



The Shielded AlphaSM ETF Wrapper The Revolution in Active ManagementSM

The Shielded AlphaSM structure is simply a 'wrapper' that facilitates active management within an ETF, but without requisite daily full portfolio disclosure, thereby completely shielding a fund advisor's confidential alpha generation strategy.



1. For Active Portfolio Managers

Fund advisors run their confidential active strategies within the Shielded AlphaSM ETF wrapper rather than in a traditional actively managed mutual fund or separately managed account; no changes to portfolio construction and day-to-day management are required.



2. Generating the Creation Basket

Every day at the market close, the fund advisor's custodial bank uploads the confidential ETF portfolio to the cloud-hosted, secure Shielded AlphaSM service. Within seconds the proprietary algorithm generates and downloads the ETF Creation Basket ready for next day's trading.



3. Manage the ETF Creation Basket

The Shielded AlphaSM Creation Basket holds all the security names in the underlying ETF portfolio; however the % weighting for each name will always differ from its actual % weighting in the ETF portfolio - thereby fully obfuscating the advisor's alpha strategy. Moreover, easy-to-use tools in the cloud service permit fund advisors to manage the composition of the Creation Basket for ETF cost and tax efficiency and to fully hide all portfolio trade execution.



4. Capital Markets

The Creation Basket file is disseminated by the ETF custodian to the NSCC for publication to all market participants for their review and use (identical to the workflow for a transparent active ETF). Market makers and APs use the Shielded AlphaSM Creation Basket for sub-second real time pricing, as their hedge and arbitrage portfolio and for creation and redemption activity directly with the ETF fund advisor.



Shielded AlphaSM ETF Investable Universe

The investable universe for the Shielded AlphaSM ETF wrapper includes domestic small, mid and large cap equity securities, ETFs and ETNs, exchange-trade preferred stock, futures, commodity pools, metal trusts, currency trusts, real estate investment trusts and American Depositary Receipts (ADRs), cash and cash equivalents and foreign equity securities from markets that trade contemporaneously with the U.S.

When You're Ready to Engage with Blue Tractor Our Process is as Simple as 1...2...3

Step 1

Contact Blue Tractor to get started on your due diligence. We'll get you up to speed quickly from a portfolio management, capital markets, administrative, legal/regulatory and technology perspective.

We'll connect you to market makers, authorized participants (APs), custodial banks, distributors/administrators and exchanges for independent validation of the benefits to you under our structure

Step 2

Start with a brief online demo and see for yourself how simple and intuitive the Shielded AlphaSM cloud-hosted software platform is to use to generate the daily Creation Basket (a.k.a. PCF file).

With just a few clicks of your mouse, see how you can manage the Creation Basket to lower costs and enhance tax efficiency, as well as totally obfuscating when building a new portfolio position or exiting out of one.

Step 3

Every fund advisor is different, so why shouldn't you be able to tailor your license agreement with Blue Tractor to best fit your needs? We get that - there isn't a 'cookie cutter' one size fits all approach when you work with us.

Blue Tractor will be with you every step of the way, letting you focus on planning, implementing and distributing your new ETFs.

A Streamlined Regulatory Pathway to Issue Your ETF

Blue Tractor's ETF wrapper was approved by the SEC on December 10, 2019. As a result licensees have a clear, defined regulatory pathway to issue a Shielded AlphaSM ETF:

1. File a *short form application* with the SEC Division of Investment Management for exemptive relief, relying upon Blue Tractor's issued SEC regulatory relief.
2. Work with Blue Tractor and either NYSE, Cboe or Nasdaq, to file a *19b-4 rule change application* with the SEC Division of Trading & Markets to list and trade your Shielded AlphaSM ETF.

TAKE THE NEXT STEP

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