

PRECIDIAN COMMENTS ON U.S. SEC APPROVAL OF ACTIVESHARES™

EXCITING NEW CATEGORY OF ACTIVELY-MANAGED, NON-TRANSPARENT ETF PRODUCTS WILL BENEFIT INVESTORS AND MARKET PARTICIPANTS

April 8, 2019, New York, NY – Precidian Investments today commented on the recent approval by the U.S. Securities and Exchange Commission (SEC) of its proprietary exchange traded fund (ETF) intellectual property, ActiveShares™.

“We are very appreciative of the SEC’s engagement with us to thoroughly vet and address a process that we believe will help the industry better serve investors,” said Daniel J. McCabe, Chief Executive Officer of Precidian. “We applaud the vision of the Commissioners in making this a reality. For the first time, investors will be able to access actively-managed ETFs that do not disclose their holdings on a daily basis but trade and operate in a similar manner to other ETFs.”

Precidian is an industry leader in the creation of innovative financial products, specializing in ETF and mutual fund development and associated trading and pricing technologies. Legg Mason, one of the world’s leading asset management firms, holds a minority equity position in Precidian.

ActiveShares™ will enable fund managers to combine the potential for alpha generation – traditionally associated with active mutual funds – with the simplicity, cost-efficiency and tax benefits of ETFs.

“Investors are seeking another pooled investment option with lower cost, tax efficiency, liquidity and some degree of transparency,” Mr. McCabe said. “We are confident that the SEC’s approval of Precidian’s ActiveShares™ model will allow us to help investors meet all these objectives.”

Because it is an ETF, ActiveShares™ requires no new operational changes and fits seamlessly into existing platforms. This makes it easy for licensees to provide active investment strategies in an ETF structure.

ActiveShares™ already has been licensed by Legg Mason, BlackRock, Capital Group, JP Morgan, Nationwide, Gabelli, Columbia, American Century and Nuveen.

“This is a truly exciting new product that can revolutionize the way that investors approach ETFs and allows asset managers the ability to bring their best active strategies to market. We are proud to partner with Precidian to build upon the significant interest from fund sponsors and market participants to more efficiently and effectively serve investor need,” said Thomas K. Hoops, EVP and Head of Business Development for Legg Mason.

“Through ActiveShares™, we can couple the benefits of the ETF wrapper with active management expertise, while protecting investors and our portfolio managers’ intellectual property. We look forward to offering our investors a more innovative vehicle to access our investment managers’ investment expertise,” Mr. Hoops continued.

ActiveShares™ provides benefits to investors, active managers and the marketplace that include:

- *Investors*: Lower operating costs, improved tax efficiency, lower potential cash drag, benefits of exchange trading, lower liquidity charges and eliminates multiple share classes.
- *Active managers*: No changes in day-to-day responsibilities, but greatly improved flexibility. Significant improvement in tax efficiency enables more effective implementation without fear of front-running or loss of intellectual property.
- *Markets*: Diversifies the markets away from concentration in index-based ETFs and associated price discovery challenges, supporting goals of regulators. The availability of additional investment capabilities within the ETF structure can lead to more robust asset allocation models.

Precidian's ActiveShares™ functions in a similar fashion to existing ETFs by quoting a consistent intraday price to the market (called a "VIIV" or verified intra-day indicative value). While all other ETFs publish an IIV/IOPV every 15 seconds, ActiveShares™ will take it a step further and publish the VIIV every second.

A "trusted agent", commonly referred to as an AP Representative, would know the portfolio holdings and use a confidential account to perform all creations and redemptions on behalf of an AP.

"These features will result in a seamless addition to the ETF landscape providing significant benefits to investors in reduced fees and tax advantages," Mr. McCabe said. "For this reason, the support of large, established broker-dealers has already materialized and will continue to grow."

About Precidian Investments

An industry leader in the creation of innovative financial products, Precidian specializes in ETF and mutual fund development, and associated trading and pricing technologies. We design and develop next-generation tools for the mutual fund industry, ETF providers and leading financial services institutions to meet the needs of today's more sophisticated investors. Precidian Investments' expertise in product development, trading, clearance, sales, technology, and securities law enables us to more efficiently design and build cutting-edge financial instruments.

About Legg Mason

Guided by a mission of Investing to Improve Lives™, Legg Mason helps investors globally achieve better financial outcomes by expanding choice across investment strategies, vehicles and investor access through independent investment managers with diverse expertise in equity, fixed income, alternative and liquidity investments. Legg Mason's assets under management are \$763 billion as of February 28, 2019. To learn more, visit our web site, our newsroom, or follow us on LinkedIn, Twitter, or Facebook.

Contact:

For Precidian Investments:
Dan McCabe
dm@precidian.com
 908-781-0560

For Legg Mason:
Mary Athridge
mkathridge@leggmason.com
 212-805-6035