



Powering Portfolio Innovation

ActiveShares™

BY PRECIDIAN INVESTMENTS®

ActiveShares® is a ground-breaking ETF structure that combines the benefits of a traditional ETF with the flexibility and confidentiality of an actively managed mutual fund.

	Mutual Fund	Traditional ETF	ActiveShares ETF
Lower Cost		✓	✓
Tax Efficiency		✓	✓
Intraday Trading		✓	✓
Arbitrage Eligible		✓	✓
Mitigates Front-running	✓		✓
Mitigates Loss of Intellectual Property (IP)	✓		✓
Discloses Portfolio Holdings	Monthly/ Quarterly	Daily	Monthly/ Quarterly

ActiveShares delivers an evolution in ETFs through its unique combination of cost and tax efficiencies, real-time pricing, and confidential format.

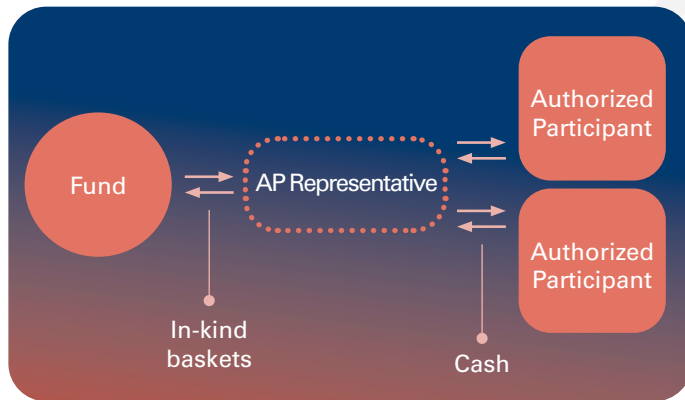
WHAT'S NEW?

The Authorized Participant Representative (APR)

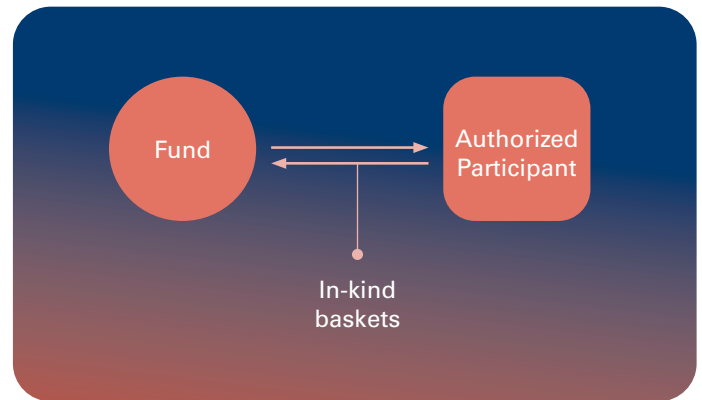
Enables Portfolio Confidentiality

To keep portfolio holdings confidential on a daily basis and to mitigate front-running and free-riding risk, ActiveShares will use AP Representatives (APRs). Through a confidential account, owned by the Authorized Participant (AP), APRs will have restricted access to portfolio holdings and will buy and sell securities on behalf of APs for the purposes of creations and redemptions.

ActiveShares ETF



Traditional ETF



Verified Intraday Indicative Value (VIIV)

Provides Pricing in Real Time

To ensure market makers can efficiently make markets and price intraday, ActiveShares ETFs will provide a portfolio value called a Verified Intraday Indicative Value (VIIV). Unlike other ETFs – which price their trading basket every 15 seconds through an intraday indicative value (IIV) – ActiveShares will provide a per second VIIV to the market. ActiveShares is the only structure where the indicative value is validated intraday for accuracy.

ActiveShares ETF



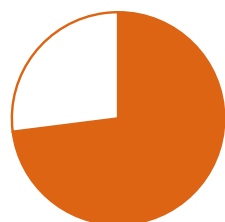
Traditional ETF



WHO BENEFITS?

Investors

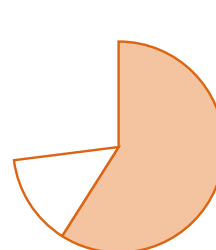
Like traditional ETFs, investors in ActiveShares ETFs will benefit from the increased tax efficiency of the ETF vehicle in addition to lower costs and intraday trading.



73%
of equity mutual fund share classes made a capital gains distribution



31%
of these were held in taxable accounts



81%
of these had capital gain payouts of 2% or more

Source: Investment Company Institute. 2019. 2019 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry. Washington, DC: Investment Company Institute. Available at www.icifactbook.org.

The result...

Active management with the potential to keep more of what you earn.

Investment Managers

ActiveShares offers the potential of greater accessibility to active management in an ETF vehicle. Historically, active managers have been hesitant to utilize traditional ETFs due to concerns of front-running, free-riding and intellectual property (IP) infringement.

	Active US Equity Mutual Funds	Active ETFs
Number of funds	2,897	259
Assets	\$4.7T	\$69B

Source: Investment Company Institute. 2019. 2019 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry. Washington, DC: Investment Company Institute. Available at www.icifactbook.org.



ActiveShares will enable active managers to offer new and existing strategies in an ETF vehicle — combining the best of active management with the many benefits of an ETF.

Because ActiveShares are ETFs, they can take advantage of existing platforms and may be employed in investment models utilizing ETFs.

For more information on ActiveShares, please visit www.activeshares.com or call 908-781-0560.

ActiveShares may be the ETF structure for which active managers have been waiting.

WHO IS PRECIDIAN INVESTMENTS?

Precidian Investments designs and develops next-generation tools for the mutual fund industry, ETF providers, and leading financial services institutions to meet the needs of today's more sophisticated investors.

Precidian Investments' expertise in product development, trading, clearance, sales, technology, and securities law enables us to more efficiently design and build cutting edge financial instruments.

We pride ourselves on our ability to create novel, state-of-the-art financial products that address specific investor needs and differentiate us from the competition.

Precidian Management Team

Daniel McCabe | Chief Executive Officer

Prior to joining Precidian Investments, Dan served as CEO of Bear Hunter Structured Products LLC, an NYSE and AMEX specialist firm. Dan joined Bear Hunter in 1997 as vice president of Structured and Derivative Products, where he ultimately ran portfolio trading and managed the firm's overall exposure in ETFs. He has a background in institutional sales, options trading and index arbitrage with Walsh Greenwood, Merrill Lynch and WG Trading.

Paul Kuhnle | Principal

Paul was formerly CIO of Bear Wagner Specialists, where he was involved with the establishment of the ETF markets on the AMEX and NYSE. He was also a founding member of the International Securities Exchange. During his career, Paul has developed integrated risk management and compliance systems, as well as a self-clearing operation. Prior to Bear Wagner, Kuhnle ran Global Futures Trading Technology at Merrill Lynch.

Mark Criscitello | Principal

Mark joined Precidian after serving as CFO and COO of the Clearance and Execution division of Bear Hunter. Prior to Bear Hunter, Mark spent 18 years at KalbVoorhis & Co. as a trader, COO and CFO, and was responsible for risk management, data systems, self-clearance operations and all financing activities.

Stuart Thomas | Principal

Stuart began his career on Wall Street in 1989 with Merrill Lynch. He spent his first 10 years there working as a U.S. International Equity Salesman, Senior Deal Manager on the Equity Syndicate Desk, and as Manager of the Convertible Sales & Marketing Desk before moving to Morgan Stanley. While at Morgan Stanley, Stuart was widely credited with creating their retail exchange-traded fund business. He served as Manager of the ETF Sales and Trading Department until his promotion in January 2002 to First Vice President, Director of Equity Capital Markets Sales. On behalf of the World Gold Council, he started World Gold Trust Services in August 2002 to create, manage, and market the first U.S. commodity-backed equity traded on an exchange. In November 2004 SPDR Gold Shares (GLD) was launched on the NYSE.