

ASRN - ALPHASECTOR ROTATION: INDEX CONSTRUCTION METHODOLOGY

The AlphaSector™ Rotation Index (ticker symbol is ASRN) is a quantitatively driven index that mirrors an investment strategy that dates back to 2001. The index is governed by the independent Investment Committee of Active Index Solutions, LLC (“AIS”). AIS is exclusively in the business of constructing and licensing index products.

The AIS Investment Committee is responsible for approving the analytical engine determining buy and sell signals for the Index, and requires a 80% approval vote for any changes to the model. The Committee meets annually to review the Index and investment methodology.

The Index is calculated and disseminated on behalf of Active Index Solutions, LLC by NASDAQ OMX.¹

Index Construction

The eligible investments within ASRN are the nine Select Sector SPDRs and an exchange traded fund (“ETF”) representing 1 – 3 month Treasuries (ticker BIL). The Index has the potential to be invested in any combination of the nine SPDRs including all nine at the same time, a combination of sector SPDRs and the Treasury ETF, or can be 100% invested in the Treasury ETF.

The Index is re-evaluated for modifications to the existing constituency on a monthly basis, as well as rebalanced on a monthly basis. The decisions for which sector ETFs are included in the portfolio at any time is made by a proprietary analytical engine that evaluates “true” sector trends while adjusting for market noise and for changing levels of volatility in the market. This engine has been developed over a period of time dating back to 2001, and has had Private Wealth Client assets managed based on its output over that entire time period.

The Index uses a binary model for determining weights of represented sector ETFs. If a sector receives a positive signal for investing, it is included in the Index. If a sector receives a neutral or negative signal, it is removed from the Index. All sectors represented are equal weighted, with a maximum allocation capped at 25% of the Index at the time of rebalancing.

If there are 3 or fewer sectors represented at a given time, the remainder of the portfolio (reflecting the 25% maximum cap per sector) is invested in the short term Treasury ETF (ticker BIL), representing cash. The Index can be 100% invested in BIL if all sectors receive a neutral or negative rating at the time of reconstitution.

ASRN is reconstituted and rebalanced at the close of trading on the last Friday of every month. If the market is closed on the last Friday, it would be reconstituted at the end of trading on the prior Thursday.

There are two performance track records generated for ASRN, reflecting a Price Return and a Total Return calculation. Total Return reflects a reinvestment of all dividends and interest distributions made by any of the underlying ETFs.

For more information on this AlphaSector Index or any AlphaCycleTM Index, please visit our website at activeindexsolutions.com

¹AlphaSector Rotation Index is the exclusive property of F-Squared Investments, Inc. and Active Index Solutions, LLC (Collectively "AIS"). AIS has contracted with The NASDAQ OMX Group, Inc. (collectively, with its subsidiaries and affiliates, "NASDAQ OMX") to calculate and maintain the AlphaSector Rotation Index. NASDAQ OMX shall have no liability for any errors or omissions in calculating the AlphaSector Rotation Index.

Copyright 2008 Active Index Solutions, LLC. All rights reserved. "AlphaSector" and "AlphaCycle" are service marks of Active Index Solutions, LLC or F-Squared Investments, Inc.

Investment products that may be based on this Index are not sponsored by Active Index Solutions, LLC or F-Squared Investments, Inc., and neither firm makes any representation regarding the advisability of investing in them. Inclusion of a mutual fund or an ETF in an index does not in any way reflect an opinion of Active Index Solutions or F-Squared Investments regarding the investment merits of such a fund or ETF. None of the ETFs included in the index have given any real or implied endorsement or support to Active Index Solutions or to this index. One cannot invest directly into an index.