

BEST EQUITY PICKS

INTERNET ADVANTAGE STRATEGY (IAS)



ZEGA FINANCIAL
The disciplined option

as of March 2017

HIGHLIGHTS

- IAS is a series of strategies based on an innovative new research approach
- Our researchers track the digital Internet footprint of publicly traded companies to find hidden demand trends in the market place
- The changes in demand lead us to bullish decisions on stocks that are most affected by those demand trends
- Long only equity portfolio designed to find picks that will outperform the broad market
- Narrows down universe of over 2200 companies to ~100 portfolio holdings
- Over 5 years of research and analysis behind current offering
- Management team with extensive trading & product development experience

METHODOLOGY

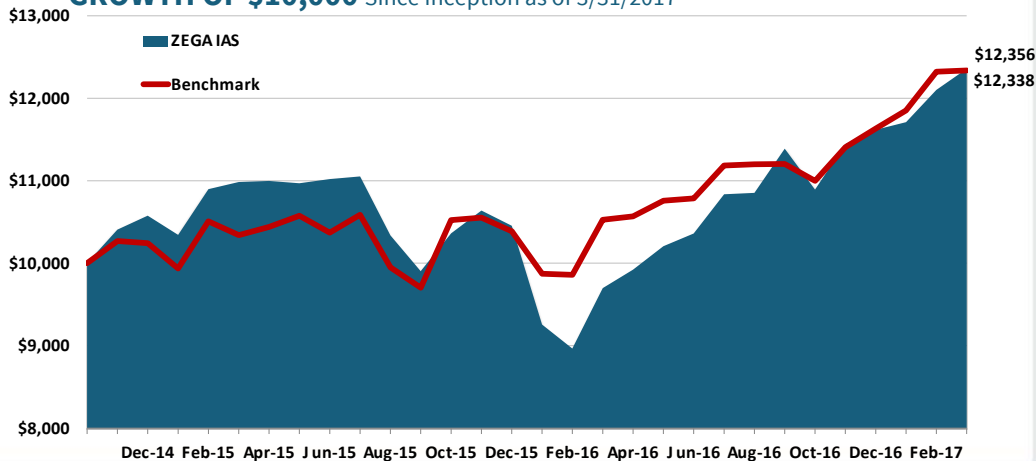
- **Internet Footprint:** IAS analyzes Internet digital brand footprints to predict future revenue. Revenue expectations are analyzed to produce bullish picks.
 - Constantly collecting data from multiple commercial and public sources
 - Define digital identities for over 2200 publicly traded companies
- **Define Digital Signal:** IAS uses aggregated historical data and past revenues to establish relationships between digital trajectory and revenue change across over 200 metrics.
 - Analyze monthly for each company's next earning period
 - Use proprietary data modeling to identify companies most likely to have revenue surprises – both beats and misses.
- **Generate List of Target Stocks:** each month we generate a list of bullish stock picks. Our traders rebalance the portfolio at least monthly as new signals create new entry and exit signals. The average holding period for each position is typically 3-4 months.

PERFORMANCE as of 3/31/2017

Annualized Returns

	MTD	QTD	YTD	1 Year	ITD
IAS Best Equity Picks Gross	2.2%	6.8%	6.8%	29.3%	10.8%
IAS Best Equity Picks Net	2.1%	6.4%	6.4%	27.4%	9.1%
S&P 500	0.1%	6.1%	6.1%	17.2%	9.1%

GROWTH OF \$10,000 Since Inception as of 3/31/2017



STRATEGY OVERVIEW

ZEGA's Internet Advantage Strategy (IAS) – Best Equity Picks aims to outperform the market by identifying the stocks most likely to out-perform the market based on changing demand. It is a highly diversified portfolio with around 100 holdings. The product is deployed in an SMA format.

The portfolio is made up of Large, Mid, and Small Cap U.S. equities and has a high correlation to the S&P 500.

KEY FACTS

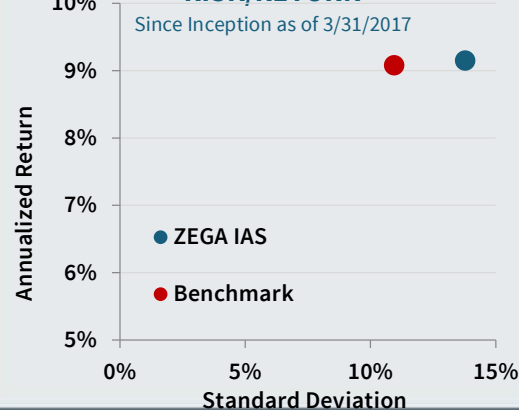
Vehicle Type	Separately Managed Account
Inception Date	November 2014
Management Fee	1.50%
Benchmark	S&P 500
Holdings	20 - 40
Portfolio Managers	Jay Pestrichelli Wayne Ferbert

RISK METRICS

	Standard Deviation	
	1 Year	ITD
ZEGA IAS Gross	8.6%	13.8%
ZEGA IAS Net	8.6%	13.8%
S&P 500	6.0%	10.9%

	Sharpe Ratio	
	1 Year	ITD
ZEGA IAS Gross	3.38	0.77
ZEGA IAS Net	3.16	0.65
S&P 500	2.81	0.81

RISK/RETURN





MONTHLY PERFORMANCE Since Inception as of 3/31/2017

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD (net)	S&P 500
2014	Gross											4.2%	1.7%	5.8%	2.4%
	Net											4.1%	1.6%		
2015	Gross	-2.1%	5.5%	0.9%	0.2%	-0.1%	0.6%	0.4%	-6.4%	-4.1%	4.7%	2.8%	-1.6%	-1.1%	1.4%
	Net	-2.2%	5.4%	0.8%	0.1%	-0.3%	0.5%	0.3%	-6.5%	-4.2%	4.6%	2.7%	-1.7%		
2016	Gross	-11.3%	-3.0%	8.3%	2.4%	3.0%	1.6%	4.7%	0.3%	5.1%	-4.2%	5.2%	1.6%	11.1%	12.0%
	Net	-11.5%	-3.2%	8.2%	2.3%	2.9%	1.5%	4.6%	0.2%	4.9%	-4.4%	5.1%	1.5%		
2017	Gross	0.9%	3.5%	2.2%										6.4%	6.1%
	Net	0.8%	3.3%	2.1%											

RECOMMENDED USAGE

The ZEGA Best Equity Picks Internet Advantage Strategy (IAS) is designed to complement or replace a portfolio's existing growth allocation. Investors should be comfortable with a long equity portfolio and looking for growth. It is further recommended for deployment in a tax-advantaged account (eg, IRA) because it creates over 500 taxable transactions per year.

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 figures illustrated in the ZEGA Best Equity Picks Internet Advantage Strategy represent the actual aggregated performance of the Best Equity Picks Internet Advantage Strategy in ZEGA's client and employee accounts. 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 Best Equity Picks strategy became actively managed in the fourth quarter of 2014. 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.

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 S&P 500 Index** – a broad-based unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks.