

## The Quadratic Interest Rate Volatility and Inflation Hedge ETF (ticker: IVOL)

IVOL is a first-of-its-kind active fixed income ETF designed to hedge and benefit investors during periods of fixed income volatility and increasing inflation expectations. It is also structured to profit from a steepening yield curve, whether that occurs via rising long-term or falling short-term interest rates.

What makes IVOL unique is that it is long fixed income volatility. No other ETF currently provides its investors this type of exposure. This access is the key to IVOL's many portfolio applications for investors in fixed income, equity and real estate.

The Fund's strategy may also serve to hedge against the risks of corrections in equity and real estate markets as the prices of equities and properties tend to fall during times of increased fixed income volatility and/or a steepening of the yield curve.

IVOL also provides monthly inflation-protected income.

### Strategy Overview:

IVOL is constructed to hold a combination of Treasury Inflation-Protected Securities (TIPS), a form of U.S. Treasury bond designed to help investors protect against inflation, and dynamically managed OTC options which add upside potential during periods of market volatility and steeper interest rate curves.

### Potential benefits:

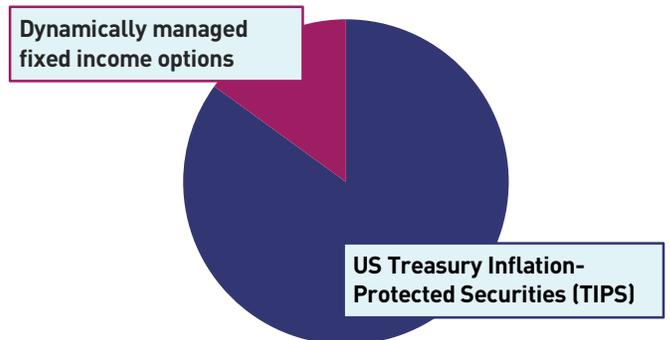
Rising interest rates can hurt the value of fixed income securities. Additionally, inflation can erode the purchasing power of the fixed payments of bonds. IVOL may provide the following benefits:

- Asymmetric upside: OTC options may produce greater returns during periods of fixed income volatility and increasing inflation. Downside is limited to the initial premium paid to buy the options.
- Inflation protection: embedded inflation protection and yield from Treasury Inflation-Protected Securities (TIPS).

### IVOL provides investors with:

- Access to the largest OTC markets - previously unavailable to ETF investors
- Potential for asymmetric upside payout as fixed income volatility increases and/or the yield curve steepens
- Long volatility vehicle that could profit during many different market scenarios, including:
  - An increase in fixed income volatility
  - A steepening of the yield curve
  - Equity market shocks
  - Increases in inflation that can erode purchasing power
  - Rising long term interest rates that hurt bond prices
- A potential hedge against corrections in equity and real estate as the prices of equities and properties tend to fall during times of increased fixed income volatility and/or a steepening of the interest rate curve
- Inflation protected income

### Portfolio Composition



### IVOL may be appropriate for:



#### Fixed Income Investors:

IVOL is designed to provide inflation protected income while providing a hedge against fixed income volatility, yield curve steepening and inflation.



#### Equity Investors:

IVOL may act as a tail hedge since historically the yield curve has steepened in large equity sell-offs.



#### Real Estate Investors:

IVOL may help hedge the risk of real estate asset depreciation brought on by rising long term interest rates.

There are risks involved with investing in options including total loss of principal. Options investing is not suitable for all investors. For a more comprehensive discussion of the risks involved in options investing, please review Characterizations and Risks of Standardized Options available at [www.theocc.com/about/publications/character-risks.jsp](http://www.theocc.com/about/publications/character-risks.jsp) or contact the Options Clearing Corporation directly at 1 N. Wacker Dr., Suite 500, Chicago, IL 60606. (1-888-678-4667)

Fund Details	
Primary Exchange	NYSE
ISIN	US5007677363
CUSIP	500767736
Total Annual Operating Expenses	1.04%
Total Annual Operating Expenses, After Fee Waiver	0.99%*
30-day SEC Yield	-
Unsubsidized 30-day SEC Yield	-

\*Adviser has contractually agreed to waive acquired fund fees until August 2020

## OTC Options Market Overview

Over the counter (OTC) options are contracts between institutional investors and large financial services firms that are traded via a dealer network as opposed to on a centralized exchange.

### Potential Benefits:

- Highly customizable compared to options purchased through an exchange.
- For the fund's investments in options, the downside is limited to the premium.
- The OTC fixed income markets provide investors with diversification previously only available to large, institutional investors.

### Potential Risks:

- OTC options are not standardized and traded between two parties. Therefore, they could be less liquid than options traded on an exchange.
- OTC options have counterparty risk, which is the chance that the other party may not fulfill its contractual obligations.

## About Quadratic Capital Management

Quadratic Capital Management is an innovative asset management firm founded in 2013 by Nancy Davis. The firm has utilized its significant expertise in the interest rate volatility and options markets to construct IVOL in a way that helps mitigate the downside risk of the strategy while maintaining upside potential. The firm is based in Greenwich, CT.

## Portfolio Manager



Nancy Davis founded Quadratic Capital Management in 2013. Ms. Davis began her career at Goldman Sachs where she spent nearly ten years, the last seven at the proprietary trading group where she rose to become the Head of Credit, Derivatives and OTC Trading.

Prior to starting Quadratic, she served as a portfolio manager at Highbridge where she managed \$500 million of capital in a derivatives-only portfolio. She later served in a senior executive role at AllianceBernstein.

Ms. Davis writes and speaks frequently about markets and investing. She has been published in Institutional Investor, Absolute Return and Financial News, and has contributed papers to two books. She has been interviewed by The Economist, The Wall Street Journal, The Financial Times, New York Magazine and Le Figaro. Ms. Davis has also appeared on CNBC, Reuters, Sina, Bloomberg and CNN.

## How to Buy IVOL ETF



Share IVOL with your financial planner to find out if it may fit in your portfolio



IVOL is available through your brokerage firms or your financial advisor

**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 Fund and may be obtained by calling 833-IVOL-ETF (1-833-486-5383). Please read it carefully before investing.**

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. The Fund is non-diversified.

IVOL is distributed by SEI Investments Distribution Co. (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456. The Fund's sub-adviser is Quadratic Capital Management LLC (Quadratic). SIDCO is not affiliated with Quadratic