

## The Benefits of Exchange Traded Funds

**Exchange Traded Funds**, known as ETFs, are a collection of securities that trade like an individual stock on an exchange.

### THE ETF INDUSTRY

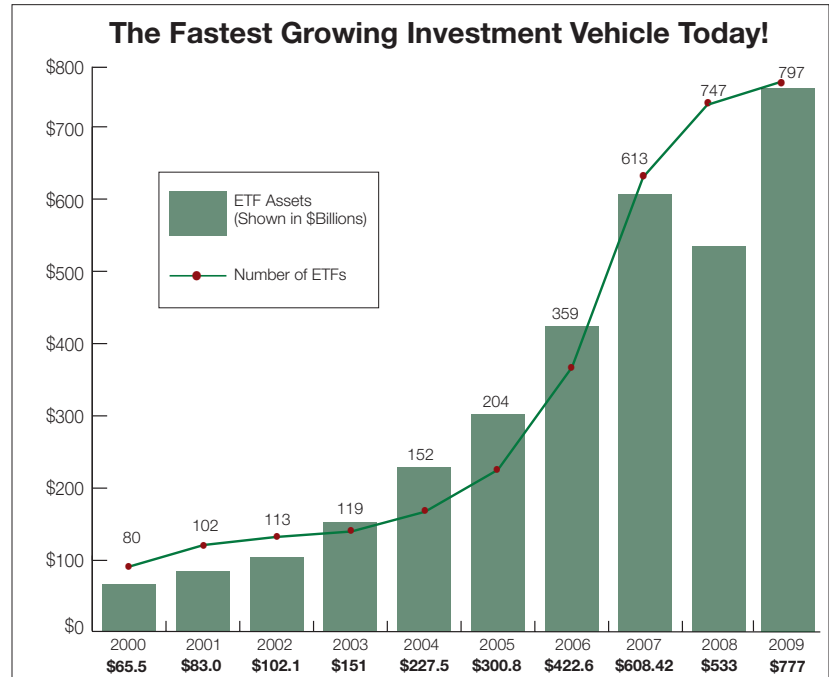
**Past:** Exchange Traded Funds were first launched in 1992. In the beginning, ETFs were marketed mostly to institutional investors to facilitate sophisticated trading strategies such as hedging.

**Present:** Their recent surge in popularity among individuals is largely due to their transparency, liquidity, and relative tax efficiency.

**As of May 2010, the combined assets of all 860 ETFs were over \$783 billion.**

(Investment Company Institute, June 29, 2010)

### The Fastest Growing Investment Vehicle Today!



(Investment Company Institute, December 2009)

## Potential ETF Benefits



### Transparency

- ETFs disclose and publish their full portfolio holdings and changes daily, allowing investors to know precisely what they own at all times.



### Liquidity

- Priced every 15 seconds throughout the day to coincide with underlying baskets of securities
- Dependent upon the liquidity of underlying securities
- Unlike individual stocks, ETFs are not dependent on a supply/demand market, so price is not affected by buyers or sellers.



### Tax Efficiency

- Trade on an exchange, therefore funds do not have to buy or sell securities to accommodate shareholder requests
- ETF investors are not subject to pooled capital gains distributions.



### Low Cost\*

- Generally lower than other investments due to their passive management structure
- Commonly have lower internal trading costs due to their low portfolio turnover

\*ETFs are subject to commission costs each time a buy or sell is executed. Depending on the amount of trading activity, the low costs of ETFs may be outweighed by commissions and related trading costs compared to mutual funds.



### Diversification

- Offer diversified exposure across a broad range of markets and asset classes
- Track indexes which can hold hundreds or thousands of stocks
- Can protect against individual security risk



### Trading Flexibility

- ETFs can be bought and sold throughout the day at intraday prices.
- Limit orders can be used to ensure accurate pricing, which reduces the chance of poorly executed trades.

**Contact Aviemore® today to see how our mutual fund of ETFs can potentially enhance your clients' investment portfolios.**

**[www.ETFMutualFund.com](http://www.ETFMutualFund.com) | 877-738-8870**

## Popular Methods of ETF Investing:

- Brokerage Accounts (retail)
- Institutional Accounts
- Portfolios of ETFs
  - Separately Managed Accounts
  - 401(k) Plans
  - Variable Annuities
- **Mutual Funds of ETFs**
  - ETF Market Opportunity Fund (ETFOX)



ETF potential in a MUTUAL FUND package

- Actively managed mutual fund designed for advisory “wrap” programs
- Carefully constructed portfolio of ETFs
- “5 Star” Morningstar rating (as of 6/30/10)\*

\* The fund’s risk-adjusted return is in the top 10% of “Large Growth” funds (Overall, 3-year and 5-year).

*An Investor should consider the investment objectives, risks, charges, and expenses of the ETF Market Opportunity Fund carefully before investing. The risks associated with the Fund, detailed in the Prospectus, include risks of investing in Exchange Traded Funds (ETFs), the risks of investing in small and medium sized companies and foreign securities which may result in additional risks such as the possibility of greater price volatility and reduced liquidity, fluctuations in currency exchange rates, and political, diplomatic and economic conditions as well as regulatory requirements in foreign countries. There also may be risks associated with the Fund’s investments in fixed income securities, significant investment in a specific sector, non-diversification, and high portfolio turnover. The prospectus contains this and other information about the Fund. To obtain a prospectus please call the ETF Market Opportunity Fund at 800-239-9136. The prospectus should be read carefully before investing. Fund distributed by Rafferty Capital Markets, LLC.*

**The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate and an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. To obtain performance data current to the most recent month-end, please call, toll free, 800-239-9136 or visit [www.etfmutualfund.com](http://www.etfmutualfund.com). The total annual operating expense ratio of the ETFOX Fund is 2.09%.**

**Morningstar Ratings™ are based on cost and risk-adjusted 3 and 5-year returns. Past performance is no guarantee of future results and ratings are subject to change every month. Morningstar™ categorizes the ETF Market Opportunity Fund as “Large Growth”. As of 6/30/2010, the “Large Growth” category included 1545 funds in its Overall rating, 1545 3-Year funds and 1298 5-Year funds. A “5 star” Morningstar rating indicates that a fund’s risk-adjusted return measure is in the top 10% of funds in a category.**