



**FORE
FRONT
CAPITAL**

April, 2017

Business Summary

Forefront Capital Advisors LLC. and its affiliated investment entities (“Forefront” or “Forefront Capital”) is a multi-faceted financial services firm dedicated to providing innovative financing products and advisory services.

Forefront’s experienced team and differentiated community and the Senior Advisory Board provide access to opportunities typically not available to boutique firms.

Experienced Team

Company Objective

Forefront’s objective is to maximize potential returns by investing in high yielding, short duration, structured credit opportunities that provide consistent current income, less correlation to the equity markets, while mitigating risks that are afforded by customized structuring.

Forefront’s focus on asset backed, market place lending allows the company to provide investment solutions that may provide:

- The potential for higher long term returns than traditional fixed investments that historically have been uncorrelated to other investments such as equities.
- Investment opportunities that benefit from the unintended consequences of market regulation and financial market disruption.
- The ability to provide access to these opportunities to both accredited and non-accredited investors through vehicles such as Forefront Income Trust (FIT). An SEC registered 1940 Act Closed End Interval Fund with minimum investments of \$1,000.

Investment Solutions

Forefront's objective is to maximize potential returns by investing in high yielding, short duration, structured credit opportunities that provide current income while mitigating risks that are inherent in higher yielding investments.

The change in Bank regulations (Dodd-Frank) and the Wall Street reform have virtually eliminated banks from making loans to many businesses

Forefront Capital has taken advantage of this opportunity and targets small and middle market borrowers with growing sales, good margins, but limited access to capital.

Examples of Investments Include

- ▶ Purchase Order Financing
- ▶ Factoring
- ▶ Supply Chain Financing
- ▶ Direct Asset Based Lending

We target borrowers with the following characteristics

- ▶ Have capacity to do more business than their available financing will allow
- ▶ There are existing or contracted demand for the product with a high credit quality counterparty
- ▶ Have a good reputation in their respective industries
- ▶ The trade has high margins and the companies cost structure is competitive with its size

We are industry agnostic

Consumer Loans	Peer to Peer Lending	Collateralized Business Loans	Structured Highly Multi-Collateralized Loans
<ul style="list-style-type: none"> • An unsecured loan is a loan that is issued and supported only by the borrower's creditworthiness, rather than by any type of collateral • It includes credit cards, student loans and personal loans • These carry higher risks for lenders and, as such, typically have higher interest rates than secured loans such as mortgages or car 	<ul style="list-style-type: none"> • Peer-to-peer lending (P2P) is a method of debt financing that enables individuals to borrow and lend money without an official financial institution as an intermediary • The lender has very little assurance that the borrower, who traditional financial intermediaries may have rejected due to a high likelihood of defaults, will repay their loan 	<ul style="list-style-type: none"> • It is a type of loan that is backed by the borrower's assets • If a borrower defaults on the loan, the assets pledged as collateral can be sold to repay the note. This decreases the risk associated so lenders earn a lower interest rate than they would earn with riskier issues such as unsecured loans 	<ul style="list-style-type: none"> • It is a type of loan that is backed by multiple layers of the borrower's assets • Multiple collateralized assets offer a significantly reduced risk profile to the lender in case of default

Risk Profile



Forefront's strategy of investing in structured highly multi-collateralized loans offers investors superior returns with the added benefit of reduced risk

TEAM EXPERIENCE: WHO WE ARE



PaineWebber



GUGGENHEIM



Experienced Team



Global Asset Management



BNP PARIBAS

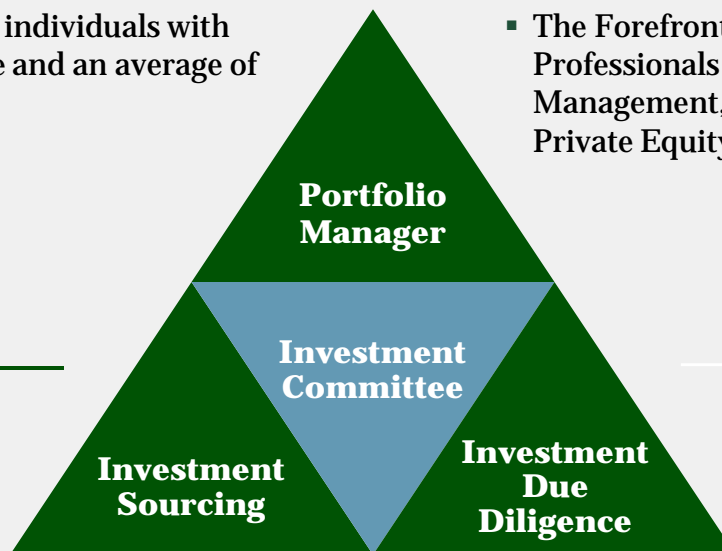


- The Forefront Community includes individuals with over 30 years of industry experience and an average of 18 years of professional experience

- The Forefront Team includes Investment Professionals from large Trading, Asset Management, Investment Banking and Private Equity Firms

- The Extended Forefront Community provides extensive deal sourcing

- Extensive experience in Origination, diligence and structuring



INVESTMENT PROCESS AND ONGOING PORTFOLIO & RISK MANAGEMENT

INVESTMENT PROCESS

ORIGINATIONS

- Leads and initial screening
- Basic due diligence begins

UNDERWRITING

- Initial screening performed
- Diligence process
- Prepare proposal to investment committee
- New borrowers analysed weekly by senior investment team
- Negotiate terms and structure with borrower

INVESTMENT COMMITTEE

- Transaction presented to Investment Committee for approval
- Unanimous approval is required
- Any changes to diligence, terms, or structure is implemented.
- Establish monitoring protocol

CLOSING

- Finalize diligence, terms and structure
- Expand legal due diligence and legal paperwork
- Establish necessary accounts and vehicles

ONGOING PORTFOLIO & RISK MANAGEMENT

ADMINISTRATION

- Day-to-day servicing
- Tracks and verifies borrower assets and collateral
- Invoicing, collections and monitoring
- Internal and external communications

COLLATERAL

- Tracks financial performance, compliance and risk rating
- Status and issues discussed weekly with senior team
- Ideal collateral will hold value and be quarterly sold into a liquid market

PORTFOLIO MONITORING

- Deteriorating borrowers posted to "Watch List"
- Actively works to maintain an open dialogue to limit the likelihood of a default
- Pre-emptive monitoring and data collection
- Updates and reports weekly from companies

RESTRUCTURING

- Decision to restructure, settle, request early payoff or wait for an external event
- Sells collateral with the help of management, repossess and auction assets
- Sale of the company or note

**Forefront's goal is to mitigate the risks that are inherent in higher yielding investments
Forefront has established numerous risk mitigating tools in an attempt to lower the risk of
default and ensure timely repayment.**

These include:

Credit Insurance: Any off-takes will be supported either with the credit insurance or letter of credit.

Funds will only go to finance the underlying transaction to pay the suppliers, shipping company, disbursement account etc.

No Supplier Performance Risk: The Supplier will only be paid when the goods have been produced, packed, shipped on time. If the supplier fails to perform the transaction it does not get funded.

No Currency or Cross Border Risk: There is no currency risk or any cross border risk as all transactions are in dollars and it is only funded after the supplier has performed.

Self-Liquidating Transactions: Each transaction will be closed end self-liquidating transaction. There is no speculation involved.

Product Compliance: This involves third party inspectors inspecting the manufacturer and the products.

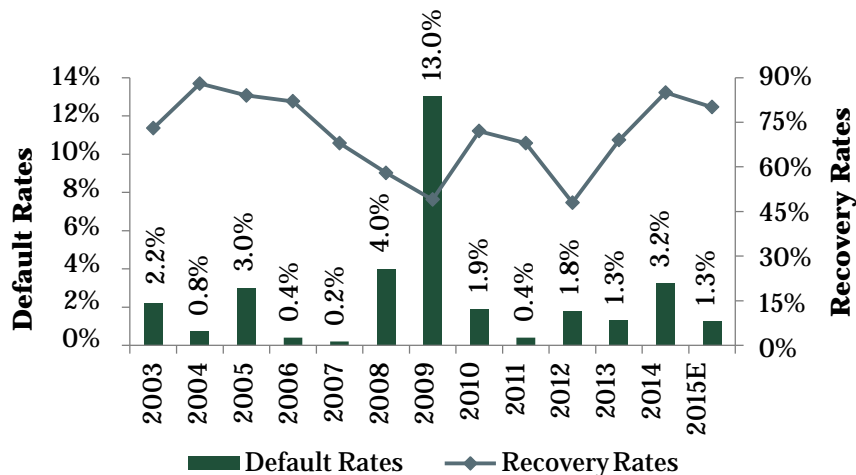
Marine Cargo All Risk Insurance: Purchase Order Finance transactions will carry all risk marine cargo insurance issued by a rated insurance company.

Perfected Security Interest: Forefront will have perfected security interest on the assets and receivable of the Client.

Senior Secured Loans (SSL)⁽¹⁾

- SSL have a senior claim on assets, are collateralized with tier-1 assets and secured by stringent covenants which allows re-pricing of risk
- Compared to senior unsecured bonds and subordinated debt, SSL have exhibited relatively low default rates, high recovery rates and resilience across credit cycles
- Default rates are at a pre-crisis level of 1.5%⁽³⁾

US SSL Default Rates⁽²⁾⁽³⁾



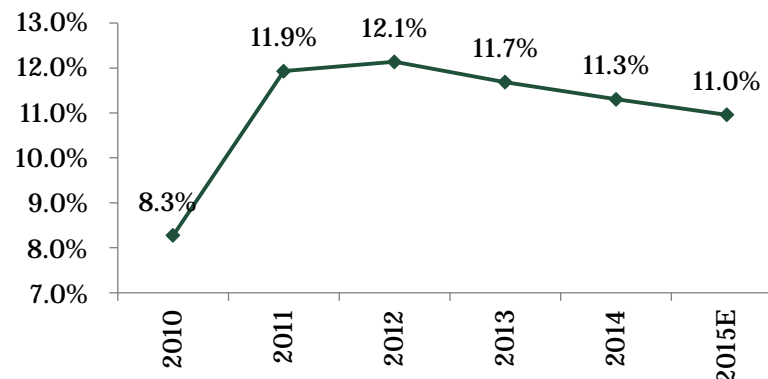
Past performance does not guarantee future results.

Source(s) / Note(s): (1) Please see slide 18 for more information regarding Senior Secured Loans and Asset backed Securities (2) [U.S. Structured Finance Markets: Christopher L. Culp, 2013](#) (pg.15); Default rates are % of total SSL defaults and Recovery rate is the % of face value of a defaulted loan recovered (3) [Fitch Ratings: US Leveraged Loan Default Rate; Leveraged Loans; LSTA](#); Increase in default rate includes bankruptcy of Energy Future Holding in 2014 (4) [Sigma.org](#) (5) CAGR calculated till Oct 2015 (6) [Financial News, June 2014](#) (7) [Fitch Ratings, US ABS Update, 2013](#) (pg.14) (8) Company filings of 26 investment companies in US (9) Yield is calculated at fair value, includes effect of leverage and excludes investments on non-accrual status

Asset Backed Securities (ABS)

- ABS are financial securities backed by a pool of assets
- Since 2010, ABS issuances in US have grown at a Compound Annual Growth Rate (CAGR) of 11.2%⁽⁴⁾ (5) and with a low-yield environment, asset managers are shifting back to ABS⁽⁶⁾
- Over the last 3 years, ABS delinquency rates have stabilized to 3-4%⁽⁷⁾

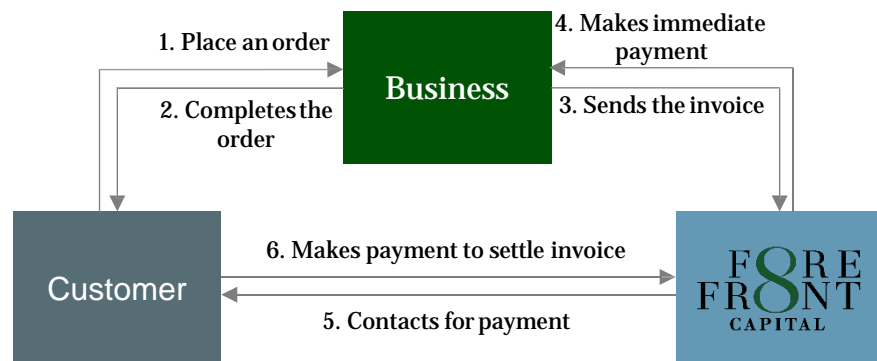
Yield on Subordinated Secured Debt⁽⁸⁾⁽⁹⁾



Factoring

- Factoring is a type of debtor finance in which a business transfers its receivables to a third party at a discount
- Firms can generate cash almost immediately instead of waiting the usual 30, 60 or 90 days by selling its outstanding invoices
- The factoring industry has grown at a CAGR of 11% in last 20 years. The industry has reached a volume of over \$3.1tn in 2014 compared to \$2.9tn 2013⁽¹⁾⁽²⁾

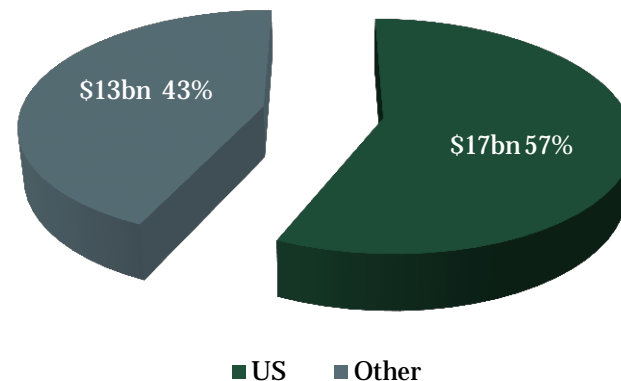
How does Factoring work



Receivables

- Receivables uses accounts receivable assets as collateral for loans
- Such loans typically have high returns with floating rates
- Over the next five years, a persistence in demand for industry services may continue to drive up returns for this industry

ARM Market Size – 2012 ⁽³⁾



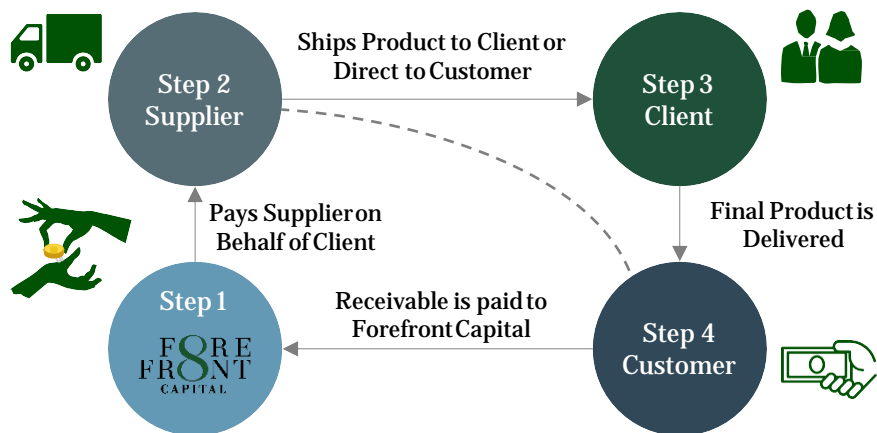
Past performance does not guarantee future results.

Source(s) / Note(s): (1) [Factors Chain International](#) (2) [EUR/USD: 1.3285 \(Period Average for 2014\) EUR/USD: 1.3281 \(Period Average for 2013\)](#) (3) [ARM Industry: Q1 2012 Overview by Kaulkin Ginsberg](#) (pg. 8). Please see slide 4 for more information regarding these specialty finance opportunities

Purchase Order Financing

- Purchase order financing involves financing the purchase of pre-sold finished goods. It allows a company to take advantage of sudden large orders regardless of current cash situation
- Compared to other forms of financing, purchase order financing provides additional capital in excess of what a company's balance sheet can support
- Forefront finances up to 100% of the cost of goods for a purchase order

Purchase Order Funding Cycle



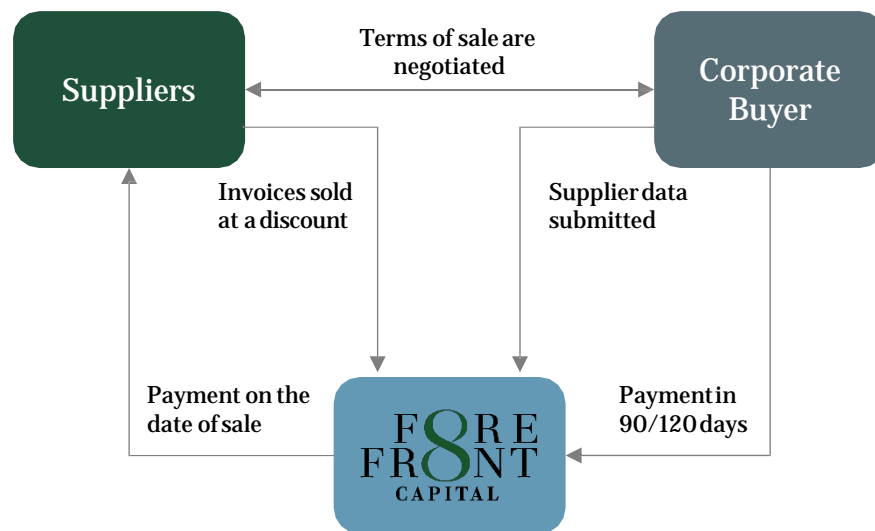
Final Step: Forefront Capital receives payment from Customer. The Company is then reimbursed for costs of funding and balance is sent to Client as profits earned

Source(s) / Note(s): (1) McKinsey Supply Chain Finance Report, 2015

Supply Chain Financing

- Supply Chain Financing optimizes cash flows by paying a supplier immediately and extending payment terms for the buyer
- Forefront helps the supplier by paying them extends payment terms up to 120 days for the buyer
- The revenue potential from supply chain financing has grown at 20% p.a. since 2010 and is expected to grow at a 5-year CAGR of 15% to reach \$4bn by 2019⁽¹⁾

Supply Chain Funding Cycle



Investment Summary

Security	Note
Investment Size	\$500,000 (less than 5.0% of NAV)
Current Value	\$500,000 (less than 5.0% of NAV)
Origination Date	October 14, 2015
Extended Maturity Date	January 15, 2017
Interest Rate (Closing)	18.0%
Interest Rate (Maturity Date ¹ - Extended Maturity Date)	19.0%
Additional Fess ²	\$50,000

Monitoring

- Forefront mainly track investment updates, due diligence verification of the technology, operational progress and cash levels
- A Promissory Note between Bridgestone and Delta was executed in January, 2106 where Bridgestone agreed to provide a \$4.0 million loan to Delta
- Delta is seeking up to \$15.0 million of equity to launch its plant at full capacity
- Delta recently received the term sheet from a company specializing in commodities infrastructure, CCI. The proposed investment is structured as \$15.0 million equity and \$10.0 million debt
- In the event CCI backs out of the transaction, Bridgestone has agreed to pay \$2.0 million to the Lee group, pay down Forefront's loan, and take over the Company

1. Maturity Date – December 14, 2015

2. Additional Fees include Due Diligence Fee and Monitoring Fee

Company Overview

- Delta Energy Natchez, LLC is a wholly owned subsidiary of Delta Energy Group, LLC and produces specialty chemicals, most notably “DESolv™” and “Carbon Black” from recycling tires
- The Carbon Black produced by Delta's plant is the only known recycled product that can replace industrially produced carbon black which is used as a main input in manufacture of tires
- The note is secured by equipment located in Natchez, Mississippi as well as by second lien on the plant and property
- Bridgestone Americas Tire Operations, LLC is an investor, Delta's largest customer, and validator of Delta's Carbon Black
- Investors has shown interest in Delta energy due to the science and engineering behind it's process, and the regulatory pressure for tire manufacturers to find a green and profitable solution for recycling used tires

Valuation

- Delta's revenue is correlated to oil prices, and the recent volatility in oil markets has reduced projected cash flows
- Delta's technology and business plan continues to hold up to potential investors' scrutiny with feedback that the Company's technology is industry leading. It is a positive development that credible lead investors have emerged and that Bridgestone will fill in as the ultimate backstop
- In November, 2015 the equipment was valued at \$1.3 million. Being that the plant has largely been mothballed, the collateral has maintained most of its value.

Investment Summary

Security	Note
Investment Size	\$500,000 (less than 5.0% of NAV)
Current Value	\$550,000 (less than 5.0% of NAV)
Origination Date	December 2, 2015
Extended Maturity Date	March 1, 2017
Interest Rate	18.0%

Monitoring

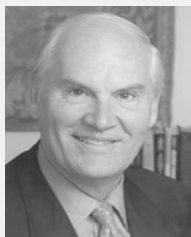
- The loan was backed by the equity borrower had in the LLC that owned the building, and further backed by a personal guarantee including other real estate assets and illiquid, but valuable stock holdings
- Forefront monitored the physical progress and cost of the construction, relative to timeline and budget
- Interest payments were received on schedule
- Forefront is expecting the principal as well as the interest payment to be paid in full upon the borrower receiving the entire payment for the property

Company Overview

- The Borrower, WB West 25th Street Member, LLC (“Company”) has initial ownership interest of 21.875% of Maple West 25th Holdings, LLC (“Maple”)
- The company holds the property at 119 West 25th Street, a 138,000 sq. ft. office building
- At time of the note, Maple had a \$72.0 million first lien loan from Natixis Bank
- Forefront valued the building at ~\$130.0 million. The borrower had approximately \$8.0 to \$10.0 million of equity, which is a high level of collateral on a \$500,000 initial lending amount
- The property is being redeveloped into a Class A office building with a ground floor retail component

Valuation

- The property was sold in September, 2016 for \$150.0 million (high end of valuation) and the deposit of \$10.0 million was received
- The Note is valued at par while it was outstanding based on the positive outcome of Forefront’s monitoring and the receipt of scheduled cash interest payments
- The building was ultimately sold for a significant profit which validates Forefront’s general investment thesis
- Forefront generally hold 4 to 6 loans in the portfolio with similar collateral
- These loans have downside protection, yet high yield



James E. Williams, Jr. has joined as Chairman of Forefront Capital Advisors (FCA). Prior to FCA Jim served as the President and Chief Executive Officer of Easter Seals International for 24 years. During his tenure, he led the organization through years of unprecedented growth; achieving total revenues in excess of \$2 billion with services provided to more than 2 million people annually Easter Seals became the 7th largest charity in America under his leadership.

Williams served and held leadership positions on numerous boards including the National Health Council which he chaired, the National Alliance for Hispanic Health, the National Association of Dentistry for People with Disabilities, the Commission on Accreditation of Rehabilitation Facilities which he chaired, the JM Search for Excellence, the Elizabeth Dole Foundation, and numerous other local education and civic boards. He has served as an advisor to the Departments of Labor, Health and Human Services, and Transportation, and as an advisor to for profit companies including Pfizer, Posit Science, and other education and medical service organizations.



Francis J. Argenziano, Senior Managing Director

Francis J. Argenziano is a Senior Managing Director at Forefront Capital Advisors and Head of Investment Banking of MCap as well as Senior Managing Director and Secretary to the Board of Forefront Income Trust. He has approximately 20 years of Investment Banking, Capital Markets and Equity transactions experience. Mr. Argenziano has been involved in raising over \$2 billion of public and private financing, and has served as an investment banker on M&A transactions for numerous middle market companies that aggregate to over \$1 billion in transaction value. Mr. Argenziano also has extensive experience in Special Purpose Acquisition companies (SPACs), financing and M&A advisory. He previously was a vital member of the Investment Banking and Capital Markets teams that grew Newbridge Securities, as a Senior Managing Director,; and, Maxim Group LLC, as a Director. Mr. Argenziano holds a B.S. and M.B.A. from Fordham University's Gabelli School of Business.



Alan Feldman, Senior Managing Director


Alan Feldman is a Senior Managing Director of Forefront Capital Advisors and MCap. He is a former stock and bond analyst who has become a seasoned generalist investment banker with transaction experience across numerous industries. Mr. Feldman has participated in many transactions ranging in size up to \$150 million, for both debt, equity and M&A. Most of his transaction experience over the last few years has been centered around the industries of specialty finance, media, telecom, life sciences, energy, alternative energy and mining. In "Special Situations" where the investment opportunity may not fit a particular silo, Mr. Feldman is creative in finding solutions that enhance the chances of funding success. He previously worked at such notable firms as Guggenheim Capital Markets, Scotia Capital, and Paine Webber as a Managing Director. Mr. Feldman has earned a Chartered Financial Analyst (CFA) designation and holds a B.A and M.B.A from Columbia University.



Brian Weiner, Senior Managing Director


Brian is Senior Managing Director of Forefront Capital Advisors was Senior Vice President of Business Development running the New York office for Trade Finance Solutions. Prior joining FCA, he was responsible for originating new business relationships with clients and industry professionals throughout the Northeastern and Mid-Atlantic regions of the U.S. He was also, Vice President of Business Development for Bibby Financial Services. Previously, he was an investment banker with Crusader Investments and was the founder of a factoring company focused on small businesses and middle market companies in the food and beverage industry in the New York Metro area. Earlier in his career, Brian was a partner in a large family-owned meat wholesaler. Through organic growth and acquisitions, he was instrumental in growing the company to over \$100 million in revenue. He earned an undergraduate degree in Communications from Boston University.

Cole Reifler, President




Cole Reifler is President at Forefront Capital Advisors and Mcap. Mr. Reifler spearheads the marketing and branding of the firm's specialty finance products. Mr. Reifler is a President and Founder of Woman at The Forefront (WATF), a financial platform whose mission to empower the world to be equally powered by women. He serves as President of Young Minds for Gender Equality Foundation, a non profit for gender equality as well as the co-chair for the Easter Seals Millennial Board. In 2014, Mr. Reifler realized the unfairness in the investment environment, which is why he made it is mission to solve wealth inequality using finance. He co-founded Forefront Income Trust in 2014 to give the middle class access to investment opportunities typically reserved for the 1%. Mr. Reifler serves on multiple corporate and advisory boards. He holds a B.A in Finance from Elon University.

Alisa Rusanoff, Associate



Alisa Rusanoff is an Associate at Forefront Capital Advisors and Mcap. Ms. Rusanoff has experience in brokerage operations, managing data, and has conducted analysis on various financial projects. She holds her Bachelor of Arts from State Academy in Russia with a dual degree in Psychology and French linguistics, as well as Bachelor of Business Administration degree in Finance and Investments from Baruch College, City University of New York. Alisa is a CFA Level II Candidate.

Wendy Espinoza, Chief Compliance Officer



Wendy Espinoza is Chief Compliance Officer for MCap and Compliance Officer for Forefront Capital Advisors. Ms. Espinoza's expertise includes regulatory compliance, broker-dealer, investment advisor, regulatory filings, FINRA conduct rules, Investment Adviser's Act of 1940. She has a strong background in developing automated compliance systems and oversees compliance, registration, business systems and operations. She earned a B.A. in Psychology from the City University of New York.

Bradley Reifler | Founder



Mr. Reifler founded and has served as Chief Executive Officer of the Forefront Capital group, a diversified financial services business consisting of Forefront Capital Management LLC, Forefront Capital Markets, LLC, and Forefront Capital Investments, LLC (collectively "Forefront Capital"), since 2009. Mr. Reifler also serves as Chief Executive Officer of Forefront Capital Management LLC. He is responsible for Forefront Capital's daily operations, strategic vision and origination of alternative investment products. Prior to founding Forefront Capital, Mr. Reifler founded and from 1995 to 2008 served as the Chief Executive Officer of Pali Capital Inc., a full-service investment bank and FINRA member firm that employed over 200 people in offices in the United States, the United Kingdom, Austria, Singapore and Latin America. Pali grew to generate over \$1 billion in revenue in 5 years. Prior to founding Pali Capital, from 1995 to 2000, Mr. Reifler managed Refco, Inc.'s institutional sales desk, where he was responsible for the sale and execution of global derivatives and foreign exchange and for creating custom investment programs for institutional and high net-worth clients. In 1982, Mr. Reifler founded Reifler Trading Corporation, a firm engaged in the execution of global derivatives, which was sold to Refco, Inc. in 2000. He holds a B.A. from Bowdoin College

Robert Wolf | Founder & CEO of 32 Advisors



Robert Wolf is Founder and CEO of 32 Advisors, LLC, a consulting and advisory firm and host of weekly webcast "Impact Players" on the Reuters Channel on YouTube TV. Prior to forming "32 Advisors", Robert spent 18 years at UBS and he held several senior positions including Global Head of Fixed Income, Group Regional CEO and Chairman and President and COO of the Investment Bank. He joined UBS in 1994 after joining approximately 10 years at Salomon Brothers in Fixed Income Sales and Trading. In addition to his role at 32 Advisors, Robert is a member of President Obama's Council on Jobs and Competitiveness. From 2009-2011 he was a member of the President's Economic Recovery Advisory Board chaired by former Federal Reserve Chair Paul Volcker. He serves on the Undergraduate Executive Board of the Wharton Business School. Robert also serves on the boards of a number of non-profit institutions including the Robert F. Kennedy Center for Social Justice & Human rights, the Partnership for NYC, the Children's Aid Society and the Leadership Council for the Multiple Myeloma Research Foundation. He holds a BS in Economics from the University of Pennsylvania.

Dr. Lawrence Y. Tian | Chairman of CIFCO International



In the 1980s, Dr. Tian proposed to form and later directed the very first working team within the Chinese government on the "Futures Market". His leadership spearheaded the pioneering efforts in establishment of China's largest futures company, China International Futures Co., Ltd., and establishment of the first and only self-regulatory organization for futures industry in China - China Futures Association. From 1997 to 2002, Dr. Tian also served as the Chairman of the Board of Directors of China Chengtong group managing a work force of some 30,000 employees, and turning a company with an annual loss of RMB 650 million into a profitable company. Dr. Tian is also a scholar, having published many books and articles. Dr. Tian was awarded "Global Leaders for Tomorrow" by the World Economics Forum in 1995.

1 Forefront Income Trust (NASDAQ: BFITX)

- SEC Registered 40 Act Closed End Interval Fund: (1099 Tax Reporting)
- 8% Hurdle Rate, No Management Fee
- Daily NAV: Daily purchases with quarterly share repurchases
- Minimum Investment: \$1,000
- Total Expense Ratio: 1.75%

2 Separately Managed Accounts

- Separately Managed Accounts are available upon request
- Minimum Commitment: \$10 million
- Fee structure is negotiable

3 Co-Investment Opportunities

- For individual strategies we offer co-investment opportunities
- Fee structure negotiable

4 Domestic Limited Partnership

- LP structure available upon request
- 1.5% Management fee, 20% incentive fee
- Minimum Commitment: \$1 Million

5 Forefront International

- BVI Incorporated Closed End Fund
- Minimum Investment: \$1,000

Forefront Capital Advisors, LLC is an SEC Registered Investment Adviser.

Forefront defines "1%," "wealthy," "rich" as accredited and qualified investors and those who have been able to meet the historic minimums of private funds or investments. An investor's experience, objectives, and risk tolerance may differ from that of an "1%," "wealthy," or "rich," investor, all of which should be considered when investing in alternatives. Alternative investments may involve risk including: Illiquid investment risk, high yield securities risk, fair value risk, and leverage risk.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RETURNS.

There is no guarantee that any investment product will achieve its objectives, generate profits, or avoid losses. Investing involves risk of loss and alternative investments may not be suitable for everyone. Before investing, consider your investment objectives.

Senior Loans. Senior Loans hold the most senior position in the capital structure of a business entity or share the senior position with other senior debt securities of the borrower, are typically secured with specific collateral and have a claim on the assets and/or shares of the borrower that is senior to that held by subordinated debt holders and shareholders of the borrower. The Trust, as a direct lender to the borrower, assumes the credit risk of the borrower directly. Interest rates on Senior Loans are based on a base rate plus a premium spread over the base rate and the interest rates adjust periodically over set periods of time such as monthly, quarterly, semiannually or annually. Senior Loans may have certain protective contractual provisions that limit the activities of the borrower in order to protect lenders such as maintenance of minimum financial ratios, mandatory prepayments out of excess cash flows or restrictive covenants that limit dividend payments or borrower indebtedness. Senior Loans involve investment risk and certain borrowers will default on their Senior Loan payments. The risk of default may increase in the event of an economic downturn or a substantial increase in interest rates, all of which may have a negative effect on the Trust's NAV. Senior Loans do not trade on any national securities exchange or automated quotation system and no active trading market exists for many Senior Loans. As a result, many Senior Loans are illiquid and the Trust may have more difficulty in certain cases of disposing of Senior Loans than it would have for other types of investments.

Asset-Backed Securities. The Trust may invest in debt obligations that are asset-backed securities. Asset-backed securities are a form of structured debt obligation. The collateral for these securities may include, but need not be limited to, such assets as: accounts receivable; contracts; hard assets such as property, plant and equipment; leases; loans; and intellectual property. Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities and certain asset-backed securities may not have the benefit of any security interest in the related assets. Additionally, there is the possibility that, in some cases, recoveries on the underlying collateral may not be available to support payments on the securities.

Lower-quality loan or debt instruments, commonly known as "junk" or high yield/high risk, offer the potential for higher returns, but also involve greater risk than instruments of higher quality, including an increased possibility that the issuer, obligor or guarantor may not be able to make its payments of interest and principal. In addition, issuers of such instruments are considered by rating agencies and others to face a higher possibility of defaulting on their obligations and entering bankruptcy than issuers of higher-rated instruments. If any of the foregoing occurs, the value of the instruments will decrease, the Trust's Share value may decrease and the Trust's income may be reduced. In addition, an economic downturn or period of rising interest rates could adversely affect the operations of the issuers of these instruments and increase the risk of default and adversely affect the market for these instruments and reduce the Trust's ability to sell them. The lack of a liquid market for these instruments could decrease the Trust's ability to resell them and ultimately decrease the value of the Trust's Shares. In all events, the Advisor's assessment of the credit quality of an issuer of "junk" or high yield/high risk instruments (or any other issuer) could prove incorrect and the Trust could suffer losses as a result.

FORE FRONT CAPITAL

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