

SECTOR LONG / SHORT

INTERNET ADVANTAGE STRATEGY (IAS)



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 and bearish decisions on sectors that are most affected by those demand trends
- The Sector Long/Short strategy deploys a mix of Long and/or Short sector ETFs in a portfolio that can be net long, net short, or market neutral
- Over 5 years of research and analysis behind current offering
- Management team with extensive trading & product development experience

METHODOLOGY

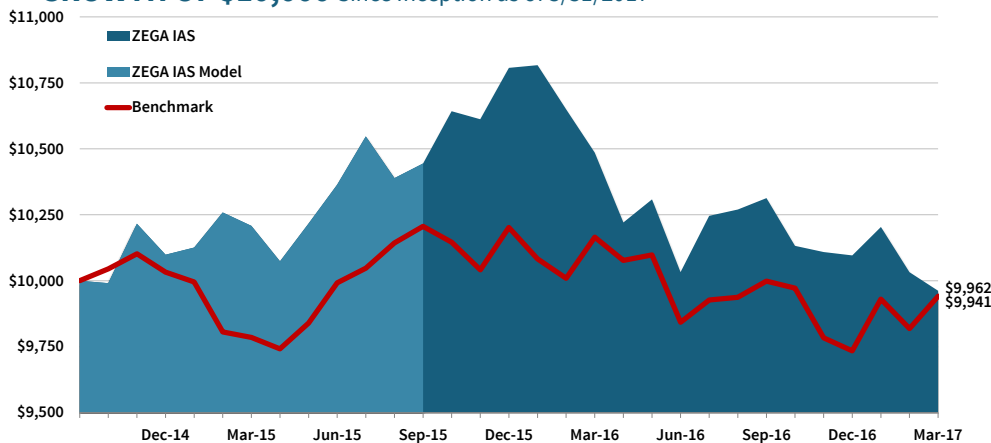
- **Internet Footprint:** IAS analyzes Internet digital brand footprints to predict future revenue. Revenue expectations are rolled up to a sector level to produce bull/bear picks.
 - Constantly collecting data from multiple commercial and public sources
 - Define digital identities for over 2200 publically 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 Sectors:** each month we generate a list of both bullish and bearish sectors. Our traders rebalance the portfolio at least monthly to achieve market neutral target. 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
Sector Long/Short Gross	-0.6%	-1.0%	-1.0%	-3.6%	-1.6%
Sector Long/Short Net	-0.7%	-1.3%	-1.3%	-5.0%	-3.1%
Benchmark	1.2%	2.1%	2.1%	-2.2%	-1.7%

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



STRATEGY OVERVIEW

ZEGA's Internet Advantage Strategy (IAS) – Sector Long/Short aims to reduce systematic market risk by identifying the sectors most likely to out-perform other sectors based on changing demand. Bullish and bearish sector ETF positions are deployed. The portfolio has a default position that is market neutral – ie, invested 50% on each side. The portfolio does rotate to a net bullish or net bearish stance based on the sector research. The product is deployed in an SMA format.

KEY FACTS

Vehicle Type	Separately Managed Account
Inception Date	October 2015
Management Fee	1.50%
Benchmark	Credit Suisse Equity Market Neutral Hedge Fund Index
Holdings	3 to 9 ETFs
Portfolio Managers	Jay Pestrichelli Wayne Ferbert

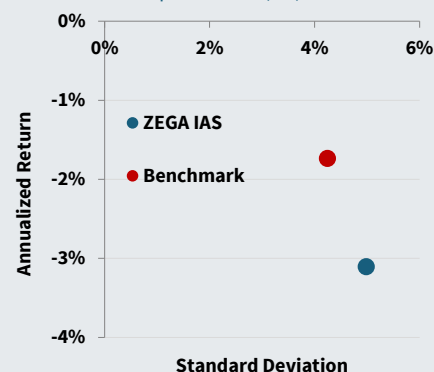
RISK METRICS

	Standard Deviation	
	1 Year	ITD
ZEGA IAS Gross	5.0%	5.0%
ZEGA IAS Net	5.0%	5.0%
Benchmark	4.3%	4.2%

	Sharpe Ratio	
	1 Year	ITD
ZEGA IAS Gross	-0.78	-0.43
ZEGA IAS Net	-1.07	-0.72
Benchmark	-0.58	-0.53

RISK/RETURN

Since Inception as of 3/31/2017





MONTHLY PERFORMANCE Since Inception as of 3/31/2017

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD (net)	Bench
2014	Gross											2.4%	-1.0%	1.0%	0.3%
	Net											2.3%	-1.1%		
2015	Gross	0.4%	1.4%	-0.4%	-1.2%	1.6%	1.6%	1.9%	-1.4%	0.7%	2.0%	-0.2%	2.0%	7.0%	1.7%
	Net	0.3%	1.3%	-0.5%	-1.3%	1.4%	1.4%	1.8%	-1.5%	0.5%	1.9%	-0.3%	1.8%		
2016	Gross	0.2%	-1.4%	-1.4%	-2.4%	1.0%	-2.6%	2.3%	0.4%	0.6%	-1.6%	-0.1%	0.0%	-6.6%	-4.6%
	Net	0.1%	-1.5%	-1.5%	-2.5%	0.9%	-2.7%	2.1%	0.2%	0.4%	-1.8%	-0.2%	-0.1%		
2017	Gross	1.2%	-1.6%	-0.6%										-1.3%	2.1%
	Net	1.1%	-1.7%	-0.7%											

RECOMMENDED USAGE

The ZEGA Sector Long/Short Internet Advantage Strategy (IAS) is not historically correlated to the broader equity market or fixed income market. It does not use any leverage. As a result, it is low in volatility and can provide diversification to any portfolio design. Investors should be looking for a moderate to conservative strategy that looks to produce gains in an up or down market.

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 Sector Long/Short Internet Advantage Strategy represent the actual aggregated performance of the Sector Long/Short 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 Sector Long/Short 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. **Credit Suisse Equity Market Neutral Hedge Fund Index:** measures the aggregate performance of equity market neutral funds. Equity market neutral funds typically take both long and short positions in stocks while seeking to reduce exposure to the systematic risk of the market.