

# 13D Activist Fund

A Qualitative, Expertly-Analyzed Portfolio of Activism

Fact Sheet

## 13D Activist Fund Facts

### OBJECTIVE

Capital appreciation

### FUND ADVISOR

13D Management, LLC

### PORTFOLIO MANAGER

Ken Squire

### INCEPTION DATE

December 28, 2011

### TICKER SYMBOLS

Institutional Shares (Class I): DDDIX

Investor Shares (Class A): DDDAX

Investor Shares (Class C): DDDCX

### EXPENSE RATIO

Institutional Shares (Class I): 1.50%

Investor Shares (Class A): 1.75%

Investor Shares (Class C): 2.50%

### MINIMUM INITIAL INVESTMENT

Institutional Shares (Class I): \$1,000,000

Investor Shares (Class A and C): \$2,500

### LOAD

Institutional Shares: No Load

(Class I and C)

Investor Shares: 5.75%

(Class A - waivable)

### 12B-1 FEES

Investor Shares (Class A): .25%

Investor Shares (Class C): 1.00%

### REDEMPTION FEE

2% if sold within 30 days

### CUSIPS

Institutional Shares (Class I):

66537V237

Investor Shares (Class A):

66537V252

Investor Shares (Class C):

66537V245

### FUND WEB SITE

[www.13DActivistFund.com](http://www.13DActivistFund.com)

TOLL FREE # (877) 413-3228

## About the Fund

The 13D Activist Fund is the first mutual fund to offer investors exposure to shareholder activism as its primary investment strategy. The Fund is designed to allow investors of all sizes to invest along activist investors such as Carl Icahn and Bill Ackman in their largest, most public positions. The Fund was founded by Ken Squire, who has operated the premier research service on shareholder activism for the institutional community since 2006 and writes *The Activist Spotlight* column for *Barron's*.

## Fund Facts

- Event driven fund that focuses on 13D filings.
- Designed to potentially outperform market indices by generating returns that are not correlated to the broader market.
- Liquid, lower-cost exposure to the investment strategy of shareholder activism.

## Fund Overview

The 13D Activist Fund, an event-driven fund, seeks capital appreciation and overtime seeks to outperform the market. The fund targets companies that have filed a 13D statement. 13D filings are made by investors who acquire over 5% of a company's common stock and intend to influence management. The Fund is designed for any investor wishing to participate in the investment strategy of shareholder activism.

## Investment Process

We track all 13D and 13D/A documents filed with SEC, approximately 5,500 each year, and invest in companies that what we believe are the targets of the most compelling 13D filings. We actively follow the ten to fifteen activists we believe to be the most experienced and effective activists and primarily invest in companies with greater than \$1 billion market capitalizations. We do not blindly follow any activist, but analyze each 13D filing focusing on who the activist is, what is their track record, what sector is the company in and what is the activist's track record in that sector, what activist strategy are they employing and what are their chances of successfully implementing their activist agenda. Typically the fund will invest in 20 to 40 different 13D positions. Investments are generally sold when the 13D filer is no longer required to file a 13D, when we believe that the activist campaign has otherwise concluded or when the economic landscape or market conditions have changed the elements of the activist catalyst so that it no longer fits the criteria we look for in portfolio investments.

## Portfolio Manager

**Ken Squire** founded the 13D Activist Fund in 2011. Mr. Squire is also the founder and principal of 13D Monitor, an institutional research firm specializing in 13D filings and shareholder activism and writes *The Activist Spotlight* column for *Barron's*. Prior to founding 13D Monitor in 2006, Mr. Squire was a private equity investor as a principal of LSC Investors and Crown Capital Group, where he worked on investments in public and private companies. Previously, Mr. Squire was an associate in the Corporate Department at Weil, Gotshal & Manges, LLP from 1992 to 1997. Mr. Squire holds a B.S. with a concentration in finance from New York University's Stern School and a J.D. from New York University School of Law where he was an editor of Law Review.

*There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.*

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## Activist Investing

- Activist investors do not rely on the stock markets to create value. They find undervalued companies and create the catalyst to unlock value.
- Activist investors are generally prominent, experienced portfolio managers who not only put their fund's capital on the line, but put their reputations on the line by publicly taking a position that their strategy and ideas are better than management's.
- Activist investments are generally evidenced by a 13D filing with the SEC indicating that an investor acquired more than 5% of a company's common stock and intends to influence management.

## Distinct Characteristics of Fund

- Catalyst Oriented. Investments in the fund are catalyst oriented driven by the 13D filing. After the catalysts are realized, meaning the activist has implemented the strategy and exited the stock, the position is sold. New catalyst oriented investments are added as opportunities arise. We believe there is the potential for greater consistency of returns when investing in a selection of "strategies" from the leading activist investors.
- Mitigate Single Manager Risk. Investing in situations of many different managers seeks to eliminate the risk of one wrong macro call or one bad year by one manager permeating the entire portfolio.
- Diversification by Expertise. By investing in activist situations of different managers using sector experience as one investment criterion, we are able to diversify among different sectors according to the expertise of the activist.
- Pure Exposure to Activism. The 13D Activist Fund is completely comprised of activist positions and SEC regulations prohibit style stray. Due to time and resource issues and a lack of permanent capital, not even activist investors offer a 100% exposure to activism. Bill Ackman has said that his activist positions comprise 55% of his portfolio but generate 90% of his returns, and that if he had permanent capital he would only have activist positions.

For each filing, 13D Monitor reviewed the closing price on the day prior to the 13D following, the closing price on the day following the 13D filing, the filing date, the date the 13D filing obligation ended and the closing price on that date. The difference between the closing price on the day prior to the 13D following and the closing price on the day following the 13D filing is referred to as the "bump".

Past performance does not guarantee future results. Performance data provided does not represent that of the Fund. Information regarding the Fund's current performance may be obtained by calling 877-413-3228. The S&P 500® Index is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large cap stocks. You cannot invest directly in an index.

**Investors should carefully consider the investment objectives, risks, charges and expenses. This and other important information is contained within the Prospectus, which can be obtained by calling 877-413-3228. The Fund Prospectus should be read carefully before investing. The Fund is distributed by ALPS Distributors, Inc. 13D Monitor and 13D Management, LLC are not affiliated with ALPS Distributors, Inc.**

An affiliate of the adviser publishes reports on all material 13D filings to subscribers. Subscribers may make their own investment decisions using information contained in the reports. If subscribers buy or sell securities that are described in the reports, this could negatively impact the price of securities bought or sold by the Fund. The adviser's dependence on its activist strategy and judgments about the attractiveness, value and potential appreciation of particular securities in which the Fund invests may prove to be incorrect and may not produce the desired results.

Overall stock market risks will affect the value of individual instruments in which the Fund invests. Factors such as economic growth, market conditions, interest rate levels, and political events affect the U.S. securities markets. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money.

The Fund is a non-diversified investment company, which makes the value of the Fund's shares more susceptible to certain risks than shares of a diversified investment company. The Fund has a greater potential to realize losses upon the occurrence of adverse events affecting a particular issuer. The value of small or medium capitalization company stocks may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. More recent performance may alter the assessments or outcomes stated herein.

## Academic & Empirical Studies on Activism

- A 2009 Harvard Business School Study focused on 13D filings between 1993 and 2006 found a 10.3% excess return in the 18 months commencing one month prior to a 13D filing, with "only a modest portion come[ing] from the period around announcement . . ."
- A 2009 study conducted by New York University found that in hedge fund activism, there was a 10.2% abnormal stock returns during the period surrounding the initial 13D filing and an additional 11.4% abnormal return during the subsequent year.

## 13D Monitor Data

- Between April 1, 2006 and February 28, 2011, the 188 13D situations with market caps above \$1 billion that 13D Monitor had covered had an average annualized return of 22.6% (versus an annualized average return for the S&P500 of 4.1%).
- Between its inception on April 1, 2006 and December 30, 2011, 13D Monitor reported on 114 13D filings by premium activist investors on companies with market capitalizations greater than \$1 billion. The following Data was derived from those filings:
  - **AVERAGE ONE-DAY BUMP ON 13D FILING: 2.65%**
  - **AVERAGE HOLDING PERIOD: 15 months**
  - **AVERAGE RETURN AFTER BUMP: 15.24%**
  - **AVERAGE RETURN OF S&P 500 DURING THE SAME TIME SPANS: -0.93%**