

# PROSPECTUS

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## **ALPHA CLONE ALTERNATIVE ALPHA ETF – (ALFA)**

**Listed on NYSE Arca, Inc.**

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**July 31, 2015**

*The U.S. Securities and Exchange Commission (“SEC”) has not approved or disapproved these securities or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.*

# ALPHACLONE ALTERNATIVE ALPHA ETF

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## SUMMARY SECTION

### Investment Objective

The **AlphaClone Alternative Alpha ETF** (the “Fund”) seeks to track the price and yield, before fees and expenses, of the AlphaClone Hedge Fund Long/Short Index.

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund (the “Shares”). This table and the Example below do not include the brokerage commissions that investors may pay on their purchases and sales of Fund Shares.

#### Annual Fund Operating Expenses

*(expenses that you pay each year as a percentage of the value of your investment)*

Management Fees	0.95%
Distribution and Service (Rule 12b-1) Fees*	0.00%
Other Expenses	0.00%
Total Annual Fund Operating Expenses	<u>0.95%</u>

\* The Fund has adopted a Distribution and Service (Rule 12b-1) Plan pursuant to which payments of up to 0.25% of average daily net assets may be made, however, the Board of Trustees (the “Board”) has determined that no such payments will be made through the next twelve (12) months of operation.

### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

**1 Year:** \$97      **3 Years:** \$303      **5 Years:** \$525      **10 Years:** \$1,166

### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. For the fiscal year ended March 31, 2015, the Fund’s portfolio turnover rate was 78% of the average value of its portfolio.

### Principal Investment Strategies

The Fund uses a “passive” or “indexing” investment approach to track the AlphaClone Hedge Fund Long/Short Index (the “Index”). The Index is composed of U.S. equity securities selected based on a proprietary hedge fund position replication methodology developed by Coefficient Capital, Inc., also known as AlphaClone (the “Index Provider”). The methodology ranks issuers favored as investments by hedge funds and institutional investors based on the efficacy of replicating their publicly disclosed positions and selects equities from those managers with the highest ranking. Index constituents are equal weighted but have an overlap bias (*i.e.*, holdings with twice the number of holders have twice the weight). The Index can vary from being 100% long to up to 50% short, also known as “market hedged,” based on market volatility targets defined by the methodology. The Index, and therefore the Fund, may take a defensive position and become market

hedged (*i.e.*, short) if one or more broad-based market indices close below their respective 200 day moving average at the end of any month. Short positions are used to hedge long positions and to seek positive returns. The Fund will either realize a profit or incur a loss from a short position, depending on whether the value of the underlying stock decreases or increases, respectively, between the time when it is sold and when the Fund replaces the borrowed security.

The Fund is managed by Vident Investment Advisory, LLC (“VIA” or the “Sub-Adviser”) under the supervision of Exchange Traded Concepts, LLC (“ETC” or the “Adviser”). The Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the Index, which include, but are not limited to, common and preferred equity securities, American Depositary Receipts (“ADRs”), exchange-traded funds (“ETFs”), real estate investment trusts (“REITs”) and master limited partnerships (“MLPs”). The Fund may invest the remainder of its assets in securities not included in the Index, but which the Sub-Adviser believes will help the Fund track the Index, or in financial instruments that provide long or short exposure to the Index. These financial instruments include, but are not limited to: exchange-traded options on securities, indices and futures contracts, and short positions. On a day-to-day basis, the Fund also may hold short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

The Sub-Adviser generally uses a “replication” approach to try to achieve the Fund’s investment objective, meaning the Fund may invest in all of the component securities of the Index, but may, when the Sub-Adviser believes it is in the best interests of the Fund, use a “representative sampling” approach, meaning the Fund may invest in a representative sample of the component securities of the Index that collectively has an investment profile similar to the Index. In general, if the Fund is performing as designed, the return of the Index will dictate the return for the Fund. The Fund seeks to be fully invested at all times and the Fund will concentrate its investment in a particular industry or group of industries to approximately the same extent as the Index is so concentrated. The Index is rebalanced quarterly. As of June 30, 2015, the market capitalization range of the securities in the Index was \$375 million to \$722 billion.

## Principal Investment Risks

The principal risks of investing in the Fund are summarized below. As with any investment, there is a risk that you could lose all or a portion of your investment in the Fund. The following risks could affect the value of your investment in the Fund:

- **ADR Risk.** ADRs involve risks similar to those associated with investments in foreign securities, such as changes in political or economic conditions of other countries and changes in the exchange rates of foreign currencies. ADRs listed on U.S. exchanges are issued by banks or trust companies, and entitle the holder to all dividends and capital gains that are paid out on the underlying foreign shares.
- **Equity Securities Risk:** Investments in publicly issued equity securities, including common stocks, in general are subject to market risks that may cause their prices to fluctuate over time. Fluctuations in the value of equity securities in which the Fund invests will cause the net asset value (“NAV”) of the Fund to fluctuate.
- **Investment Company Risk:** The risks of investment in investment companies, such as ETFs, typically reflect the risks of the types of instruments in which the investment companies invest. By investing in another investment company, the Fund becomes a shareholder of that investment company and bears its proportionate share of the fees and expenses of the other investment company.
- **Market Risk:** The prices of the securities in which the Fund invests may decline for a number of reasons including in response to economic developments and perceptions about the creditworthiness of individual issuers.
- **MLP Risk:** Investments in securities of MLPs involve risks that differ from an investment in common stock. Holders of the units of MLPs have more limited control and limited rights to vote on matters affecting the partnership. There are also certain tax risks associated with an investment in units of MLPs. In addition, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of a MLP, including a conflict arising as a result of incentive distribution payments.
- **Passive Investment Risk:** The Fund is not actively managed and neither the Adviser nor Sub-Adviser would sell shares of an equity security due to current or projected underperformance of a security, industry or sector, unless

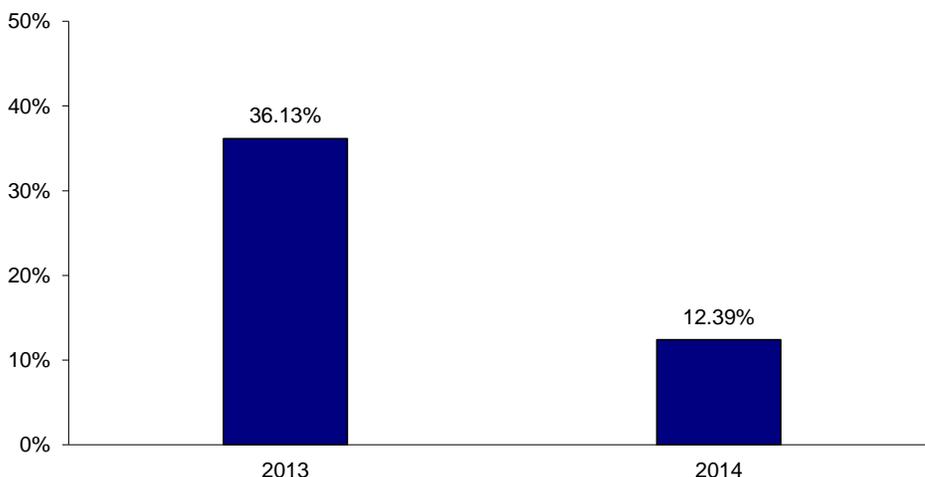
that security is removed from the Index or the selling of shares of that security is otherwise required upon a rebalancing of the Index as addressed in the Index methodology.

- **REIT Risk:** REITs may be affected by changes in the value of their underlying properties or mortgages or by defaults by their borrowers or tenants. Furthermore, these entities depend upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in financing a limited number of projects. In addition, the performance of a REIT may be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income.
- **Shares of the Fund May Trade at Prices Other Than Net Asset Value:** As with all ETFs, Shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of Shares will approximate the Fund's NAV, there may be times when the market price of Shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of the Shares or during periods of market volatility. This risk is heightened in times of market volatility or periods of steep market declines.
- **Shorting Risk:** The Fund may engage in short sales designed to earn the Fund a profit from the decline in the price of particular securities. However, there is a risk that the Fund will experience a loss as a result of engaging in such short sales.
- **Tracking Error Risk:** The performance of the Fund may diverge from that of the Index. To the extent the Fund employs a representative sampling strategy, it may experience tracking error to a greater extent than a fund that seeks to replicate an index.

## Performance

The following performance information indicates some of the risks of investing in the Fund. The bar chart shows the Fund's performance for the calendar year ended December 31, 2014. The table illustrates how the Fund's average annual returns for the 1-year and since inception periods compare with those of a broad measure of market performance and the Index. The Fund's past performance, before and after taxes, does not necessarily indicate how it will perform in the future. Updated performance information is also available on the Fund's website at [alphaclonefunds.com](http://alphaclonefunds.com) or by calling the Fund toll free at 1-800-617-0004.

**Calendar Year Total Returns**



For the year-to-date period ended June 30, 2015, the Fund's total return was 6.30%. During the period of time shown in the bar chart, the Fund's highest quarterly return was 11.81% for the quarter ended September 30, 2013, and the lowest quarterly return was 1.01% for the quarter ended March 31, 2014.

**Average Annual Total Returns  
For the Period Ended December 31, 2014**

	<b>1 Year</b>	<b>Since Inception (5/31/2012)</b>
<b>AlphaClone Alternative Alpha ETF</b>		
Return Before Taxes	12.39%	23.77%
Return After Taxes on Distributions	12.38%	23.56%
Return After Taxes on Distributions and Sale of Fund Shares	7.10%	18.78%
<b>AlphaClone Hedge Fund Long/Short Index</b> (reflects no deduction for fees, expenses, or taxes)	13.24%	23.27%
<b>S&amp;P 500 Index</b> (reflects no deduction for fees, expenses, or taxes)	13.69%	20.85%

**Investment Adviser**

Exchange Traded Concepts, LLC

**Sub-Adviser**

Vident Investment Advisory, LLC

**Portfolio Manager**

Denise M. Krisko, CFA, President of VIA, has primary responsibility for the day-to-day management of the Fund. Ms. Krisko has managed the Fund with VIA since January 2015 and previously managed the Fund with the Fund's previous sub-adviser from its inception until November 2014.

**Purchase and Sale of Fund Shares**

Shares of the Fund are listed on a national securities exchange, such as the NYSE Arca, Inc. (the "Exchange"), and most investors will buy and sell shares of the Fund through brokers at market prices, rather than NAV. Because the shares trade at market prices rather than NAV, shares may trade at a price greater than NAV (premium) or less than NAV (discount).

The Fund issues and redeems shares at NAV only in large blocks known as "Creation Units," which only Authorized Participants ("APs") (typically, broker-dealers) may purchase or redeem. Creation Units generally consist of 50,000 shares, though this may change from time to time. The Fund generally issues and redeems Creation Units in exchange for a portfolio of securities closely approximating the holdings of the Fund (the "Deposit Securities") and/or a designated amount of U.S. cash.

**Tax Information**

Fund distributions are generally taxable as ordinary income, qualified dividend income, or capital gains (or a combination), unless your investment is in an individual retirement account ("IRA") or other tax-advantaged account.

**Financial Intermediary Compensation**

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank) (an "Intermediary"), the Fund, the Adviser, the Sub-Adviser or their affiliates may pay Intermediaries for certain activities related to the Fund, including participation in activities that are designed to make Intermediaries more knowledgeable about exchange traded products, including the Fund, or for other activities, such as marketing, educational training or other initiatives related to the sale or promotion of Fund shares. These payments may create a conflict of interest by influencing the Intermediary and your salesperson to recommend the Fund over another investment. Any such arrangements do not result in increased Fund expenses. Ask your salesperson or visit the Intermediary's website for more information.

## **ADDITIONAL INFORMATION ABOUT THE FUND**

### **Objective**

The Fund's investment objective is non-fundamental and the Index it tracks may be changed without shareholder approval. The Fund will provide shareholders with at least 60 days' notice prior to changing its investment objective or Index.

### **Principal Investment Strategies**

The Sub-Adviser uses a number of investment techniques in an effort to achieve the Fund's investment objective. The Fund seeks to track the performance of the Index, and to do this, the Sub-Adviser uses statistical and quantitative analysis to determine the investments the Fund makes and the techniques it employs. In general, if the Fund is performing as designed, the return of the Index will dictate the return for that Fund. The Fund does not invest in hedge funds, but rather the Fund invests in issuers that are favored investments of hedge funds and institutional investors.

The Fund expects a correlation over time of 0.95 or better between its performance and the performance of the Index. A correlation of 1.00 would represent perfect correlation. Although the Sub-Adviser attempts to minimize any tracking error, certain factors may cause the Fund's investment results to vary from its objective. While the Sub-Adviser expects to use a replication strategy to try to achieve the Fund's investment objective, the Fund may instead hold a representative sample of the securities in its benchmark index. The sampling of securities that is held by the Fund is intended to maintain high correlation with, and similar aggregate characteristics (*e.g.*, market capitalization and industry weightings) to, the Index. The Fund also may invest in securities that are not included in the Index or may overweight or underweight certain components of the Index.

Additionally, the Fund may invest up to 20% of its assets in financial instruments that provide long or short exposure to the Index. These financial instruments include: futures contracts; options on securities, indices and futures contracts; equity caps, collars and floors; swap agreements; forward contracts; short positions; reverse repurchase agreements; ETFs and other financial instruments. Certain Fund assets may be concentrated in an industry or group of industries to the extent that the Index concentrates in a particular industry or group of industries.

With respect to the Index, as of the most recent rebalance date of May 29, 2015: the average market capitalization of the Index was \$63 billion; the Index was not concentrated (*i.e.*, had not invested 25% or more of its net assets) in any industry; the largest components of the Index were primarily domestic equity securities; and there were 75 constituents in the Index.

AlphaClone has the technical ability to construct and conduct backtests for various "follow" strategies which make investment decisions based on and after hedge funds and institutional investors have publicly disclosed their holdings. The Index Provider's replication methodology constructs equity portfolios derived from those holdings. The Index includes holdings which are disclosed publicly by managers with the highest "clone score," a proprietary scoring method that measures the efficacy of following a manager based on their public disclosures. AlphaClone's clone score for each manager is based on the monthly returns in excess of a broad market index and a fixed hurdle rate exhibited by the manager's follow strategies over time. Clone scores are recalculated bi-annually.

### **Management of the Fund's Sub-Adviser**

The Fund and the Adviser have received exemptive relief from the SEC permitting the Adviser (subject to certain conditions and the Board's approval) to change or select new sub-advisers without obtaining shareholder approval. The relief also permits the Adviser to materially amend the terms of agreements with a Sub-Adviser (including an increase in its fee) or to continue the employment of a Sub-Adviser after an event that would otherwise cause the automatic termination of services with Board approval, but without shareholder approval. Shareholders will be notified of any sub-adviser changes.

## Principal Investment Risks

An investment in the Fund entails risks. The Fund could lose money, or its performance could trail that of other investment alternatives. The following provides additional information about certain of the principal risks discussed in the Fund's "Summary Information" section. It is important that investors closely review and understand these risks before making an investment in the Fund.

**ADR Risk.** The Fund may hold the securities of non-U.S. companies in the form of ADRs. ADRs are negotiable certificates issued by a U.S. financial institution that represent a specified number of shares in a foreign stock and trade on a U.S. national securities exchange, such as the New York Stock Exchange. Sponsored ADRs are issued with the support of the issuer of the foreign stock underlying the ADRs and carry all of the rights of common shares, including voting rights. The underlying securities of the ADRs in the Fund's portfolio are usually denominated or quoted in currencies other than the U.S. Dollar. As a result, changes in foreign currency exchange rates may affect the value of the Fund's portfolio. In addition, because the underlying securities of ADRs trade on foreign exchanges at times when the U.S. markets are not open for trading, the value of the securities underlying the ADRs may change materially at times when the U.S. markets are not open for trading, regardless of whether there is an active U.S. market for shares of the Fund.

**Equity Securities Risk.** The Fund invests in equity securities, including common stocks, preferred stocks, depositary receipts, and ETFs, which are subject to changes in value that may be attributable to market perception of a particular issuer or the general stock market fluctuations that affect all issues. Investments in equity securities may be more volatile than investments in other asset classes. Common stocks are generally exposed to greater risk than other types of securities, such as preferred stock and debt obligations, because common stockholders generally have inferior rights to receive payment from issuers.

**Investment Company Risk.** The Fund may invest in shares of investment companies. The risks of investment in these securities typically reflect the risks of the types of instruments in which the investment company invests. When the Fund invests in investment company securities, shareholders of the Fund bear indirectly their proportionate share of their fees and expenses, as well as their share of the Fund's fees and expenses. As a result, an investment by the Fund in an investment company could cause the Fund's operating expenses (taking into account indirect expenses such as the fees and expenses of the investment company) to be higher and, in turn, performance to be lower than if it were to invest directly in the instruments underlying the investment company. Additionally, there may not be an active trading market available for shares of some ETFs. Shares of an ETF may also may trade in the market at a premium or discount to its net asset value.

**Market Risk.** The Fund is subject to market risks that can affect the value of its Shares, sometimes rapidly and unpredictably. These risks include political, regulatory, market and economic developments, including developments that impact specific economic sectors, industries or segments of the market. The Fund will typically would lose value when the Index declines.

**MLP Risk.** An investment in MLP units involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of MLP units have the rights typically afforded to limited partners in a limited partnership. Holders of MLP units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks (described further below), (ii) the limited ability to elect or remove management or the general partner or managing member, (iii) limited voting rights, except with respect to extraordinary transactions, and (iv) conflicts of interest between the general partner or managing member and its affiliates, on the one hand, and the limited partners or members, on the other hand, including those arising from incentive distribution payments or corporate opportunities. General partners typically have limited fiduciary duties to an MLP, which could allow a general partner to favor its own interests over the MLP's interests. In addition, general partners of MLPs often have limited call rights that may require unitholders to sell their common units at an undesirable time or price. MLPs may issue additional common units without unitholder approval, which would dilute the interests of existing unitholders, including the Fund's ownership interest.

MLP common units and other equity securities can be affected by macro-economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards MLPs or the energy sector, changes in a

particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer (in the case of MLPs, generally measured in terms of distributable cash flow). Prices of common units of individual MLPs and other equity securities also can be affected by fundamentals unique to the partnership or company, including cash flow growth, cash generating power and distribution coverage.

**Tax Risks.** Regulated investment companies are subject to a favorable tax treatment under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). To qualify as a regulated investment company, the Fund must meet certain source-of-income, asset diversification and annual distribution requirements. Under the diversification requirements, the Fund must generally limit its investments in MLPs to no more than 25% of its total assets. If the Fund were to fail to qualify as a regulated investment company (e.g. by investing more than 25% of its assets in MLPs), it would be subject to federal income tax as a corporation, and its distributions to shareholders would be taxed as dividend income to the extent of the Fund's earnings and profits. Under certain circumstances, the Fund could cure a failure to qualify as a regulated investment company, but in order to do so, the Fund could incur significant Fund-level taxes and could be forced to dispose of certain assets.

Depreciation or other cost recovery deductions passed through to the Fund from investments in MLPs in a given year will generally reduce the Fund's taxable income, but those deductions may be recaptured in the Fund's income in one or more subsequent years. When recognized and distributed, recapture income will generally be taxable to shareholders at the time of the distribution at ordinary income tax rates, even though those shareholders might not have held shares in the Fund at the time the deductions were taken by the Fund, and even though those shareholders will not have corresponding economic gain on their shares at the time of the recapture. In order to distribute recapture income or to fund redemption requests, the Fund may need to liquidate investments.

**Passive Investment Risk.** The Fund is not actively managed and may be affected by a general decline in market segments related to the Index. The Fund invests in securities included in, or representative of securities included in, the Index, regardless of their investment merits. The Fund does not take defensive positions under any market conditions, including conditions that are adverse to the performance of the Fund.

**REIT Risk.** Some of the risks of equity, mortgage and hybrid REITs are that their performance depends on how well the REIT's properties or mortgage portfolios are managed. An equity REIT holds equity positions in real estate and provides its shareholders with income from the leasing of its properties and capital gains from any sale of properties. Accordingly, equity REITs may be affected by any changes in the value of the underlying property owned. A decline in rental income may occur because of extended vacancies, the failure to collect rents, increased competition from other properties or poor management. A REIT's performance also depends on the company's ability to finance property purchases and renovations and manage its cash flows. A mortgage REIT specializes in lending money to developers of properties and passes any interest income earned to its shareholders. Accordingly, mortgage REITs may be affected by the quality of any credit extended. In addition, the Fund will generally be subject to risks associated with direct ownership of real estate, such as decreases in real estate value or fluctuations in rental income caused by a variety of factors, including, among other things, increases in interest rates, increases in property taxes and other operating costs, casualty or condemnation losses, possible environmental liabilities and changes in supply and demand for properties.

**Shares of the Fund May Trade at Prices Other Than NAV.** As with all ETFs, Shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of the Shares will approximate the Fund's NAV, there may be times when the market price of the shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of the Shares or during periods of market volatility. This risk is heightened in times of market volatility or periods of steep market declines.

**Shorting Risk.** The Fund may engage in short sales designed to earn the Fund a profit from the decline in the price of particular securities, baskets of securities or indices. Short sales are transactions in which the Fund borrows securities from a broker and sells the borrowed securities. The Fund is obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. If the market price of the underlying security goes down between the time the Fund sells the security and buys it back, the Fund will realize a gain on the transaction. Conversely, if the underlying security goes up in price during the period, the Fund will realize a loss on the transaction. Any such loss is increased by the amount of premium or interest the Fund must pay to the lender of the security. Likewise, any gain will be

decreased by the amount of premium or interest the Fund must pay to the lender of the security. The Fund's investment performance may also suffer if the Fund is required to close out a short position earlier than it had intended. This would occur if the securities lender required the Fund to deliver the securities the Fund borrowed at the commencement of the short sale and the Fund was unable to borrow the securities from another securities lender or otherwise obtain the security by other means. In addition, the Fund may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as costs of borrowing and margin account maintenance costs associated with the Fund's open short positions. As the holder of a short position, the Fund also is responsible for paying the dividends and interest accruing on the short position, which is an expense to the Fund that could cause the Fund to lose money on the short sale and may adversely affect its performance.

**Tracking Error Risk.** Imperfect correlation between the Fund's portfolio of securities and those in the Index, rounding of prices, changes to the Index and regulatory requirements may cause tracking error, which is the divergence of the Fund's performance from that of the Index. This risk may be heightened during times of increased market volatility or unusual market conditions. Tracking error also may result because the Fund incurs certain fees and expenses related to creating and maintaining a portfolio of securities, while the Index does not. To the extent the Fund employs a representative sampling strategy, the Fund may experience tracking error to a greater extent than a fund that seeks to replicate an index.

## **PORTFOLIO HOLDINGS INFORMATION**

A complete description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio holdings is available in the Fund's Statement of Additional Information ("SAI") and on the Fund's website at [alphaclonelfunds.com](http://alphaclonelfunds.com).

## **MANAGEMENT**

### **Investment Adviser**

Exchange Traded Concepts, LLC, serves as the investment adviser and has overall responsibility for the general management and administration of the Fund. The Adviser also arranges for sub-advisory, transfer agency, custody, fund administration, and all other non-distribution related services necessary for the Fund to operate. For the services it provides to the Fund, the Fund pays the Adviser a unified management fee, which is calculated daily and paid monthly, at an annual rate of 0.95% of the Fund's average daily net assets. Under the Investment Advisory Agreement, the Adviser has agreed to pay all expenses of the Fund except for the fee paid to the Adviser pursuant to this Agreement, interest charges on any borrowings, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, extraordinary expenses, and distribution fees and expenses paid by the Trust under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act

The Adviser, in turn, compensates the Sub-Adviser from the management fee the Adviser receives.

The Adviser has provided investment advisory services to individual and institutional accounts since 2009. The Adviser is an Oklahoma limited liability company and is located at 10900 Hefner Pointe Drive, Suite 207, Oklahoma City, Oklahoma 73120.

The basis for the Board's approval of the Fund's Investment Advisory Agreement is available in the Fund's Annual Report to Shareholders for the period ended March 31, 2015.

### **Sub-Adviser**

The Adviser has retained Vident Investment Advisory, LLC to serve as sub-adviser. VIA is responsible for the day-to-day management of the Fund. VIA, a registered investment adviser, is a wholly-owned subsidiary of Vident Financial, LLC. Its principal office is located at 300 Colonial Center Parkway, Suite 330, Roswell, Georgia 30076. VIA was formed in 2014 and provides investment advisory services to ETFs, including the Fund. The Sub-Adviser is responsible for

trading portfolio securities for the Fund, including selecting broker-dealers to execute purchase and sale transactions or in connection with any rebalancing or reconstitution of the Index, subject to the supervision of the Adviser and the Board. For its services, the Sub-Adviser is paid a fee by the Adviser calculated daily and based on the daily net assets of the Fund at an annual rate of 0.05%, subject to a minimum annual fee of \$20,000.

The basis for the Board's approval of the Fund's Investment Sub-Advisory Agreement is available in the Fund's Annual Report to Shareholders for the period ended March 31, 2015.

## **Portfolio Manager**

The Portfolio Manager is responsible for various functions related to portfolio management, including investing cash flows, coordinating with other team members to focus on certain asset classes, implementing investment strategies and researching and reviewing investment strategies. A Portfolio Manager's authority has appropriate limitations for risk management and compliance purposes. Denise M. Krisko, CFA, is primarily responsible for the day-to-day management of the Fund.

Ms. Krisko became the President of the Sub-Adviser in November 2014 and has over nineteen years of investment management experience. Ms. Krisko was previously the Chief Investment Officer at Index Management Solutions, LLC ("IMS"). Prior to joining IMS, she was a Managing Director and Co-Head of the Equity Index Management and Head of East Coast Equity Index Strategies for Mellon Capital Management. She was also a Managing Director of The Bank of New York and Head of Equity Index Strategies for BNY Investment Advisors from August 2005 until the merger of The Bank of New York with Mellon Bank in 2007, when she assumed her role with Mellon Capital Management. Ms. Krisko attained the Chartered Financial Analyst ("CFA") designation in 2000. Ms. Krisko graduated with a BS from Pennsylvania State University and obtained her MBA from Villanova University.

The Fund's SAI provides additional information about the Portfolio Manager's compensation structure, other accounts that the Portfolio Manager manages and the Portfolio Manager's ownership of Shares.

## **HOW TO BUY AND SELL SHARES**

The Fund issues and redeems shares at NAV only in Creation Units. Only APs may acquire shares directly from the Fund, and only APs may tender their shares for redemption directly to the Fund, at NAV. APs must be (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the NSCC, a clearing agency that is registered with the SEC; or (ii) a DTC participant (as discussed below). In addition, each AP must execute a Participant Agreement that has been agreed to by the Distributor, and that has been accepted by the index receipt agent, with respect to purchases and redemptions of Creation Units. Once created, Fund shares trade in the secondary market in amounts less than a Creation Unit.

Most investors buy and sell shares of the Fund in secondary market transactions through brokers. Shares of the Fund are listed for trading on the secondary market on the Exchange and can be bought and sold throughout the trading day like other publicly traded shares.

When buying or selling Fund shares through a broker, you will incur customary brokerage commissions and charges, and you may pay some or all of the spread between the bid and the offer price in the secondary market on each leg of a round trip (purchase and sale) transaction. In addition, because secondary market transactions occur at market prices, you may pay more than NAV when you buy Fund shares, and receive less than NAV when you sell those shares.

The Fund's exchange trading or "ticker" symbol is listed on the cover of this Prospectus.

## **Book Entry**

Shares are held in book-entry form, which means that no stock certificates are issued. The Depository Trust Company ("DTC") or its nominee is the record owner of all outstanding Shares.

Investors owning Shares are beneficial owners as shown on the records of DTC or its participants. DTC serves as the securities depository for all Shares. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and other institutions that directly or indirectly maintain a custodial relationship with DTC. As a beneficial owner of Shares, you are not entitled to receive physical delivery of stock certificates or to have Shares registered in your name, and you are not considered a registered owner of Shares. Therefore, to exercise any right as an owner of Shares, you must rely upon the procedures of DTC and its participants. These procedures are the same as those that apply to any other securities that you hold in book entry or "street name" through your brokerage account.

### **Share Trading Prices on the Exchange**

Trading prices of Shares on the Exchange may differ from the Fund's daily NAV. Market forces of supply and demand, economic conditions and other factors may affect the trading prices of Shares. To provide additional information regarding the indicative value of Shares of each Fund, the Exchange or a market data vendor disseminates information every 15 seconds through the facilities of the Consolidated Tape Association or other widely disseminated means an updated "intraday indicative value" ("IIV") for the Fund as calculated by an information provider or market data vendor. The Fund is not involved in or responsible for any aspect of the calculation or dissemination of the IIVs and makes no representation or warranty as to the accuracy of the IIVs. The basket of Deposit Securities does not necessarily reflect the precise composition of the current portfolio held by the Fund at a particular point in time and the IIV based on that basket may not represent the best possible valuation of the Fund's portfolio. Therefore, the IIV should not be viewed as a "real-time" update of the Fund's NAV, which is computed only once a day, typically at the end of the business day. The IIV is generally determined by using both current market quotations and/or price quotations obtained from broker-dealers that may trade in the Deposit Securities.

### **Frequent Purchases and Redemption of Shares**

The Fund imposes no restrictions on the frequency of purchases and redemptions of Shares. In determining not to approve a written, established policy, the Board evaluated the risks of market timing activities by Fund shareholders. Purchases and redemptions by APs, who are the only parties that may purchase or redeem Shares directly with the Fund, are an essential part of the ETF process and help keep Share trading prices in line with NAV. As such, the Fund accommodates frequent purchases and redemptions by APs. However, the Board has also determined that frequent purchases and redemptions for cash may increase tracking error and portfolio transaction costs and may lead to the realization of capital gains. To minimize these potential consequences of frequent purchases and redemptions, the Fund employs fair value pricing and imposes transaction fees on purchases and redemptions of Creation Units to cover the custodial and other costs incurred by the Fund in effective trades. In addition, the Fund and the Adviser reserve the right to reject any purchase order at any time.

### **Determination of Net Asset Value**

The NAV of Shares is calculated as of the close of regular trading on the Exchange, generally 4:00 p.m. Eastern Time, each day the Exchange is open for business. The NAV is calculated by dividing the Fund's net assets by its Shares outstanding.

In calculating its NAV, the Fund generally values its assets on the basis of market quotations, last sale prices, or estimates of value furnished by a pricing service or brokers who make markets in such instruments. If such information is not available for a security held by the Fund or is determined to be unreliable, the security will be valued at fair value estimates under guidelines established by the Board (as described below).

### **Fair Value Pricing**

The Board has adopted procedures and methodologies to fair value Fund securities whose market prices are not "readily available" or are deemed to be unreliable. For example, such circumstances may arise when: (i) a security has been delisted or has had its trading halted or suspended; (ii) a security's primary pricing source is unable or unwilling to provide a price; (iii) when a security's primary trading market is closed during regular market hours; or (iv) when a security's value is materially affected by events occurring after the close of the security's primary trading market. Generally, when fair

valuing a security, the Fund will take into account all reasonably available information that may be relevant to a particular valuation including, but not limited to, fundamental analytical data regarding the issuer, information relating to the issuer's business, recent trades or offers of the security, general and/or specific market conditions and the specific facts giving rise to the need to fair value the security. Fair value determinations are made in good faith and in accordance with the fair value methodologies included in the Board-adopted valuation procedures. Due to the subjective and variable nature of fair value pricing, there can be no assurance that the Adviser or Sub-Adviser will be able to obtain the fair value assigned to the security upon the sale of such security.

### **Investments by Registered Investment Companies**

Section 12(d)(1) of the 1940 Act restricts investments by registered investment companies in the securities of other investment companies, including shares of the Fund. Registered investment companies are permitted to invest in the Fund beyond the limits set forth in section 12(d)(1), subject to certain terms and conditions set forth in an SEC exemptive order issued to the Fund and the Adviser, including that such investment companies enter into an agreement with the Fund.

### **DIVIDENDS, DISTRIBUTIONS AND TAXES**

The Fund intends to pay out dividends, if any, and distribute any net realized capital gains to its shareholders at least annually. The Fund is authorized to declare and pay capital gain distributions in Shares of the Fund or in cash. Distributions in cash may be reinvested automatically in additional whole Shares only if the broker through whom you purchased Shares makes such option available. Your broker is responsible for distributing the income and capital gain distributions to you.

#### **Taxes**

As with any investment, you should consider how your investment in Shares will be taxed. The tax information in this Prospectus is provided as general information. You should consult your own tax professional about the tax consequences of an investment in Shares.

Unless your investment in Shares is made through a tax-exempt entity or tax-advantaged account, such as an IRA plan, you need to be aware of the possible tax consequences when: (i) the Fund makes distributions; (ii) you sell your Shares listed on the Exchange; and (iii) you purchase or redeem Creation Units.

#### **Taxes on Distributions**

For federal income tax purposes, distributions of investment income are generally taxable as ordinary income or qualified dividend income. Taxes on distributions of capital gains (if any) are determined by how long a Fund owned the investments that generated them, rather than how long a shareholder has owned his or her Fund Shares. Sales of assets held by the Fund for more than one year generally result in long-term capital gains and losses, and sales of assets held by the Fund for one year or less generally result in short-term capital gains and losses. Distributions of the Fund's net capital gains (the excess of net long-term capital gains over net short-term capital losses) that are reported by the Fund as capital gain dividends ("Capital Gain Dividends") will be taxable as long-term capital gains, which for noncorporate shareholders are subject to tax at reduced rates. Distributions of short-term capital gain will generally be taxable as ordinary income. Distributions reported by a Fund as "qualified dividend income" are generally taxed to noncorporate shareholders at rates applicable to long-term capital gains, provided holding period and other requirements are met. A portion of the dividends received from the Fund (but none of the Fund's capital gain distributions) may qualify for the dividends-received deduction for corporations.

U.S. individuals with income exceeding specified thresholds are subject to a 3.8% Medicare contribution tax on all or a portion of their "net investment income," which includes interest, dividends, and certain capital gains (including capital gains distributions and capital gains realized on the sale of Shares). This 3.8% tax also applies to all or a portion of the undistributed net investment income of certain shareholders that are estates and trusts.

In general, your distributions are subject to federal income tax for the year in which they are paid. Certain distributions paid in January, however, may be treated as paid on December 31 of the prior year. Distributions are generally taxable even if they are paid from income or gains earned by a Fund before your investment (and thus were included in the Shares' NAV when you purchased your Shares).

If you are neither a resident nor a citizen of the United States or if you are a foreign entity, distributions (other than Capital Gain Dividends) paid to you by the Fund will generally be subject to a U.S. withholding tax at the rate of 30%, unless a lower treaty rate applies.

The Fund (or a financial intermediary, such as a broker, through which a shareholder owns Shares) generally is required to withhold and remit to the U.S. Treasury a percentage of the taxable distributions and sale or redemption proceeds paid to any shareholder who fails to properly furnish a correct taxpayer identification number, who has underreported dividend or interest income, or who fails to certify that he, she or it is not subject to such withholding.

### **Taxes When Shares are Sold on the Exchange**

Any capital gain or loss realized upon a sale of Shares generally is treated as a long-term capital gain or loss if the Shares have been held for more than one year and as a short-term capital gain or loss if the Shares have been held for one year or less. However, any capital loss on a sale of Shares held for six months or less is treated as long-term capital loss to the extent of Capital Gain Dividends paid with respect to such Shares. The ability to deduct capital losses may be limited.

### **Taxes on Purchases and Redemptions of Creation Units**

An AP having the U.S. dollar as its functional currency for U.S. federal income tax purposes who exchanges securities for Creation Units generally recognizes a gain or a loss. The gain or loss will be equal to the difference between the value of the Creation Units at the time of the exchange and the exchanging AP's aggregate basis in the securities delivered, plus the amount of any cash paid for the Creation Units. A person who exchanges Creation Units for securities will generally recognize a gain or loss equal to the difference between the exchanging AP's basis in the Creation Units and the aggregate U.S. dollar market value of the securities received, plus any cash received for such Creation Units. The Internal Revenue Service may assert, however, that a loss realized upon an exchange of securities for Creation Units cannot be deducted currently under the rules governing "wash sales," or on the basis that there has been no significant change in economic position. Persons exchanging securities should consult their own tax advisor with respect to whether wash sale rules apply and when a loss might be deductible.

Any capital gain or loss realized upon redemption of Creation Units is generally treated as long-term capital gain or loss if the Shares have been held for more than one year and as a short-term capital gain or loss if the Shares have been held for one year or less.

*The foregoing discussion summarizes some of the possible consequences under current federal tax law of an investment in the Fund. It is not a substitute for personal tax advice. You also may be subject to state and local tax on Fund distributions and sales of Shares. Consult your personal tax advisor about the potential tax consequences of an investment in Shares under all applicable tax laws. For more information, please see the section entitled "Federal Income Taxes" in the SAI.*

### **Distribution**

The Distributor, Quasar Distributors, LLC, is a broker-dealer registered with the U.S. Securities and Exchange Commission. The Distributor distributes Creation Units for the Fund on an agency basis and does not maintain a secondary market in Shares. The Distributor has no role in determining the policies of the Fund or the securities that are purchased or sold by the Fund. The Distributor's principal address is 615 East Michigan Street, 4<sup>th</sup> Floor, Milwaukee, Wisconsin 53202.

The Board has adopted a Distribution and Service Plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. In accordance with the Plan, the Fund is authorized to pay an amount up to 0.25% of its average daily net assets each year for certain distribution-related activities and shareholder services.

No Rule 12b-1 fees are currently paid by the Fund, and there are no plans to impose these fees. However, in the event Rule 12b-1 fees are charged in the future, because the fees are paid out of the Fund’s assets, over time these fees will increase the cost of your investment and may cost you more than certain other types of sales charges.

#### **PREMIUM/DISCOUNT INFORMATION**

Information regarding how often Shares traded on the Exchange at a price above (*i.e.*, at a premium) or below (*i.e.*, at a discount) the net asset value of the Fund during the past calendar year can be found at [alphaclonefunds.com](http://alphaclonefunds.com).

#### **INDEX/TRADEMARK LICENSES/DISCLAIMERS**

AlphaClone is not affiliated with the Fund, the Adviser, the Sub-Adviser, the Fund’s administrator, custodian, transfer agent or distributor, or any of their respective affiliates. The Adviser has entered into a licensing agreement with AlphaClone pursuant to which the Adviser pays a fee to use the Index. The Adviser is sub-licensing rights to the Index to the Fund at no charge.

The Index is calculated by Solactive AG. Solactive is not affiliated with the Fund, the Adviser, the Sub-Adviser, the Fund’s administrator, custodian, transfer agent or distributor, or any of their respective affiliates.

The AlphaClone indexes are the exclusive property of AlphaClone. AlphaClone and the AlphaClone index name are service marks of AlphaClone or its affiliates and have been licensed for use for certain purposes by the Adviser. The financial securities referred to herein are not sponsored by AlphaClone, and AlphaClone bears no liability with respect to any such financial securities. This Prospectus contains a more detailed description of the relationship AlphaClone has with the Adviser and any related financial securities. No purchaser, seller or holder of this product, or any other person or entity, should use or refer to any AlphaClone trade name, trademark or service mark to sponsor, endorse, market or promote this product without first contacting AlphaClone to determine whether AlphaClone’s permission is required. Under no circumstances may any person or entity claim any affiliation with AlphaClone without the prior written permission of AlphaClone.

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the period of the Fund's operations. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Cohen Fund Audit Services, Ltd., the Fund's independent registered public accounting firm, whose report, along with the Fund's financial statements, is included in the Fund's annual report, which is available upon request.

### AlphaClone Alternative Alpha ETF

## FINANCIAL HIGHLIGHTS

For a capital share outstanding throughout the period

	<u>Year Ended</u> <u>March 31, 2015</u>	<u>Year Ended</u> <u>March 31, 2014</u>	<u>Period Ended</u> <u>March 31, 2013<sup>(1)</sup></u>
Net asset value, beginning of year/period	\$ 38.04	\$ 30.81	\$ 25.00
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS:</b>			
Net investment income (loss) <sup>(2)</sup>	(0.06)	0.03	0.09
Net realized and unrealized gain (loss) on investments	7.20	7.58	5.78
Total from investment operations	<u>7.14</u>	<u>7.61</u>	<u>5.87</u>
<b>LESS DISTRIBUTIONS:</b>			
Distributions from			
Net investment income	— <sup>(5)</sup>	— <sup>(5)</sup>	(0.06)
Net realized gain	—	(0.38)	—
Total distributions	<u>—</u>	<u>(0.38)</u>	<u>(0.06)</u>
Net asset value, end of year/period	<u>\$45.18</u>	<u>\$38.04</u>	<u>\$30.81</u>
Total return	18.78%	24.79%	23.51% <sup>(3)</sup>
<b>SUPPLEMENTAL DATA:</b>			
Net assets at end of year/period (000's)	\$131,021	\$87,487	\$10,782
<b>RATIOS TO AVERAGE NET ASSETS:</b>			
Expenses to average net assets	0.95%	0.95%	0.95% <sup>(4)</sup>
Net investment income (loss) to average net assets	-0.14%	0.08%	0.35% <sup>(4)</sup>
Portfolio turnover rate <sup>(6)</sup>	78%	66%	205% <sup>(3)</sup>

<sup>(1)</sup> Commencement of operations on May 31, 2012.

<sup>(2)</sup> Calculated based on average shares outstanding during the period.

<sup>(3)</sup> Not annualized.

<sup>(4)</sup> Annualized.

<sup>(5)</sup> Less than \$0.005 per share.

<sup>(6)</sup> Excludes the impact of in-kind transactions.

**ALPHACLONE ALTERNATIVE ALPHA ETF**

<b>Index Provider</b>	<b>Coefficient Capital, Inc. d/b/a AlphaClone</b> One Market Street Steuart Tower, Suite 1208 San Francisco, CA 94105	<b>Adviser</b>	<b>Exchange Traded Concepts, LLC</b> 10900 Hefner Point Drive, Suite 207 Oklahoma City, OK 73120
<b>Sub-Adviser</b>	<b>Vident Investment Advisory, LLC</b> 300 Colonial Center Parkway, Suite 330 Roswell, Georgia 30076	<b>Distributor</b>	<b>Quasar Distributors, LLC</b> 615 East Michigan Street Milwaukee, Wisconsin 53202
<b>Transfer Agent, Fund Accountant and Fund Administrator</b>	<b>U.S. Bancorp Fund Services, LLC</b> 615 East Michigan Street Milwaukee, Wisconsin 53202	<b>Custodian</b>	<b>U.S. Bank National Association</b> 1555 N. Rivercenter Drive Milwaukee, Wisconsin 53212
<b>Independent Registered Public Accounting Firm</b>	<b>Cohen Fund Audit Services, LLP</b> 1350 Euclid Avenue, Suite 800 Cleveland, Ohio 44115	<b>Legal Counsel</b>	<b>Morgan, Lewis &amp; Bockius LLP</b> 2020 K Street NW Washington, D.C. 20006-1806

Investors may find more information about the Fund in the following documents:

**Statement of Additional Information (“SAI”):** The Fund’s SAI provides additional details about the investments and techniques of the Fund and certain other additional information. A current SAI dated July 31, 2015 is on file with the SEC and is herein incorporated by reference into this Prospectus. It is legally considered a part of this Prospectus.

**Annual/Semi-Annual Reports:** The Fund’s reports provide additional information on the Fund’s investment holdings, performance data and a letter discussing the market conditions and investment strategies that significantly affected the Fund’s performance during that period.

You can obtain free copies of these documents, request other information or make general inquiries about the Fund by contacting the Fund at:

**The AlphaClone Funds**  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, Wisconsin 53201-0701  
1-800-617-0004

You may review and copy information including the Fund’s reports and SAI at the Public Reference Room of the SEC, 100 F Street, NE, Washington, DC 20549-1520. You may obtain information on the operation of the Public Reference Room by calling (202) 551-8090. Shareholder reports and other information about the Fund are also available:

- Free of charge from the SEC’s EDGAR database on the SEC’s website at <http://www.sec.gov>; or
- Free of charge from the Fund’s Internet web site at [alphaclonefunds.com](http://alphaclonefunds.com); or
- For a fee, by writing to the Public Reference Room of the Commission, Washington, DC 20549-1520; or
- For a fee, by e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

(SEC Investment Company Act File No. 811-22668)