaged an independent public accounting firm to complete an annual surprise audit of those Clients' accounts.

For more information about custodians and brokerage practices, see Item 12 above.

Item 16: Investment Discretion

F-Squared generally is considered to have discretion over the selection and amount of securities to be bought or sold in Client accounts where F-Squared is providing trade execution services, without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specific investment strategies, objectives, guidelines, or limitations previously set forth by the Client and agreed to by F-Squared in the investment management agreement. Discretionary authority will be evidenced by the Client's execution of this investment management agreement which may contain any applicable limitations to such authority.

F-Squared manages Client portfolios on a discretionary basis based upon the F-Squared Institutional Advisors, LLC's AlphaSector strategies described herein. F-Squared will be limited to the specific investment policies and mandates as defined in the documentation of each specific strategy including security selection, percentage allocation, and instrument used. For more information regarding the AlphaSector strategies, please visit www.F-SquaredInvestments.com.

Item 17: Voting Client Securities

F-Squared does not accept authority to vote proxies on behalf of Clients, as a matter of firm policy and practice. Clients may receive a copy of our proxy voting policy and procedure upon request. Clients will receive proxy statements directly from the Custodian. If Clients need further assistance or information about 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.

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F-Squared Capital, LLC

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Part 2B of Form ADV: Brochure Supplement

April 15, 2013

- Howard B. Present, Chief Executive Officer

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@f-squaredinvestments.com.

Additional information about F-Squared Capital, LLC and/or our investment personnel is available on the SEC's website at 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 Capital, LLC is 166945.

Item 2: Educational Background and Business Experience

Howard B. Present

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 outside of his work related to F-Squared and its affiliated investment advisers.

Item 5: Additional Compensation

Howard Present receives compensation solely from the fees for advisory services at F-Squared and its affiliated advisers and from no other source.

Item 6: Supervision

Howard Present reports directly to the F-Squared Investment Management, LLC's (the parent company of F-Squared Capital, LLC) Board of Managers. You may contact the Vice-Chairman of the Board, George McClelland at 857-404-0840.

F-Squared's Chief Compliance Officer Kara Brown 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.