

FFCM, LLC

Firm Brochure

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Principal Office

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This brochure provides information about the qualifications and business practices of FFCM, LLC. If you have any questions about the contents of this brochure, please contact us at 617-292-9801 or via email at BDeroche@quant-shares.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.

Additional information about FFCM, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This Brochure contains the following amendments to the Adviser's Brochure dated July 2014:

Item 4 – Advisory Business

This section was updated to indicate that additional strategies were added as potential separately managed or sub advised accounts. Also, that a fifth ETF was added to the QuantShares family of ETFs, which focuses on dividends.

Item 5 - Fees and Compensation

This section was amended to indicate that, pursuant to a sub advisory agreement with ES Capital ("ES"), FFCM will receive revenue from accounts managed by ESutilizing strategies jointly created by ES and FFCM.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

This section was amended to indicate that Core ETF Absolute Return, Global Equity and Global Multi Asset and Core ETF Target Beta Strategies were added to FFCM's ETF strategies available through models or separate accounts.

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Item 4 - Advisory Business

FFCM, LLC (“FFCM”) has been in operation since October 2009. Its current owners joined the firm in April 2010 after serving as institutional portfolios managers at State Street Global Advisors. FFCM is 51% majority owned by DKM Capital Management (“DKM”) and does not have any subsidiaries or affiliates or participate in joint ventures. William DeRoche, Jr. and Ronald Charles Martin, Jr. each control 50% of the voting shares of DKM. There are no other 25% owners of FFCM.

FFCM is the investment adviser to the QuantShares family of exchange-traded funds (“ETFs”). The QuantShares family currently consists of four market-neutral ETFs based on Value, Momentum, Size and Anti-Beta strategies.

In addition, FFCM may provide the following strategies to clients in separately managed or sub-advised accounts:

- Adaptive ETF Absolute Return
- ETF Factor Rotation
- Hedged ETF Factor Rotation
- Global ETF Asset Allocation
- Hedge Dividend Income
- Low-Beta
- Relative Value
- Global Equity
- Core Conservative ETF Target Beta
- Core Moderate ETF Target Beta
- Core Growth ETF Target Beta

FFCM specializes in a number of investment techniques including quantitative, indexing, enhanced indexing, asset allocation and ETF investing. FFCM can tailor its investment process to meet the needs of its clients. Clients may impose restrictions on investments in certain securities or types of securities.

These investment strategies are offered to clients as separately managed accounts, licensed model portfolios and, for certain investment strategies, open-end mutual funds.

Separately Managed Accounts (SMAs)

FFCM provides discretionary investment advisory services to separate account clients, primarily through financial intermediaries (such as broker-dealers and registered investment advisors) on a sub-advisory basis. Separate account clients select an investment strategy after consultation with the client’s primary financial advisor.

Model Portfolio Licensing Agreements (including UMAs)

FFCM provides its investment strategies to registered investment advisers and UMA platform sponsors (“sponsors”) with whom the firm has entered into model portfolio licensing agreements. Under a model portfolio licensing arrangement, FFCM develops and manages investment

strategies and updates the sponsors as to changes in the model portfolios. The sponsors, at their discretion, may adjust holdings in their client accounts based on FFCM's recommended portfolio. FFCM does not serve as investment adviser to the end-investor and is not responsible for making investment decisions or determining if adherence to the model portfolio recommendations is appropriate for the sponsors' clients. The sponsor makes all investment decisions and is responsible for trading, reporting and custody matters. FFCM's obligation is to create and then disseminate model portfolios to the sponsor in a timely manner pursuant to the strategy's specific parameters. The model portfolios and the implicit recommendations generally are not tailored to the specific needs or circumstances of the sponsors' clients. Typically, the sponsor has sole authority and responsibility to implement the model portfolio for its client accounts, evaluate whether a model portfolio is appropriate for each potential investor, and communicate with clients concerning their investments.

As of February 28, 2015, FFCM had approximately \$24,000,000 of discretionary assets under management in ETFs and separately managed accounts. FFCM did not manage any assets on a non-discretionary basis as of this date. In addition, assets invested in investment strategies utilizing FFCM model portfolios totaled approximately \$400,000,000 as of February 28, 2015, on which FFCM is paid a basis point fee. These assets are not considered FFCM's assets under management as FFCM does not provide continuous and regular supervisory or management services to these portfolios.

Item 5 - Fees and Compensation

FFCM currently provides investment advisory services to the QuantShares family of ETFs and may provide such services to individuals, trusts, foundations, corporations, pension and/or profit sharing programs and investment companies.

As the investment adviser to the QuantShares ETFs, FFCM receives a management fee for its services payable on a monthly basis at a maximum contractual annual rate of 0.50% of the Funds' average daily net assets. FFCM is compensated with a fee for investment sub-advisory services.

FFCM expects to charge an investment management fee to clients with separately managed accounts of 0.50% of the fair market value of assets under management. Management fees are negotiable and may vary significantly from client to client. Fees may be higher or lower depending on a number of factors, including, but not limited to, the amount of assets under management, the nature of the assets, the type of analysis required to manage the account, the length of a client's relationship with FFCM and the level of service required by the client. Management fees will be set forth in FFCM's investment management agreement with each client.

Fees for investment strategies offered by UMA platforms are determined by the UMA platform sponsor.

License fees for model portfolios are typically 0.50%, but are negotiable and can vary by client.

Pursuant to a sub-advisory agreement with ICC Capital Management, Inc. ("ICC"), FFCM receives revenues generated from accounts managed by ICC utilizing tactical allocation strategies created by FFCM.

Pursuant to a sub-advisory agreement with ES Capital (“ES”), FFCM receives revenues generated from accounts managed by ICC utilizing tactical allocation strategies created by FFCM.

Method of Payment

Management fees are typically charged and billed quarterly or monthly in arrears. However, if a client desires, arrangements can be made to be billed in advance. Fees are charged on the market value of an account’s assets at the beginning of the billing cycle. At the request of a client, fees may be deducted directly from a client’s account or bills may be sent directly to the client or its representative.

Costs and Expenses

In addition to the management fee, clients are responsible for any fees, expenses or charges incurred by or on behalf of the account related to (i) custodial services provided for the account, (ii) transactions effected for the account, including brokerage and execution charges, markups and commissions, and (iii) any other service provided for the account by any entity other than FFCM. Clients may also incur fees charged by the ETFs or mutual funds held in accounts. Please refer to Section 12 of this brochure entitled “Brokerage Practices” for a more detailed discussion of FFCM’s brokerage policies and procedures. If a managed account invests in ETFs managed by FFCM, fees will be reduced to reflect the additional fees earned by FFCM in the ETFs but still take into account the management required to construct and trade the account.

Refunds

Termination of advisory services may be made by FFCM or the client as outlined in the investment management agreement and any fees that have been incurred will be refunded on a pro-rata basis for those clients who are billed in advance. The refund will be based on the number of days the assets were managed for the billing period.

Sales Compensation

Neither FFCM nor any of FFCM's supervised persons accepts compensation for the sale of securities of other investment products, including asset-based sales charges or service fees for the sale of mutual funds.

Item 6 - Performance Based Fees and Side-By-Side Management

Neither FFCM nor any of the firm’s supervised persons accept performance-based fees. Therefore, FFCM does not engage in side-by-side management of clients with performance-based fees.

Item 7 - Types of Clients

FFCM provides investment advisory services to the QuantShares family of ETFs on a discretionary basis and may provide investment advisory services on a discretionary or non-discretionary basis to individuals, trusts, foundations, corporations, pension and/or profit sharing programs and investment companies. FFCM also may provide model portfolios to Turnkey Asset Management

Programs, registered investment advisers and other platforms for which the firm is compensated with a fee. FFCM's services are subject to the following minimum account balances, although FFCM reserves the right to waive these minimums at its discretion:

Separately Managed Accounts - \$5,000,000

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

FFCM may utilize various strategies when constructing client portfolios, which are summarized below.

Adaptive ETF Absolute Return

The Adaptive ETF Absolute Return strategy is designed for investors seeking absolute returns regardless of the direction of equity markets. The strategy is designed to have a low correlation and low volatility compared to equities and to preserve capital in times of high market volatility by moving to a minimum volatility portfolio. In times of low or normal market volatility, the strategy will strive for capital appreciation by using momentum signals to position the strategy to maximize the risk/return ratio. The strategy utilizes a series of market neutral ETFs that use the momentum, value, and size alpha premiums and the S&P 500 ETF for market beta exposure to generate returns. The strategy also aims to tactically hedge or enhance its beta exposure by identifying times when the options market over or underestimates near term volatility. The strategy may hold an anti-beta ETF to hedge beta exposure and may hold an S&P 500 high-beta ETF to enhance market exposure.

Core ETF Absolute Return

The Core ETF Absolute Return Strategy is an ETF managed portfolio that aims to provide a core low volatility absolute return that exhibits low correlation to the equity and fixed income markets. The strategy uses a multi-factor approach by investing in factor based market neutral and long only ETFs, combined with fixed income ETFs, with the goal of providing positive returns in all market environments. The strategy's return target is 5 - 7% annually with 4 – 6% volatility.

ETF Factor Rotation

The ETF Factor Rotation strategy is characterized by an active, high alpha approach, which places specific emphasis on rotation across investment factors including beta and value. This strategy seeks capital appreciation and long-term growth through investing in U.S.-listed ETFs. FFCM utilizes a quantitative approach to investing in an effort to identify changes in risk appetites in the market. Under this approach, our investment professionals evaluate inter-sector market internals to determine shifts in risk appetites, which tend to lead overall market direction. Investors tend to shift assets from more risky assets to less risky assets before they leave the equity markets. Changes in inter-sector market internals identified by the adviser signals the adviser to move between more and less risky securities in real time. By moving assets into lower beta securities in higher risk environments, FFCM aims to preserve capital. By moving assets to higher beta securities in less risky environments, FFCM aims to earn returns in excess of the market.

Global Equity ETF Portfolio

The Global Equity ETF Portfolio is an ETF managed portfolio that aims for superior performance versus the MSCI All Country World Index, by providing diversified exposure to the U.S. equity market, 5 international markets, while incorporating a portfolio hedge during times of increasing volatility and the flexibility to move to cash in times of high market risk to preserve capital.

Global ETF Asset Allocation

The Global ETF Asset Allocation strategy is designed for investors seeking a globally-diversified portfolio with exposure to U.S., international, and emerging market equities, U.S. government bonds, U.S. and international investment grade corporate bonds, and commodities. The strategy is designed to preserve capital in times of high market volatility by moving to a minimum volatility portfolio. In times of low or normal market volatility, the portfolio will strive for capital appreciation by using momentum signals to position the strategy to maximize the risk/return ratio. The strategy utilizes U.S. exchange-traded ETFs that invest in the aforementioned asset classes to generate returns.

Global Multi-Asset ETF

The Global Multi-Asset ETF Product is an ETF managed portfolio that aims for superior performance versus a balanced 65/35 MSCI All Country World Index and Barclays Aggregate, by providing diversified exposure to all 10 U.S. equity sectors, 5 international markets, major components of the fixed income markets, and alternatives, while incorporating the flexibility to move to cash in times of high market risk to preserve capital.

Hedge Dividend Income

The Hedge Dividend Income strategy seeks to capture the price and yield return differential between high and low-yielding stocks within the most liquid subset of the U.S. market. In so doing, the strategy identifies the highest dividend paying stocks as long positions and low or zero dividend paying stocks as short positions within each sector. In order to maintain an approximately risk-neutral portfolio given that dividend paying stocks tend to be less volatile than non-dividend paying stocks, the absolute weight of shorted securities within each sector is 50% of the absolute weight in long securities in that sector.

The investment universe of the strategy is the 1,000 largest U.S.-listed stocks. Stocks with a dividend that has been consistent or growing over the previous three years are eligible to be included in the long portfolio. Eligible stocks with the highest current dividend yield are chosen as long positions. From the remaining stocks in the universe, those with low or zero dividend yields are chosen as short positions within each sector. All stocks chosen for inclusion are equally weighted within their respective portfolios, regardless of their ranking. The maximum weight of any sector in the long portfolio is capped at 25%. Sector weights for the short portfolio are 50% of the size of the long sector weights. If too few names are eligible in a short sector, weights of the available names are increased proportionately to achieve the proper sector weight.

Low Beta

The Low Beta strategy seeks to capture the price and yield return of low beta stocks within the most liquid subset of the U.S. market. The strategy identifies the 20% of lowest beta stocks as long

positions within each sector. The investment universe of the strategy is the 1,000 largest U.S.-listed stocks that meet certain liquidity requirements. Stocks with at least a trailing 52-week beta compared to the S&P 500 Index are eligible to be included in the portfolio. Eligible stocks with low trailing betas are chosen as equally weighted long positions within ten sectors. The strategy owns approximately 200 securities. In order to maintain exposure to low beta stocks, the strategy is rebalanced on a monthly basis to insure that any changes to a security's beta are captured on a timely basis.

Relative Value

The Relative Value strategy seeks to capture the total return of relatively inexpensive (value) stocks within the most liquid subset of the U.S. market. Relative value stocks are those that have a combination of low price-to-book, price-to-cash flow and price-to-earnings ratios. The strategy identifies the 20% of least expensive stocks on a relative basis within each sector. The investment universe of the strategy is the 1,000 largest U.S.-listed stocks that meet certain liquidity requirements. Stocks with recent financial statements and a sufficient history of earnings are eligible to be included in the portfolio. Eligible stocks exhibiting low relative valuations are chosen as equally-weighted long positions within ten sectors. The strategy owns approximately 200 securities. In order to maintain exposure to "true" value stocks, the strategy is rebalanced on a monthly basis to insure that price and fundamental changes to the securities are captured on a timely basis.

Strategic Size-Value-Momentum ("SVM") Market Neutral

The Strategic SVM Market Neutral strategy is designed for investors seeking absolute returns regardless of the direction of equity markets. The strategy is designed to have a low correlation and low volatility compared to equities and fixed income indexes. The strategy utilizes a series of market neutral ETFs that use the momentum, value, and size alpha premiums to generate returns. The ETFs included in the portfolio are equally weighted and the strategy is rebalanced periodically as the weights drift.

Strategic Value-Momentum ("VM") Market Neutral

The Strategic VM Market Neutral strategy is designed for investors seeking absolute returns regardless of the direction of equity markets. The strategy is designed to have a low correlation and low volatility compared to equities and fixed income indexes. The strategy utilizes a series of market neutral ETFs that use the momentum and value alpha premiums to generate returns. The ETFs included in the portfolio are strategically weighted with approximately 67% in value and 33% in momentum and the strategy is rebalanced periodically as the weights drift.

US ETF Sector Rotation

The ETF Factor Rotation strategy is characterized by an active, high alpha approach, which places specific emphasis on rotation across ten sectors in the U.S. The strategy seeks capital appreciation and long-term growth through investing in U.S.-listed ETFs. FFCM utilizes a quantitative approach to investing in an effort to identify valuation and technical signals to identify the sectors that are expected to over/underperform the market over time. In addition, the strategy will seek to become defensive when the firm's proprietary volatility models determine that the market is expected to fall. Initially, the strategy will employ a hedging ETF and eventually move to a cash position if the volatility model reaches extreme levels.

Core ETF Target Beta

The Core ETF Target Beta Strategies are designed to provide three levels of targeted beta strategies versus the S&P 500 utilizing ETFs from different asset classes. The target beta strategies include targeted betas over time of 0.3, 0.5, and 0.7 versus the S&P 500. The strategies are monitored on a daily basis in order to calculate the real time targeted betas. Should the targeted betas fall outside of predetermined bounds versus the S&P 500, FFCM will adjust the weights of the underlying ETFs to move the strategy back into the targeted range. Betas will be calculated based on a number of time horizons and the average of them will be used to calculate the current target betas.

Summary of Material Risks

Please note that investing in any of the strategies noted above involves the potential for risk of loss and there are no guarantees that the strategies will achieve their stated objectives. Investment risks specific to each strategy will be discussed with the client prior to the opening of an account. Such risks may include, but are not limited to:

- ***Foreign Securities Risk:*** Foreign investments tend to be more volatile than U.S. securities, and are subject to risks that are not typically associated with U.S. securities. For example, such investments may be adversely affected by changes in currency rates and exchange control regulations, unfavorable political, social and economic developments, and the possibility of seizure or nationalization of companies or imposition of withholding taxes on income. Moreover, less information may be publicly available concerning certain foreign issuers than is available concerning U.S. companies. Foreign markets tend to be more volatile than the U.S. market due to economic and political instability, social unrest and regulatory conditions in certain countries.
- ***Derivatives Risk:*** Derivatives, including swap agreements and futures contracts, may involve risks different from or greater than those associated with more traditional investments. As a result of investing in derivatives, a portfolio could lose more than the amount in which it invests. Derivatives may be highly illiquid, and a portfolio may not be able to close out or sell a derivative position at a particular time or at an anticipated price. Derivatives also may be subject to counterparty credit risk, which includes the risk that a loss may be sustained as a result of the insolvency or bankruptcy of, or other non-compliance by, the other party to the transaction.
- ***Emerging Market Securities Risk:*** Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries, which include several countries in Asia, Latin America, Eastern Europe, Africa, and the Middle East. The economies of many of these countries depend heavily upon international trade and are therefore significantly affected by protective trade barriers and economic conditions of their trading partners. Many of these countries may also have government exchange controls, currencies with no recognizable market value relative to the established currencies of developed market economies, little or no experience in trading in securities, no financial reporting standards, a lack of banking or securities infrastructure, and a legal tradition which does not recognize rights to private property.

- ***Investments in Investment Companies Risk:*** An account will incur duplicative management and other fees from underlying investments in exchange-traded funds and other registered investment companies. If a managed account invests in ETFs managed by FFCM, fees will be reduced to reflect the additional fees earned by FFCM in the ETFs but still charge a management fee to construct and trade the account.
- ***Foreign Investment Risk:*** Investments in foreign stocks involve special risks not typically associated with U.S. stocks. Foreign investments may be riskier than U.S. investments because of factors such as foreign government restrictions, changes in currency exchange rates, incomplete financial information about the issuers of securities, and political or economic instability. Foreign stocks may be more volatile and less liquid than U.S. stocks. Investments in depositary receipts (ADRs and GDRs) involve risks similar to those accompanying direct investment in foreign securities.
- ***Growth Investing Risk:*** Growth investing involves investing in securities whose earnings are expected to grow at an above-average rate relative to the market. There may be periods when the growth style is out of favor, and during which the investment performance of a portfolio using a growth strategy may suffer. In addition, growth stocks are subject to the risk that such stocks may not reach what the portfolio managers believe are their full growth potential.
- ***Interest Rate Risk:*** The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions of an issuer's creditworthiness. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities. The duration of these securities affects risk as well, with longer term securities generally more volatile than shorter term securities.
- ***Leverage Risk:*** The use of short selling and derivatives instruments allows advisers to obtain investment exposure greater than it could otherwise obtain and specifically to effectively increase, or leverage, its total long and short investment exposures to more than its net asset value by a significant amount. Leverage may magnify gains or losses.
- ***Liquidity Risk:*** Low trading volume, lack of a market maker, a large position, or legal restrictions may limit the ability to sell particular securities in a short period of time, without material market impact. These risks are particularly pronounced for equity investments in companies with smaller capitalizations.
- ***Market Risk:*** Stock markets can decline significantly in response to adverse issuer, political, regulatory, market and economic developments. The market's behavior is unpredictable, particularly in the short term. The price declines of common stocks, in particular, may be steep, sudden, and/or prolonged.
- ***Market Neutral Style Risk:*** FFCM may not construct a portfolio that limits exposure to general market movements, in which case performance may reflect general market movements. Further, during a "bull" market, when most equity securities and long-only equity ETFs are increasing in value, short positions will likely cause underperformance to the overall U.S.

equity market and equity ETFs. In addition, relative volatility (beta) compared to the market will vary over time and may not be equal to zero.

- ***Momentum Investing Risk:*** Momentum investing involves investing in securities that have recently had higher total returns and shorting securities that have had lower total returns. These securities may be more volatile than a broad cross-section of securities, and momentum may be an indicator that a security's price is peaking. In addition, there may be periods when the momentum style is out of favor, and during which the investment performance of a strategy using a momentum strategy may suffer.
- ***Portfolio Manager Risk:*** The performance of actively-managed accounts depends on the skill of their portfolio managers to make appropriate investment decisions to achieve the stated investment objective.
- ***Portfolio Turnover Risk:*** While it is not part of FFCM's normal investment strategy, the firm may actively trade securities to achieve performance objectives. A high rate of portfolio turnover involves correspondingly high transaction costs, which may adversely affect portfolio performance over time. High portfolio turnover may also result in the realization of short-term capital gains.
- ***Quantitative Investment Approach Risk:*** There may be market conditions in which a quantitative investment approach performs poorly. As a result, quantitative investment strategies are suitable only for those investors who have medium to long-term investment goals.
- ***Sector and Industry Concentration Risk:*** Overall risk level will depend in part on the market sectors and industries in which a strategy is invested. A strategy may overweight or underweight certain companies, sectors or industries, which may cause the strategy's performance to be more or less sensitive to developments affecting those companies, sectors and industries.
- ***Short Sales Risk:*** A strategy will suffer a loss if it sells a security short and the value of the security rises rather than falls. It is possible that a strategy's long positions will decline in value at the same time that the value of its short positions increases, thereby increasing potential losses to the strategy. Short sales expose a strategy to the risk that it will be required to buy the security sold short (also known as "covering" the short position) at a time when the security has appreciated in value, thus resulting in a loss to the strategy. A strategy's investment performance will also suffer if it is required to close out a short position earlier than intended. In addition, a strategy may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as the costs of borrowing and margin account maintenance costs associated with a strategy's open short positions. These expenses may negatively impact the performance of a strategy. Short positions introduce more risk to the strategy than long positions (purchases) because the maximum sustainable loss on a security purchased (held long) is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. Therefore, in theory, securities sold short have unlimited risk.

- ***Smaller and Medium Capitalization Companies Risk:*** The securities of smaller capitalization companies are generally riskier than larger capitalization companies since they do not have the financial resources or the well-established businesses of larger companies. Generally, the share prices of stocks of smaller capitalization companies are more volatile than those of larger capitalization companies. The returns of stocks of smaller capitalization companies may vary, sometimes significantly, from the returns of the overall market, tend to perform poorly during times of economic stress, may be thinly-traded, and purchases and sales may result in higher transaction costs. The securities of medium capitalization companies generally trade in lower volumes than those of large capitalization companies and tend to be more volatile because mid-capitalization companies tend to be more susceptible to adverse business or economic events than larger, more established companies.
- ***Value Investing Risk:*** Value investing entails investing in securities that are inexpensive (or “cheap”) relative to other stocks in the universe based on ratios such as earnings-to-price or book-to-price ratios and shorting securities that are expensive based on the same ratios. There may be periods when the value style is out of favor, and during which the investment performance of a portfolio using a value strategy may suffer. In addition, value stocks are subject to the risk that their intrinsic value may never be realized by the market.

FFCM can make no guarantee that any particular asset allocation or investment strategy will meet a fund’s or an account’s particular investment objective, or provide a particular investment return or a given level of income. Fluctuations in the financial markets and other factors may cause declines in the value of client accounts. Diversification does not ensure a profit or protect against a loss in a declining market. FFCM cannot guarantee the future performance of its funds or accounts.

Item 9 - Disciplinary Information

There have been no disciplinary actions against FFCM or any of its employees by any domestic, foreign or military court, the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority, or any self-regulatory organization.

Item 10 - Other Financial Industry Activities and Affiliations

Certain employees of FFCM (Ronald Charles Martin, Jr., William H. DeRoche, Jr. and Philip Lee) are dual employees of ICC Capital Management, Inc. (“ICC”), a registered investment adviser based in Orlando, FL, with whom the Adviser has entered into a sub-advisory agreement. Mr. Martin, Mr. DeRoche and Dr. Lee joined ICC’s Quantitative Strategies Group as Senior Portfolio Managers and Managing Directors. Mr. Martin and Mr. DeRoche will maintain ownership of FFCM.

Neither FFCM nor any of its management persons are registered or have an application pending to register as a broker-dealer. Several of FFCM’s employees are registered representatives and hold various licenses with the Financial Industry Regulatory Authority.

Neither FFCM 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 such entities.

FFCM does not recommend or select other investment advisers for clients.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FFCM is a fiduciary and must adhere to the highest standard of care and diligence in conducting its business activities as required by law, and must be particularly sensitive to situations in which the interests of its advisory clients may be directly or indirectly in conflict with those of FFCM. Each employee of FFCM recognizes that the first responsibility of FFCM is to its clients. Any conflict (real or potential) between the interests of a client and FFCM must be avoided or resolved to the benefit of the client. The firm's employees must demonstrate honesty and fairness in all dealings and must not take inappropriate advantage of the position that is provided as an employee of FFCM or inappropriate actions that are contrary to federal securities laws.

FFCM may effect the purchase or sale of securities in which it, or one or more of its officers, directors or employees ("affiliated persons"), directly or indirectly, has a position or interest, or which it or any affiliated person buys or sells for itself. Such transactions may also include trading in securities in a manner that differs from, or is inconsistent with, the advice given to FFCM's clients.

FFCM has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 that includes procedures reasonably necessary to prevent violations of the federal securities laws. These procedures include the requirement that Access Persons, which includes all employees of FFCM and any full-time, on-site contractors, to pre-clear personal securities transactions in order to avoid conflicts with transactions in client accounts. Access Persons may not profit from a transaction involving a security subject to pre-clearance within a 30-day period or trade a security within 48 hours of the same security being traded in a client account if Access Persons are aware that there is or may be a pending buy or sell order for the security in a client account. Access Persons are also prohibited from engaging in short sales of securities if the security is held long in any client account. Access Persons must also direct their brokers to provide the firm with duplicate confirmations and statements, which the firm's Chief Compliance Officer will review to detect violations of the Code. FFCM requires that all employees submit transaction reports quarterly and holdings reports initially and annually, and sign an acknowledgment annually that they have received, read and agree to abide by the Code.

FFCM may, from time to time, perform a variety of services for, or solicit business from, companies, including issuers of securities that FFCM may recommend for purchase or sale by, or in which FFCM may effect transactions for, the account of FFCM's clients. In connection with providing these services, FFCM and its affiliated persons may come into possession from time to time of material non-public or other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. FFCM's Inside Information Policy, which is included in the Code, requires employees in possession of "material non-public information" to maintain the confidentiality of such information and abstain from trading until it has been publicly

disclosed. When an employee comes into possession of material non-public information, the employee is required to report this fact to FFCM's Chief Compliance Officer and Chief Executive Officer. Appropriate steps will then be taken to prevent any investment decisions being made on the basis of such information.

FFCM's Code also indicates that Access Persons are prohibited from receiving compensation in any form from any person or entity that does business with or on behalf of a client. The receipt of gifts, gratuities, hospitalities, or other items of more than \$100 per entity in the aggregate annually, is prohibited. Access Persons are expected to use particular care and good judgment to achieve and maintain independence and objectivity. Gifts received in the course of business by FFCM employees, regardless of value, must be disclosed quarterly. The Chief Compliance Officer compiles and monitors a log of all gifts received to ensure adherence to the stated policy.

FFCM will provide a copy of the firm's Code to any client or prospective client on request.

Certain employees of FFCM that are dual employees of the Adviser and ICC are also subject to the provisions and reporting requirements of ICC's Code of Ethics.

Item 12 - Brokerage Practices

Selection of Broker-Dealers

FFCM, when determining the ability of a broker-dealer to obtain best execution of securities transactions, considers a number of factors, including, but not limited to, the execution capabilities required for the transactions; the reasonableness of commission rates compared to brokers that provide comparable services; the importance to the account of speed, efficiency and confidentiality; the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; and, the reputation and perceived soundness of the broker-dealer.

Although FFCM generally seeks competitive commission rates, it will not always pay the lowest commission or commission-equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Research and Other Soft Dollar Benefits

FFCM may request that broker-dealers that effect transactions for the firm's clients allocate a portion of their commissions to a pool of soft dollar credits maintained by the introducing or executing broker-dealer. At FFCM's direction, the introducing or executing broker-dealer will pay independent research providers (including other broker-dealers) for research products and services from this pool of soft dollar credits. This type of arrangement is called a commission sharing arrangement ("CSA") because the introducing or executing broker-dealer will share its commission with an independent research provider to pay for research products and services. FFCM has executed CSAs with several brokers. During the past fiscal year, payments were made to FactSet by executing brokers, which FFCM utilizes to obtain information critical in the firm's investment decision-making process.

By executing trades with broker-dealers that pay independent research providers for products or services, FFCM may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. The research services furnished by broker-dealers in soft dollar trades may be used to service all accounts and may not necessarily be used only in connection with the accounts that paid commissions related to the research obtained. Since FFCM obtains a benefit from these services, which it does not pay for itself, there may be an incentive to select or recommend a broker-dealer based on FFCM's interest in receiving the research or other products or services.

To ensure that FFCM is continually seeking best execution, FFCM reviews all trades on a regular and on-going basis. FFCM's Brokerage Committee reviews all soft dollar arrangements quarterly to determine the reasonableness of the amount of soft dollar expenditures relative to the benefits associated with the products and services obtained. The Chief Compliance Officer performs a review of all soft dollar arrangements at least annually to ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 and that the value of the research and brokerage services provided justifies the additional cost incurred. All soft dollar arrangements will satisfy the Section 28(e) safe harbor provision. Only those services deemed to enhance the investment decision-making process are eligible for soft dollar payments.

Brokerage for Client Referrals

FFCM does not direct client trades to brokers in exchange for client referrals.

Directed Brokerage

At a client's request, FFCM may direct a portion of the client's trades to a broker specified by the client. Every effort is made to ensure best execution. However, there is no guarantee that best execution can be achieved while consistently meeting the client's directed brokerage targets. The fact that FFCM may not achieve best execution in a directed brokerage arrangement will be disclosed to clients. FFCM does not recommend, request or require clients to direct transactions to a specific broker.

Aggregation of Trades

Currently, FFCM does not aggregate or block contemporaneous purchases and sales orders for the same security for the ETFs and accounts managed by the firm. Orders are directed to brokers for execution regardless of venue at the Fund level at the close of the market, which should minimize any differences in price for transactions in the same security. When it is determined to be in the best interest of the ETFs and accounts managed by FFCM, FFCM may aggregate purchases and sales provided that all clients are treated fairly and equitably.

FFCM's Brokerage Committee reviews a sample of trades for the same security on the same side of the market executed for each ETF and account to ensure that prices and commission costs are comparable on a quarterly basis.

Item 13 - Review of Accounts

Portfolio managers review accounts on a regular basis and no less than weekly. Accounts are reviewed to determine conformity to investment guidelines and objectives. Reviews of separately managed accounts may be conducted more frequently as certain events, such as unexpected

contributions or withdrawals, client-directed changes to investment policy statements, and rating changes for securities held, may trigger immediate reviews.

Special reports can be developed that are tailored to meet specific client requirements.

Item 14 - Client Referrals and Other Compensation

In accordance with Rule 206(4)-3 (the "Referral Rule") under the Advisers Act, FFCM may, from time to time, enter into written arrangements with third party marketers which FFCM will compensate for client referrals to the firm. If FFCM or any of its employees engage third parties to solicit investment advisory business on behalf of the firm, it will only do so according to the provisions of the Referral Rule. Prior to engaging any third party solicitor, FFCM performs due diligence of the solicitor(s) in question to determine whether or not the solicitor(s) meet the definition of a regulated person as defined by the Referral Rule. Currently, FFCM retains a third party solicitor for client referrals for separately managed accounts. The solicitor is compensated with a retainer fee and a percentage of revenue generated from the referral.

Item 15 - Custody

FFCM does not maintain custody of clients' assets.

Item 16 - Investment Discretion

Currently, FFCM has the authority to determine, without obtaining specific consent, the securities to be purchased or sold, amount of securities to be purchased or sold, the broker or dealer to be used and the ability to negotiate commission rates with brokers. However, clients may ask FFCM to direct trades, restrict certain securities, or adhere to investment guidelines that deviate from standard investment strategy. FFCM will enter into investment management agreements with all clients that include FFCM's discretionary authority and the client's investment guidelines.

Item 17 - Voting Client Securities

FFCM has adopted proxy voting policies and procedures pursuant to Rule 206(4)-6 under the Advisers Act and seeks to vote proxies for which it has discretionary authority in the best interests of all clients for which the firm has the authority to vote proxies. FFCM votes proxies in a way that the firm believes will maximize the monetary value of each portfolio's holdings with respect to proposals that are reasonably anticipated to have an impact on the current or potential value of a security. FFCM retains Institutional Shareholder Services ("ISS") to vote proxies on behalf of the QuantShares ETFs and votes in accordance with ISS' pre-determined guidelines and relies on ISS' recommendations to address any material conflicts of interest. FFCM may override a vote that is not deemed to be in the best interest of clients. All overrides must be documented and approved by the FFCM's Chief Compliance Officer. Portfolio management must submit a written request to override an ISS recommendation based on an actual or perceived conflict of interest.

Clients may establish their own proxy voting guidelines, which will be forwarded to ISS, or direct FFCM to vote contrary to established guidelines in a particular solicitation. FFCM receives a summary of votes from ISS quarterly, which are distributed to clients. FFCM's Chief Compliance Officer is responsible for reviewing the votes and ensuring that the votes have been voted according to the client's guidelines.

Clients may obtain information about how their proxies were voted or a copy of FFCM's proxy voting policies and procedures by contacting Bill DeRoche, Chief Compliance Officer, FFCM, 60 State Street, Suite 700, Boston, MA, 02109.

Item 18 - Financial Information

FFCM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and, therefore, is not required to include a balance sheet with this Brochure. In addition, FFCM has no financial conditions that impair its ability to meet contractual commitments to clients and has not been the subject of any bankruptcy proceedings.