QUADRATIC CAPITAL

Quadratic Interest Rate Volatility and Inflation Hedge ETF

The Quadratic Interest Rate Volatility and Inflation Hedge ETF (HCPI) is the first ETF designed to hedge against the risk of rising long-term interest rates, increases in inflation expectations or interest rate volatility, and equity market shocks. Quadratic utilizes its expertise to access the OTC interest rate volatility and options markets as it seeks to accomplish these goals, providing investors with access to a market previously only available to large institutional investors.

HCPI Goals

HCPI seeks to deliver:

- A hedge on the value of fixed income & real estate
- Inflation risk mitigation
- A payoff from increases in overall market volatility
- Steady inflation-protected income

Investment Thesis

HCPI's allocation to interest rate options seeks to provide investors a hedge against market sell-offs, increases in inflation, and to potentially profit from an increase in interest rate volatility.

HCPI's interest rate options are expected to pay off when the yield curve steepens (long-term interest rates become substantially higher than short-term interest rates) or when interest rate volatility increases.

A steepening yield curve has historically been correlated with equity market sell-offs and increases in inflation expectations.

The fixed income portion of HCPI aims to provide steady inflation-protected income.

HCPI seeks to protect investors' portfolios when other holdings are declining.

BEAR PERIODS	S&P 500 CHANGE	CURVE (in basis points)
Nov-80 to Aug-82	-27%	+203
Aug-87 to Dec-87	-34%	+25
Mar-00 to Oct-02	-49%	+234
Oct-07 to Mar-09	-57%	+138

FUND FACTS

Ticker .... HCPI

Fund Name .... Quadratic Interest Rate Volatility and Inflation Hedge ETF

Cusip 26922A313

Exchange .... NYSE

Inception .... TBD

Expense Ratio ... 0.99%

FUND MANAGEMENT

Advisor .... ETC LLC

Sub-Advisor .... Quadratic Capital Management LLC

Administrator .... U.S. Bank Global Fund Services

Distributor .... Quasar Distributors, LLC

Providing Potential Solutions to Investors Most Pressing Issues

Investor Dilemma	HCPI Potential Solution
Purchasing Power Protection	HCPI options expected to pay when inflation expectations increase
Rising Long-Term Interest Rates	HCPI options expected to pay off when the yield curve steepens
Aging Economic Recovery	HCPI options expected to pay off when long-term interest rates increase, which has historically occurred late in the economic cycle
Monetary Stimulus Fading	HCPI options expect to pay off when the yield curve normalizes
Need for Fixed Income	HCPI is a fixed income ETF which seeks to provide inflation-protected income
Potential for Market Volatility	HCPI options are expected to pay off when volatility increases

Who Should Consider HCPI?

- **Clients with fixed income exposure**
  HCPI seeks to hedge the value of the bond portion of client portfolios when inflation expectations increase

- **Clients looking for income**
  The fixed income portion of HCPI seeks to provide steady inflation protected income

- **Clients who want to protect equity positions**
  HCPI's options are expected to increase in value during market sell-offs

- **Clients with real estate holdings**
  Steeper yield curves tends to hurt the value of real estate holdings

- **Clients looking for alternatives to vanilla stock and bond holdings**
  With its exposure to interest rate options, HCPI can be used as a portion of your portfolio's alternatives sleeve

QUADRATIC CAPITAL

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company. The final prospectus, once effective, may be obtained by calling 203-340-2943. Read it carefully before investing.

The information in this communication is not complete and may be changed. We may not sell this security until the registration statement filed with the Securities and Exchange Commission is effective. This communication is not an offer to sell this security and is not soliciting an offer to buy this security in any state where the offer or sale is not permitted.

Investing involves risk. Principal loss is possible. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund's derivatives investments involve risks. The derivatives used by the Fund may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss. The prices of options can be highly volatile and the use of options can lower total returns. OTC options generally have more flexible terms negotiated between the buyer and the seller. As a result, such instruments generally are subject to greater credit risk and counterparty risk. OTC instruments also may be subject to greater liquidity risk. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

The Fund seeks to mitigate the risk associated with the potential impact of a steepening swap curve ("curve risk") on the performance of U.S. government bonds by investing in products designed to appreciate in value when the swap curve steepens. The Fund's use of such instruments is intended to mitigate the curve risk and is not intended to mitigate credit risk, or non-curve interest rate risk. There is no guarantee that the Fund's investments will completely eliminate the curve or inflation risk of the long positions in U.S. government bonds. In addition, when the swap curve flattens, the Fund's investments will generally underperform a portfolio comprised solely of the U.S. government bonds. In a flattening curve environment, the Fund's hedging strategy could result in disproportionately larger losses in the Fund's options as compared to gains or losses in the U.S. government bond positions attributable to interest rate changes. The Fund's exposure to derivatives tied to interest rates subjects the Fund to greater volatility than investments in traditional securities, such as stocks and bonds. Investing in derivatives tied to interest rates, including through options tied to the shape of the swap curve, is speculative and can be extremely volatile.

Basis Points – one basis point equal .01%. 100 basis points equals 1%. **The S&P 500®** is used to measure the performance of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

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