Folio Institutional®

Max Impact Webinar Series| October 2015

Today's Agenda

- **Introduction**
- **Operational Updates**
  - Micro Deposits
  - Client Approval for Bank Links
- ***VIA* Folio: Folio's Private Capital Network**
  - Matchbox Food Group
- **Feature Presentation**
  - How Long-Term Investors Can Capture Hedge Fund Alpha
    Featuring Maz Jadallah, CEO, and Brad Brademann, Head of Distribution and Sales, of AlphaClone, Inc.
- **Conclusion**

The Folio Team

Bill Davis

Vice President
Client Services and Operations

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Folio Institutional

Operational Updates

- **Micro Deposits for Client Money Transfers**
  - Starting this month, advised clients will be required to verify micro deposits when transferring money.
  - This will only occur when a new bank link is established and will not impact previously scheduled transfers.

- **Client Approval of Bank Links**
  - Based on the new SEC custody rule, advised clients will be required to approve bank links with a positive affirmation.
  - This rule applies to all existing and new bank links.
  - Clients will be given a 6-month grace period to approve any previously created bank links.

VIA Folio: Folio's Private Capital Network

Folio Institutional is proud to introduce the *VIA* Folio: Folio's Private Capital Network, our dynamic private placements network.

You now have a smarter way to unlock the potential of private securities for your clients, providing an enhanced level of investor diversification and economic engagement. Benefits include:

- –Much broader availability and choices
- –Lower minimum investments and costs
- –Simplified electronic tracking and administration

VIA Folio: Folio's Private Capital Network

Using Folio's Private Capital Network, you will be able to invest in:

- Start-up and operating company equity
- Private debt
- Non-profit socially-motivated companies
- Private funds such as hedge funds, private equity funds, and real estate funds
- And many other types of private investments

Once your firm has been permissioned onto the network, you will be able to see and subscribe to offerings online on Folio Institutional.

Contact your Folio representative or email support@folioinstitutional.com to learn more.

Match**box** Food Group, LLC

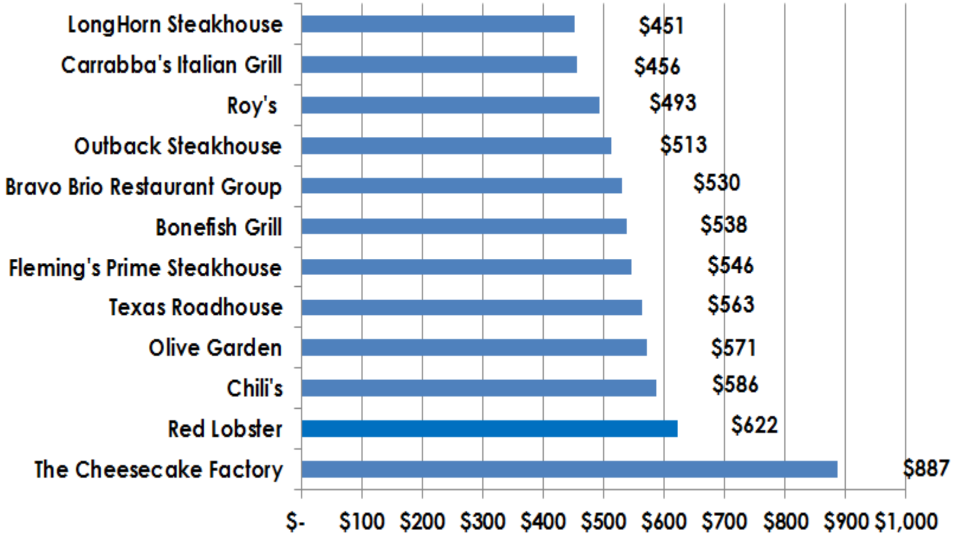
12 Existing Restaurants · $49mil 2014 Revenue

10.125% Subordinated 7-Year Notes
Minimum Purchase: $5,000
Accredited Investors Only

Raising $30mil of expansion capital

• Loudoun County, VA	• Sawgrass Mills, Sunrise, FL
• Pentagon City, Arlington, VA	• Coral Gables, FL
• Potomac Mills, Woodbridge, VA	• Preston Hollow Village, Dallas, TX
• Short Pump Town Center, Richmond, VA	

Matchbox 2014 Revenue Per Sq Ft - $**885**



- **Matchbox Food Group, LLC,** with 12 restaurants open, produced the following results for the twelve accounting periods (year) ended December 30, 2014:
  - **Matchbox Food Group, LLC net sales of $49,318,076**
  - **Matchbox Food Group, LLC** restaurant-level earnings before general and administrative expenses were $7.17 million (unaudited 4WEBITDA).

How Long-Term Investors Can Capture Hedge Fund Alpha

Featuring Maz Jadallah, CEO, and Brad Brademann, Head of Distribution and Sales, of AlphaClone, Inc.

AlphaClone®

AlphaClone

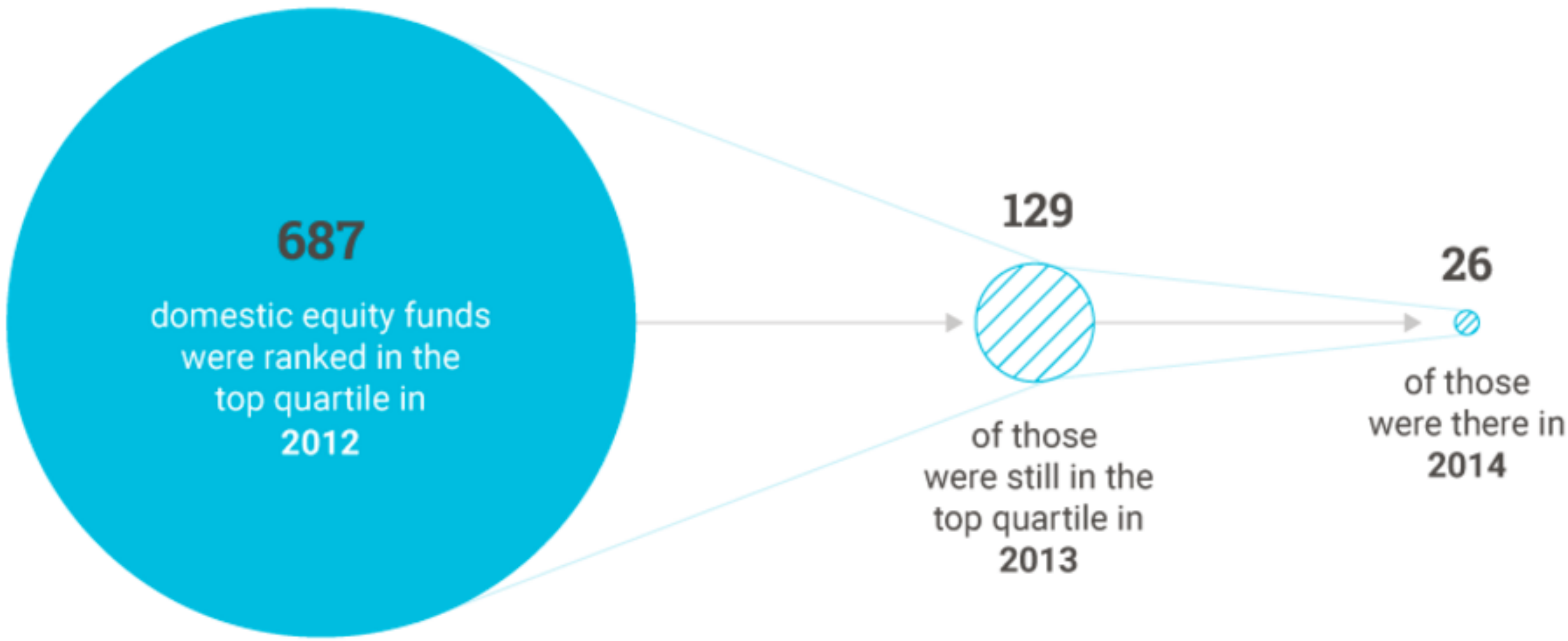
Capturing Hedge Fund Alpha

For Institutional Use Only

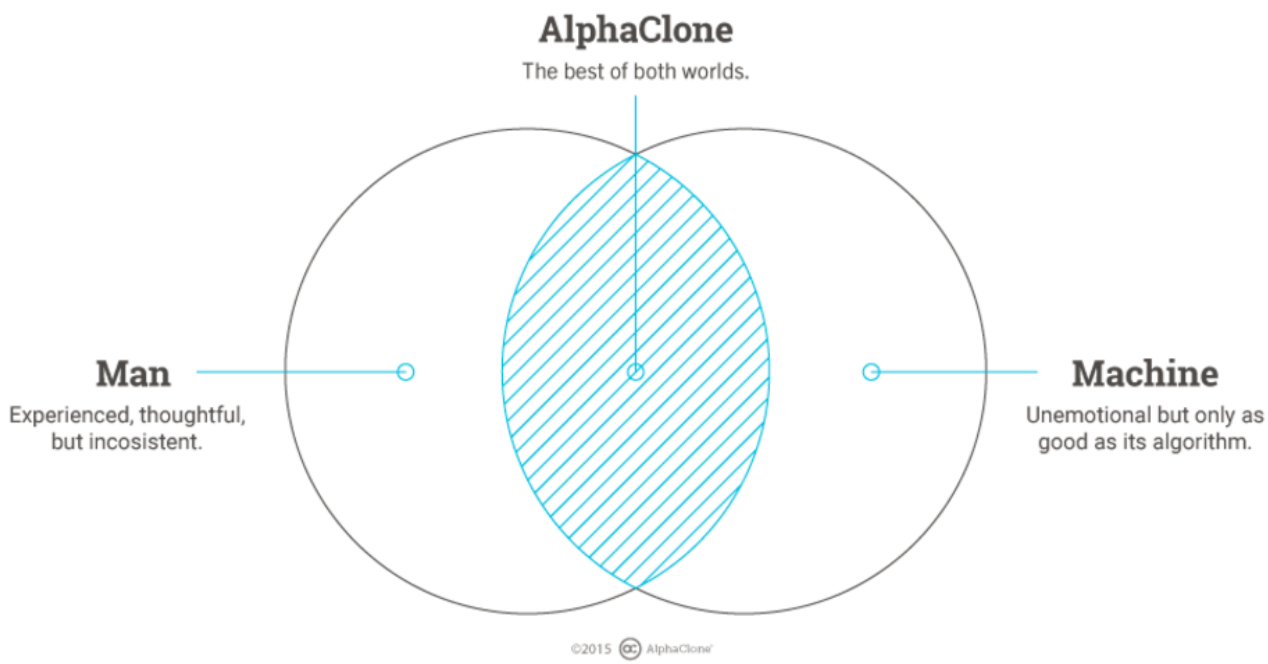
What We Believe

We believe pursuing alpha while actively protecting against capital loss are keys to success …

… we also know that picking alpha-generating managers consistently is very hard



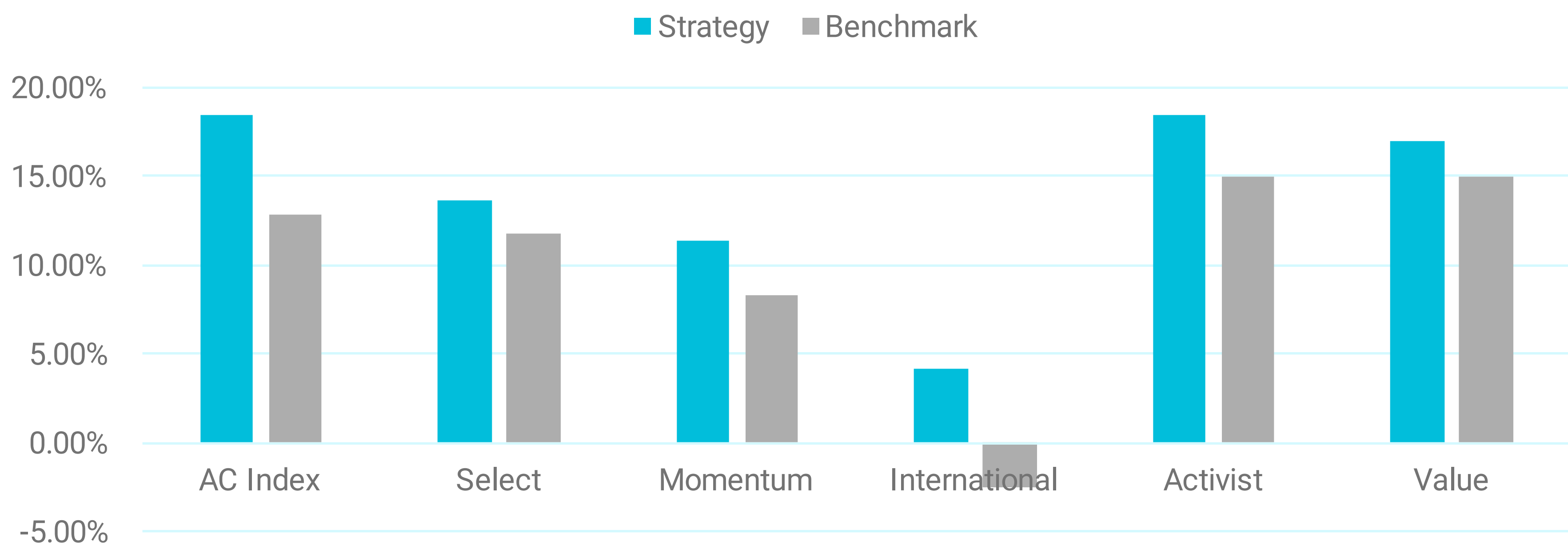
Our approach combines the the best of man and machine to solve the manager selection dilemma



Our Performance

Performance

Annualized Returns; Inception to September 30, 2015



Inception	June 2012	Jan 2011	Jan 2011	Nov 2010	Sep 2010	Sep 2010
Benchmark	S&P 500TR	S&P500TR	Russell 2000	BNY ADR	S&P 500TR	S&P 500TR

Past performance is no indication or guarantee of future results. Investors should consider a strategy's investment objectives, risks, charges and expenses carefully before investing. The strategy is subject to management risk and an investor's return and principal value of investment may fluctuate, so that an investment, when liquidated, may be worth more or less than their original investment. AlphaClone, Inc. ("AlphaClone" or the "Adviser") Core Strategies are rules-based investment strategies that rely on institutional investor SEC disclosures as a primary source of information. AlphaClone makes no representation or warranty as to the completeness of that information. Overall market risk, including volatility, may affect the value of the individual instruments in which the strategy invests. Performance results are presented in US dollars and except for the AC Index, are net-of-fees and trading expenses and reflect the reinvestment of dividends and capital gains.


Our Approach

Our secret sauce isn't so secret

1

We analyze SEC 13-F filings to learn how thousands of hedge fund managers are invested.

2

We score the managers to determine the most successful ones relative to the market.

3

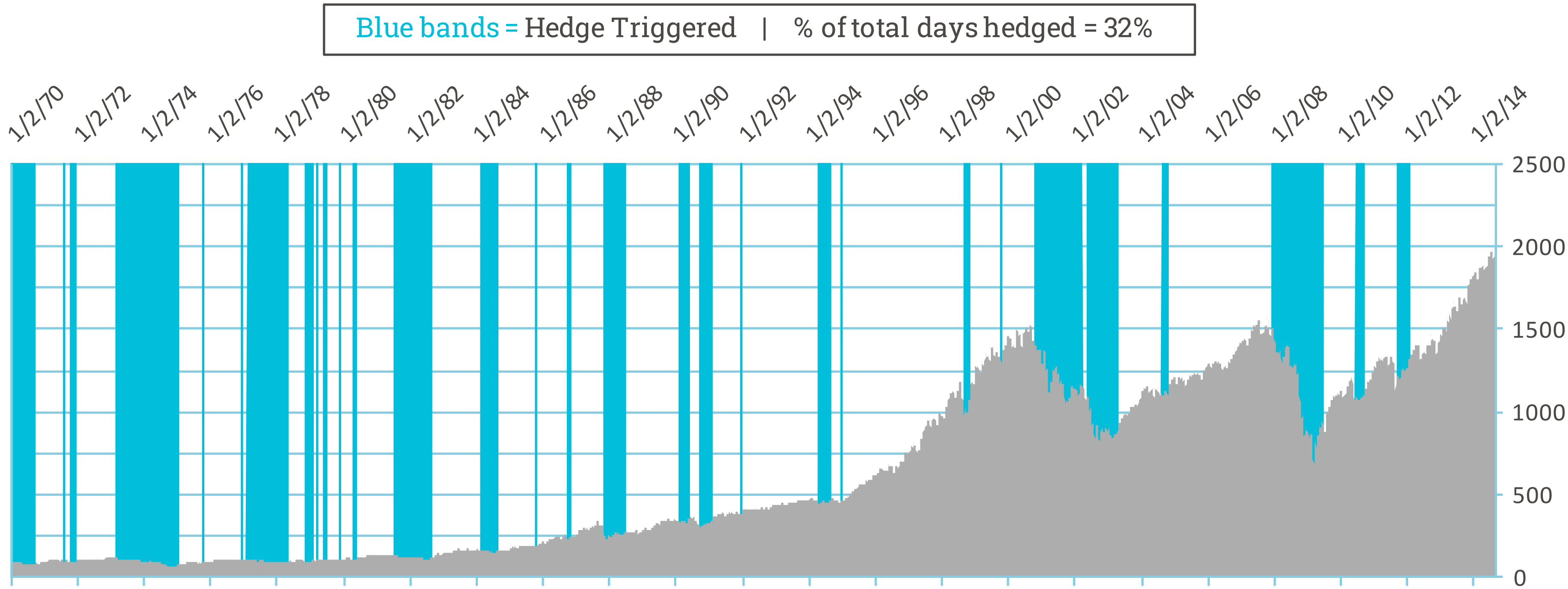
We create investment strategies from the stocks that are held with the most conviction.

Our portfolio construction is very risk-aware

1. Select mangers using Clone Score process	2. Holdings selected based on conviction	3. Dynamically vary market exposure
Hedge Fund Universe **6000+**	Index holdings: **70-100**	Index exposures: **Long- only or S&P 500 neutral**
AlphaClone Fund Universe **550+**	Index weighting: **Consensus weighted**	Hedge trigger: **S&P 500 above/ below 200 SMA at month end**
Managers w/ a high Clone Score **20+**	Weighting limits **Top 1 < 15%** **Top 5 < 50%**	Hedge: **100% long** **100% short S&P 500 Index**

Dynamic hedge seeks to align strategy with longer term market trend

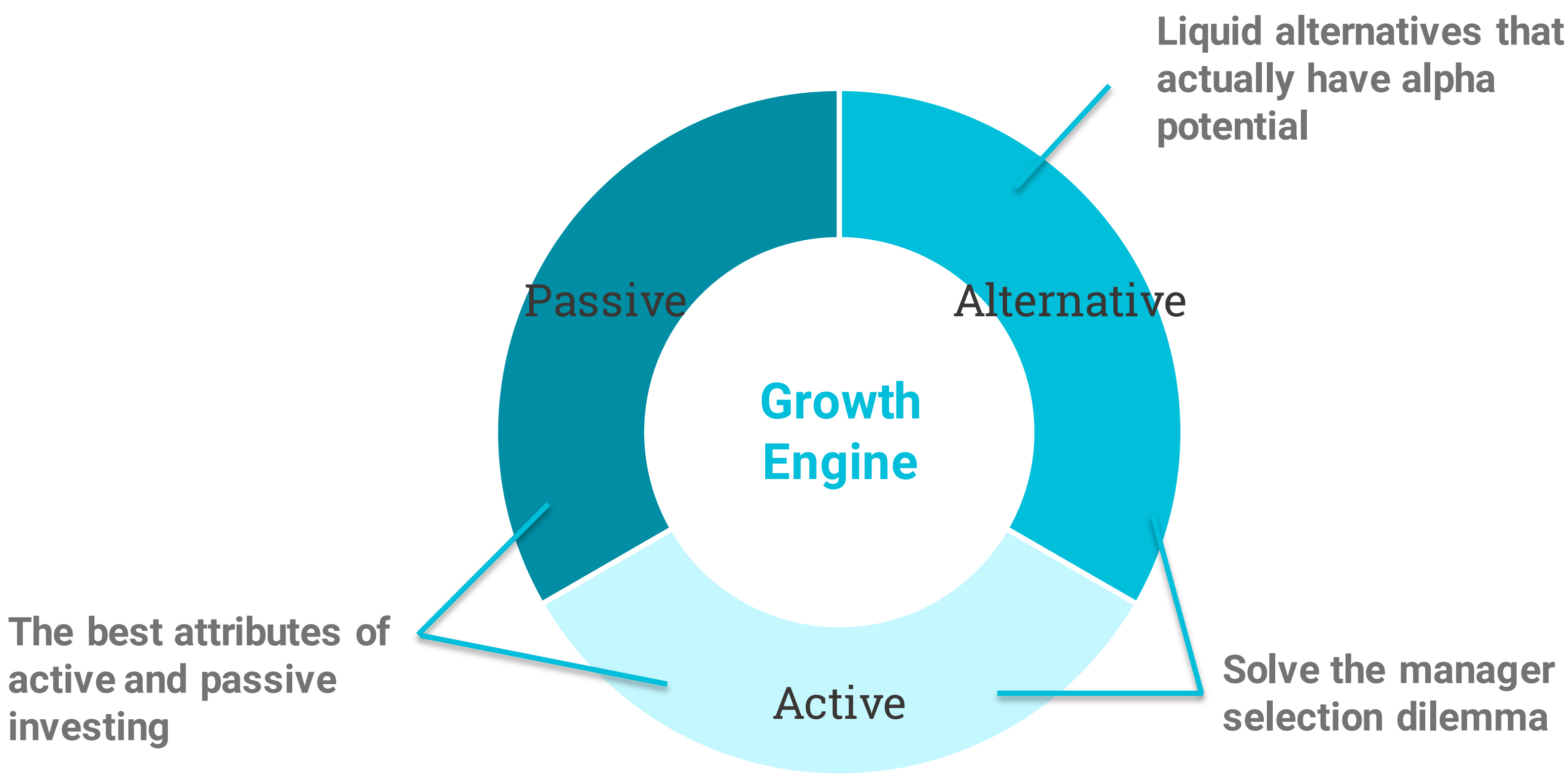
1970-2014



Backtested performance results are hypothetical and have inherent limitations. Actual results could differ materially from backtested performance and future results could differ materially from backtested performance. Past performance is no indication or guarantee of future results. ALFF Index is the AlphaClone International Downside Hedged Index, an index of high conviction ADR holdings derived from hedge fund public disclosures and selected by AlphaClone.

Your Portfolio and Us

Three portfolios – one purpose



Important Disclosures:

This presentation has been prepared to provide general information about certain types of investment products to a limited number of sophisticated prospective investors, in order to assist them in determining whether they may have an interest in the types of products described herein. When considering whether to purchase any financial instrument, no reliance should be placed on the information in this presentation. Such information is preliminary and subject to change without notice and does not constitute all the information necessary to evaluate the consequences of purchasing any financial instrument referenced herein.

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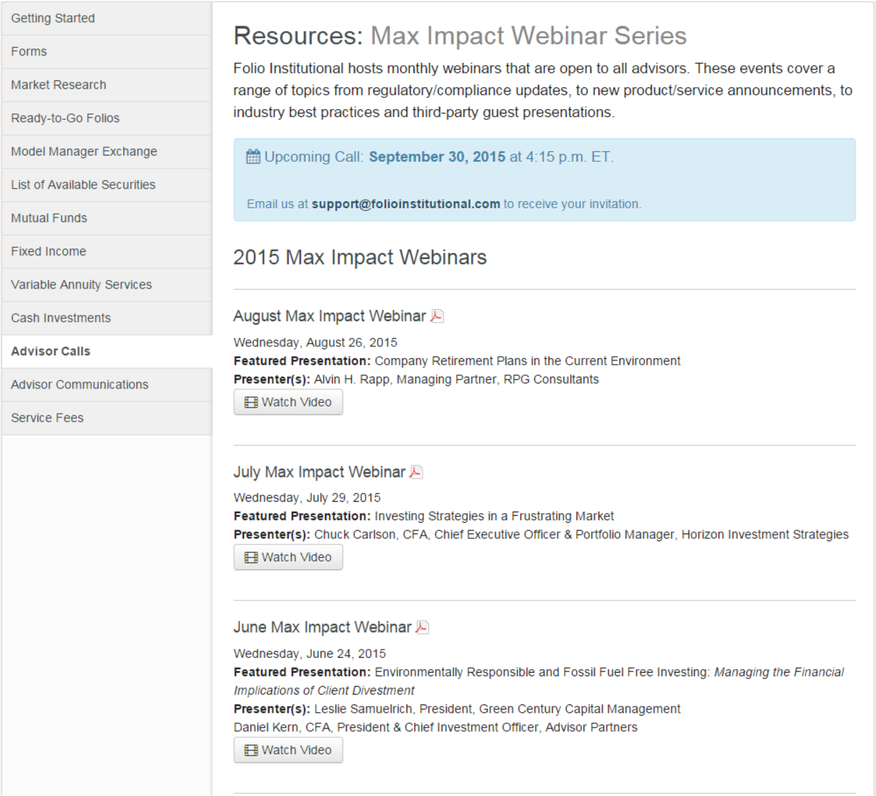
Resource Center | *Max Impact* Webinar Series

- **A recording of this webinar will be available online in the Resource Center next week. You can also easily access past calls from this page.**

Some of our most popular topics:

- Folio's Advisor Connexion™ –Your Robo Advisor Solution
- Folio's Advisor Dashboard
- Cyber Threats to the Financial Sector – Cybersecurity and Folio Institutional



We Value Your Feedback

- Did this webinar meet your expectations?
- What topics would you like to see covered in the future?
- Interested in being a guest presenter?
- Want to add a colleague to the invitation list?

Use the conference chat on your screen to let us know or send us an email at support@folioinstitutional.com.

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Advisor Direct Line	1-888-230-5635	
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Hours	Monday-Friday	7:00 a.m. – 9:00 p.m. ET
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