

MODERATE GROWTH

HIGH PROBABILITY OPTIONS STRATEGY (HiPOS)



as of December 2016

HIGHLIGHTS

- Annualized returns since inception are +6.3% after fees
- Alternative investment strategy specializing in options
- Non-correlated historical returns to equity or fixed income markets
- Targets a monthly return rate of 0.5% - 2% (gross)
- Recommended use to replace portion of a client's equity allocation
- Management team with extensive options experience

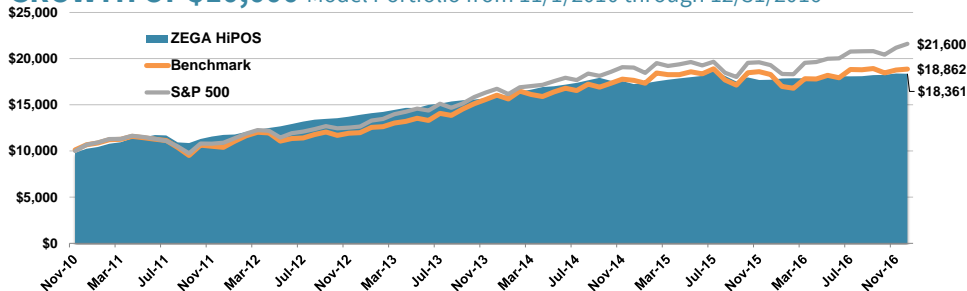
METHODOLOGY

- **Disciplined Approach:** only invests when targeted returns exceed the calculated risk.
 - Investment in options on major equity indexes
 - Returns are driven by the natural time decay of near-expiring options; positions must have expirations within the following 30 days
 - Strike price must be far enough out-of-the-money
 - Option must have a high probability of expiring worthless, per ZEGA's calculation
- **Credit Spreads Used For Leverage:** HiPOS writes spreads instead of naked puts/calls in order to maximize the buying power in the account. The strategy targets around half of the account to be invested in the spreads, which creates significant implied leverage. The other half of the account is invested in cash sweep ETFs.
- **Disciplined Exit Criteria:** ZEGA continuously monitors the positions in the portfolio and makes adjustments to fit the risk/return expectation of the strategy. If the portfolio's one-month loss approaches our exit criteria (typically around 2.5% loss), the strategy pivots to a defensive posture.
- **Purposefully Go To Cash:** the strategy will close positions to cash or let the options expire worthless between each trade cycle, and only rolls the trade as a defensive tactic.
- **Opportunistic Trading:** Opportunistic trades may occur if markets move favorably early enough in the lifecycle of the trade. ZEGA will generally take profits early when 85% or more of the max gain are realized and another trade exists.

PERFORMANCE as of 12/31/2016

| | Annualized Returns | | | | | |
|-------------------------|--------------------|-------|-------|--------|--------|-------|
| | MTD | QTD | YTD | 1 Year | 3 Year | ITD |
| ZEGA HiPOS Gross | 0.0% | 1.2% | 5.2% | 5.2% | 6.6% | 7.9% |
| ZEGA HiPOS Net | -0.1% | 0.8% | 3.6% | 3.6% | 5.0% | 6.3% |
| Benchmark | 0.6% | -0.3% | 3.2% | 3.2% | 5.6% | 10.2% |
| <i>excess return</i> | -0.7% | 1.1% | 0.5% | 0.5% | -0.6% | -3.9% |
| S&P 500 | 2.0% | 3.8% | 12.0% | 12.0% | 8.9% | 12.0% |
| <i>excess return</i> | -2.1% | -3.0% | -8.3% | -8.3% | -3.9% | -5.7% |

GROWTH OF \$10,000 Model Portfolio from 11/1/2010 through 12/31/2016



STRATEGY OVERVIEW

ZEGA's High Probability Options Strategy (HiPOS) is an alternative investment strategy designed as a complement to an existing equity allocation. ZEGA generates return by selling credit spreads, which are two-legged options strategies. HiPOS is designed to be highly liquid, downside exposure is actively managed, and it has little to no historical correlation to equity indexes or interest rate sensitive markets.

KEY FACTS

| | |
|---------------------------|---------------------------------------|
| Vehicle Type | Separately Managed Account |
| Inception Date | May 2013 |
| AUM (12/31/16) | \$21.8 Million |
| Benchmark | Morningstar US Large Cap Growth Index |
| Portfolio Managers | Jay Pestrighelli Wayne Ferbert |

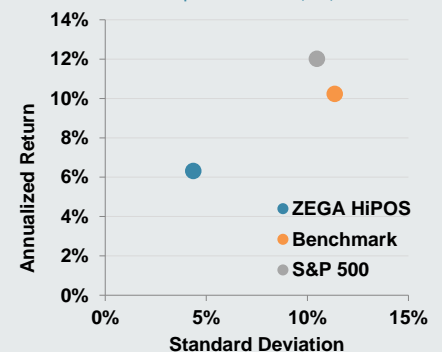
RISK METRICS

| | Standard Deviation | | |
|-------------------------|--------------------|--------|-------|
| | 1 Year | 3 Year | ITD |
| ZEGA HiPOS Gross | 1.1% | 4.6% | 4.4% |
| ZEGA HiPOS Net | 1.1% | 4.6% | 4.4% |
| Benchmark | 11.4% | 11.4% | 11.4% |
| S&P 500 | 9.8% | 10.6% | 10.5% |

| | Sharpe Ratio | | |
|-------------------------|--------------|--------|------|
| | 1 Year | 3 Year | ITD |
| ZEGA HiPOS Gross | 4.37 | 1.40 | 1.79 |
| ZEGA HiPOS Net | 2.97 | 1.06 | 1.42 |
| Benchmark | 0.25 | 0.47 | 0.89 |
| S&P 500 | 1.18 | 0.83 | 1.14 |

RISK/RETURN

Since Inception as of 12/31/2016





MONTHLY PERFORMANCE Model Portfolio from 11/1/2010 through 12/31/2016

| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD (net) | Bench | S&P | |
|------|-------|------|------|-------|------|-------|------|-------|-------|-------|-------|-------|-------|-----------|-------|-------|------|
| 2010 | Gross | | | | | | | | | | | | -2.0% | 4.7% | 2.4% | 6.7% | 6.7% |
| | Net | | | | | | | | | | | | -2.1% | 4.5% | | | |
| 2011 | Gross | 2.0% | 3.6% | 1.6% | 4.0% | 1.0% | 2.3% | -0.3% | -6.4% | -0.5% | 4.2% | 2.4% | 1.6% | 14.6% | -2.6% | 2.1% | |
| | Net | 1.8% | 3.5% | 1.5% | 3.9% | 0.9% | 2.2% | -0.4% | -6.5% | -0.6% | 4.1% | 2.3% | 1.5% | | | | |
| 2012 | Gross | 0.6% | 2.5% | 1.8% | 1.9% | 1.6% | 2.1% | 2.2% | 1.6% | 0.8% | 0.7% | 1.3% | 1.6% | 18.6% | 15.3% | 16.0% | |
| | Net | 0.4% | 2.4% | 1.7% | 1.8% | 1.5% | 1.9% | 2.1% | 1.5% | 0.7% | 0.6% | 1.2% | 1.5% | | | | |
| 2013 | Gross | 1.4% | 1.1% | 1.7% | 1.7% | 0.0% | 2.5% | 1.0% | 1.7% | 1.0% | 0.6% | 1.0% | 1.2% | 13.9% | 33.9% | 32.4% | |
| | Net | 1.2% | 1.0% | 1.5% | 1.5% | -0.1% | 2.4% | 0.9% | 1.5% | 0.9% | 0.5% | 0.9% | 1.0% | | | | |
| 2014 | Gross | 1.3% | 2.6% | 1.4% | 1.7% | 0.7% | 1.2% | 1.2% | 1.8% | 1.6% | -1.7% | -0.1% | -1.7% | 8.8% | 10.1% | 13.7% | |
| | Net | 1.2% | 2.4% | 1.3% | 1.6% | 0.6% | 1.0% | 1.1% | 1.6% | 1.5% | -1.8% | -0.2% | -1.8% | | | | |
| 2015 | Gross | 0.6% | 1.3% | 1.2% | 0.9% | 0.9% | 0.8% | 3.2% | -2.8% | -3.2% | 2.6% | -1.4% | 0.3% | 2.7% | 3.6% | 1.4% | |
| | Net | 0.5% | 1.2% | 1.0% | 0.8% | 0.7% | 0.7% | 3.1% | -2.9% | -3.3% | 2.5% | -1.6% | 0.2% | | | | |
| 2016 | Gross | 0.8% | 0.3% | 0.0% | 0.4% | 0.6% | 0.7% | 0.1% | 0.2% | 0.8% | 0.2% | 0.9% | 0.0% | 3.6% | 3.2% | 12.0% | |
| | Net | 0.7% | 0.2% | -0.1% | 0.3% | 0.4% | 0.6% | -0.1% | 0.1% | 0.7% | 0.1% | 0.8% | -0.1% | | | | |

RECOMMENDED USAGE

The ZEGA Moderate Growth High Probability Option Strategy (HiPOS) is designed as a complement to an equity allocation. Typically recommended as a replacement for a portion of a portfolio's core stock or stock-like position. We recommend this investment make up of 25-50% of a portfolio's equity position. While the Moderate Growth HiPOS limits downside losses during extreme conditions, there is still notable risk taken to produce its non-correlated returns.

STRATEGY RISKS & DISCLOSURE

All investments involve the risk of potential investment losses as well as the potential for investment gains. Prior performance is no guarantee of future results and there can be no assurance, and clients should not assume, that future performance of any of the model portfolios will be comparable to past performance.

The performance data prior to the inception month of May 2013 does not reflect the actual investment results of any individual client participating in the asset allocation program, but represent the hypothetical performance of the model. The ZEGA High Probability Options Moderate Growth Strategy portfolio performance is calculated by weighting the historical performance of the ZEGA High Probability Options Aggressive Growth Strategy adjusted using the asset allocation target of the respective strategy. The data reported starting in May 2013 reflects the actual aggregate performance of the separate accounts invested in the ZEGA High Probability Options Moderate Growth Strategy. Performance numbers displayed net of fees include a 1.50% fee; this fee is an estimate which reflects both ZEGA's management fee and the fee charged by the advisor to the client. The Aggressive Growth strategy became actively managed in the fourth quarter of 2010. The target benchmark allocation will change as the allocation of the strategy changes. These results should not be viewed as indicative of the advisor's skill. Prior to May 2013, the advisor was not providing advice using either the Growth Strategy or the Income Strategy.

The prior performance figures indicated herein represent portfolio performance for only a short time period, and may not be indicative of the returns or volatility each model portfolio will generate over a long time period. The performance of the models should also be viewed in the context of the broad market and general economic conditions prevailing during the periods covered by the performance information. The actual results for the comparable periods would also have varied from the model portfolio results based upon the timing of contributions and withdrawals from individual client accounts. The performance figures contained herein should be viewed in the context of the various risk/return profiles and asset allocation methodologies utilized by the asset allocation strategists in developing their model portfolios, and should be accompanied or preceded by the model.

Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. In finance, standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility. **The Morningstar US Large Cap Growth Index** measures the performance of large-cap stocks that are expected to grow at a faster pace than the rest of the market as measured by forward earnings, historical earnings, book value, cash flow and sales.