



ZEGA
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ZEGA FINANCIAL LLC

ZEGA High Probability Options Strategy
As of July 2017



Information presented does not involve the rendering of personalized investment advice, but is limited to the dissemination of general information on products and services. This information should not be construed as an offer to buy or sell, or a solicitation of any offer to buy or sell the securities mentioned herein.

This presentation should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the adviser as of the date of the presentation and are subject to change.

Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment or strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for a client's portfolio. There are no assurances that a portfolio will match or outperform any particular benchmark.

Except where specifically identified otherwise, all performance data in this presentation is the performance of the Separate Account Strategy.

The ZEGA High Probability Option Strategy offers:

- Alternative investment strategy
- Non-correlated historical returns to US Equity or US fixed income markets
- 7 year track record as a separate managed account (SMA)
- Offered in 3 versions based on risk profile: Moderate Growth, Conservative and Aggressive Growth
- Targeted monthly returns with monthly liquidity available



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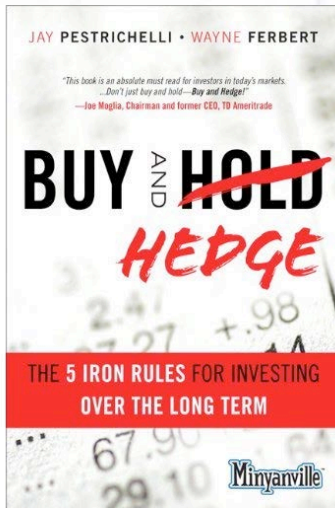
WHO IS ZEGA?

Product Developers turned Investment Managers

Wayne Ferbert



Jay Pestrichelli



- Founded in 2011
- Co-authors of *Buy And Hedge*
- Former TD Ameritrade Executives
- Product Developers that built and launched institutional level trading tools for individual investors
- Architects of the acquisition of the largest US online options brokerage
- Registered Investment Advisor*
- Over \$250 million in Assets Under Management as of June 30th, 2017



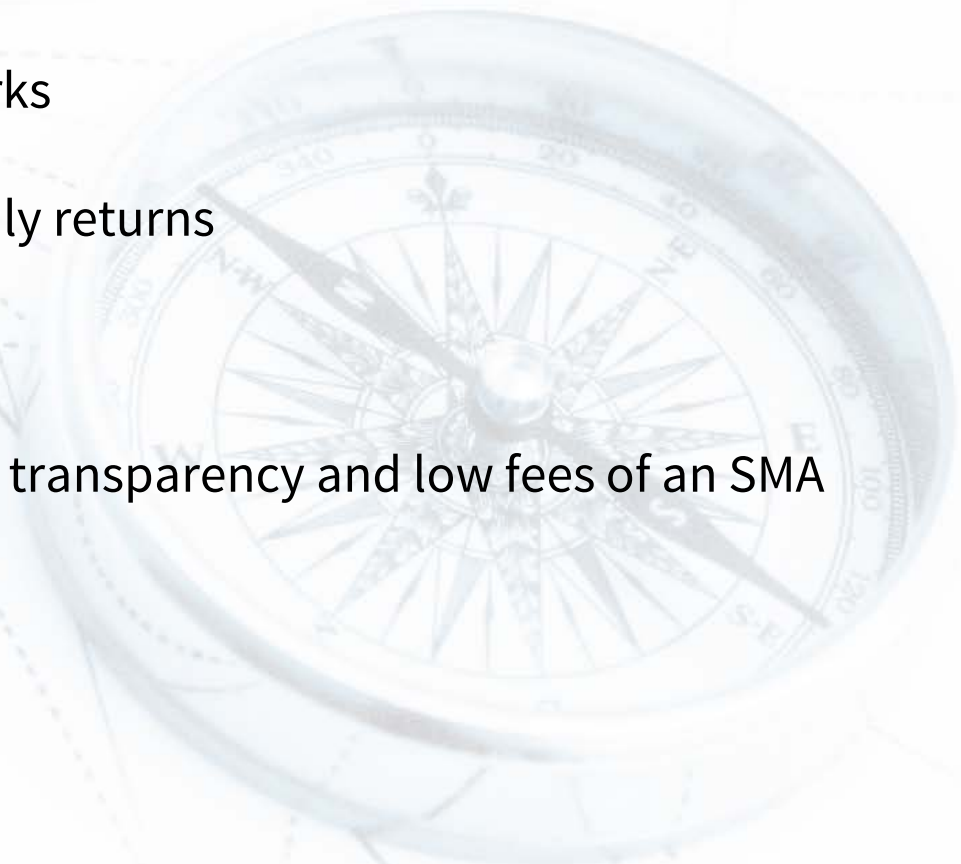
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ZEGA High Probability Option Strategy



A Different Monthly 'Alternative Income' Solution:

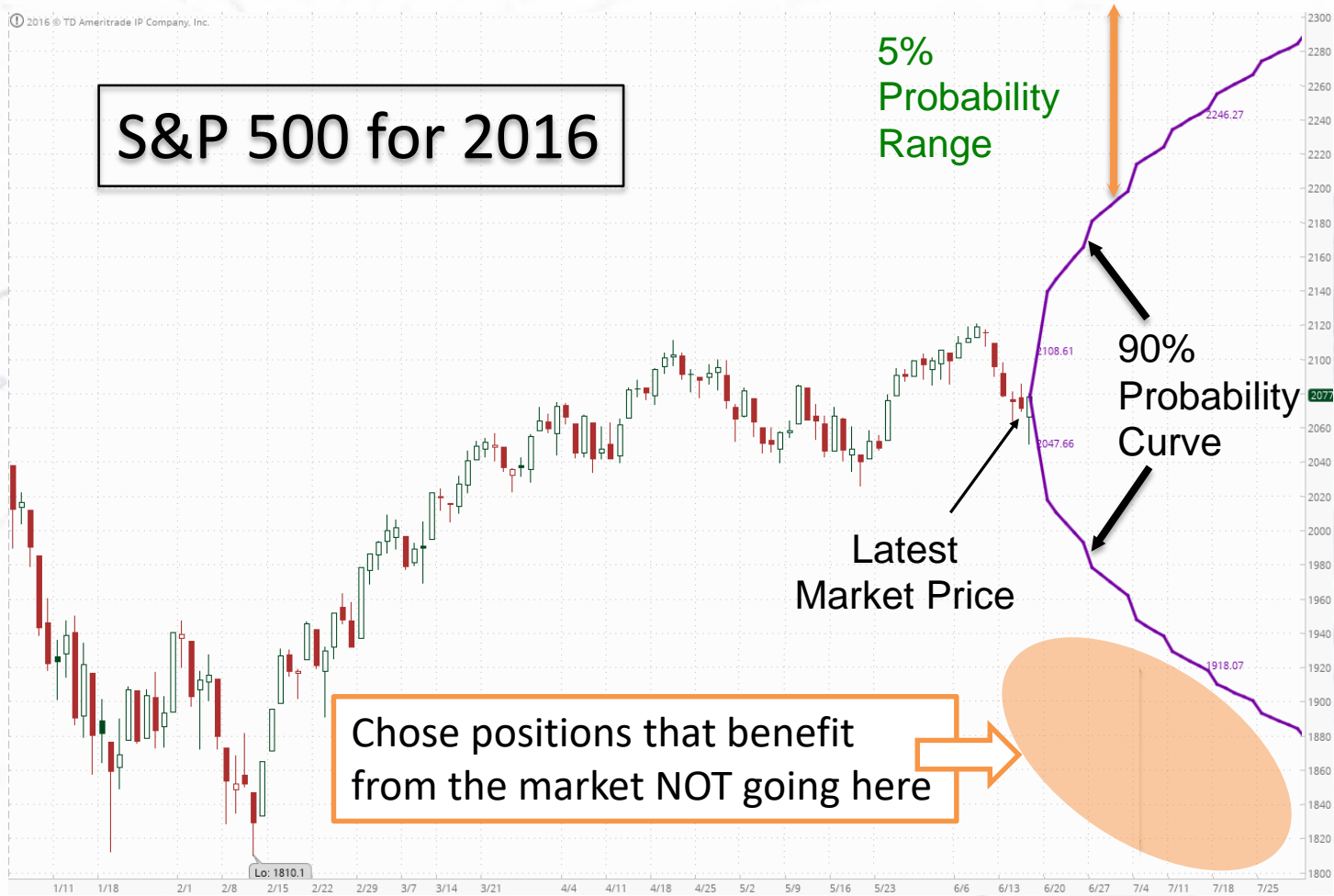
- Lower volatility than benchmarks
- Can be used to generate monthly returns
- Portfolio is highly liquid
- Sophisticated strategy with the transparency and low fees of an SMA structure





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S&P 500 for 2016





Extract option premium from market volatility

Short spreads

- Bullish or bearish spreads capture volatility-driven option premium
- Premium represents strategy's investment return
- Deep out-of-the-money (OTM) credit spreads

Equity index options

- Spreads sold on S&P 500, Russell 2000, Nasdaq 100
- Exclusively uses Section 1256 contracts → 60/40 LT/ST tax treatment
- No stock-based idiosyncratic risk

Trading by rules

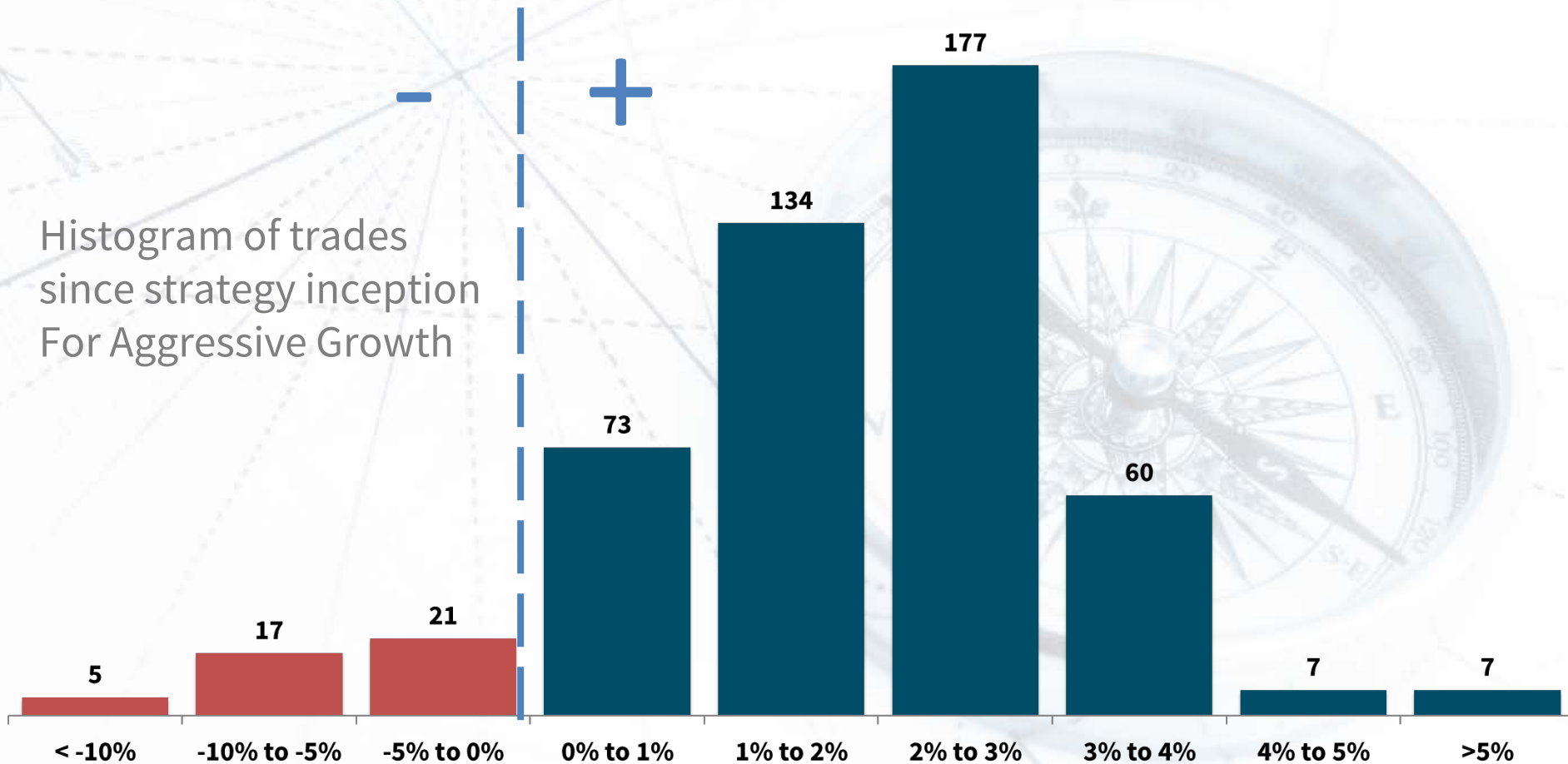
- Only use deep OTM options with high probability of expiring worthless
- Specific rules for risk/return trade-off must be met for entry & exit
- Will exit early with loss to protect from larger possible declines

Limited time frame

- Trades average 3-5 weeks until expiration
- Will only trade when return to risk premium is advantageous
- Positions typically held until expiring worthless

Repeatable winning trades: 91% batting average

Histogram of trades since strategy inception
For Aggressive Growth



Each trade counted, stratified; actual gross return per trade; as of June 30th 2017

Market decline represents the most significant risk to the strategy

Short-term Market Declines

- A sustained market decline over several days or a week can cause a portfolio loss when the portfolio bias is bullish
- The bias tends to be bullish on over 90% of the trades
- This type of decline can cause the spread to enter in to a loss
- Our defensive trading policies will spur an exit to protect the portfolio even though the spreads are still out-of-the-money
- We look to limit the losses in these scenarios to less than 6% wherever possible

Black Swan Event

- Markets can move suddenly, swiftly, and without notice.
- The strategy uses options to create implied leverage meaning it controls more shares than it could otherwise purchase with the same amount of capital.
- In a sharp downward moving market, the loss in the strategy may accelerate quickly because of the implied leverage - it depends on the conditions of the trade cycle.
- We describe this risk as the “Black Swan” risk that the strategy carries.

A Complementary Portfolio component:

The strategy is a complementary fit in a portfolio – not a Core holding

Aggressive



For clients looking for growth. Consider this an alternatives allocation not to exceed 20%

Conservative



As a supplement to a diversified portfolio or used as an overlay for additional income

Moderate



For lower risk tolerance clients but still looking for a diversification away from traditional fixed income

➤ Benefits:

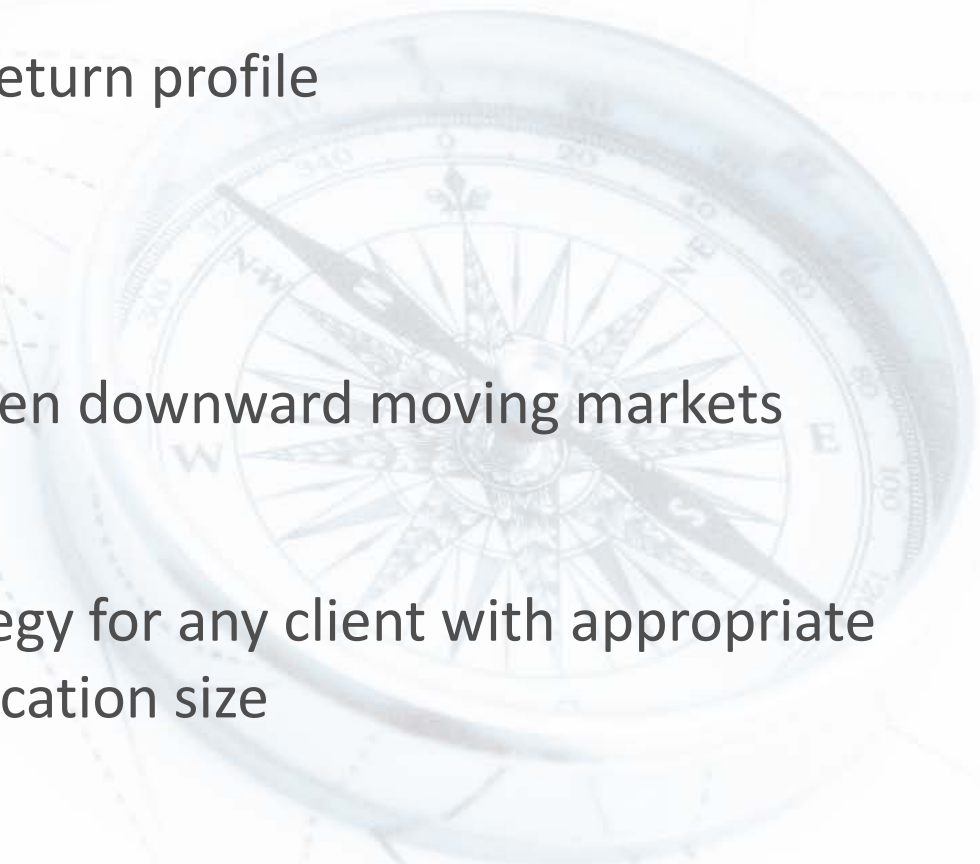
- Impressive historical return profile
- Diversification

➤ Risks

- Black swan risk / sudden downward moving markets

➤ Fit:

- Complementary Strategy for any client with appropriate risk tolerance and allocation size





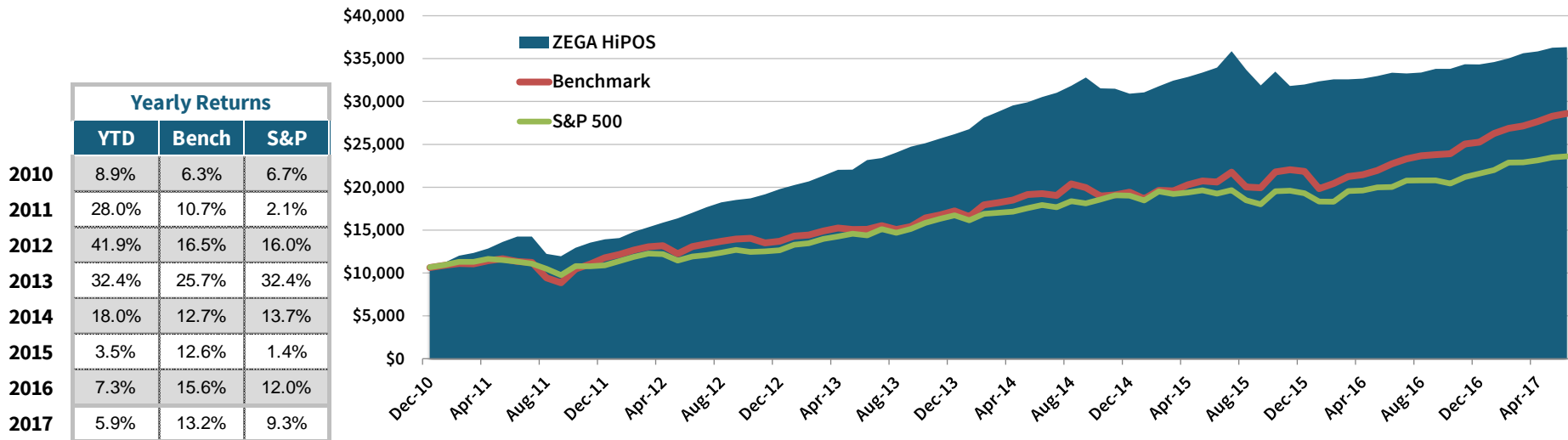
Strategy Performance Information





HiPOS Aggressive Growth through June 30th, 2017

Growth of \$10,000 November 2010 through June 2017



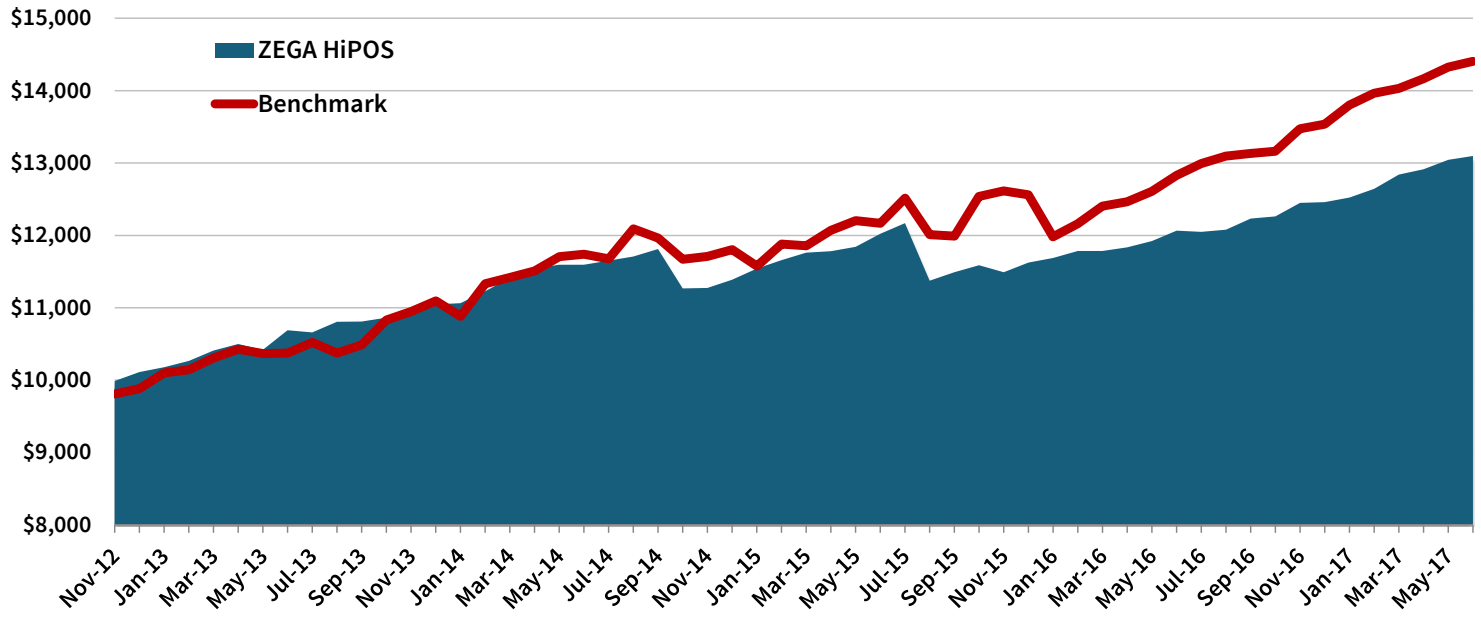
	Annualized Returns						Standard Deviation				Sharp Ratio				
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	ITD	1 Yr	3 Yr	5 Yr	ITD	1 Yr	3 Yr	5 Yr	ITD
ZEGA HiPOS Net	0.2%	2.0%	5.9%	9.0%	6.0%	16.4%	21.7%	2.0%	8.4%	7.7%	10.8%	5.05	0.90	2.34	2.13
Benchmark	1.1%	5.4%	13.2%	25.9%	14.1%	16.9%	17.3%	4.4%	12.6%	11.4%	15.1%	5.76	1.10	1.47	1.13
S&P 500	0.6%	3.1%	9.3%	17.9%	9.6%	14.6%	13.9%	5.8%	10.2%	9.5%	11.1%	2.98	0.92	1.53	1.24

Benchmark: 2 times the CBOE S&P 500 Put Write Index: measures the performance of a hypothetical portfolio that sells S&P 500 Index (SPX) put options against collateralized cash reserves held in a money market account.



HiPOS Conservative through June 30th, 2017

Growth of \$10,000 October 2012 through June 2017



Yearly Returns		
	YTD	Bench
2012	1.1%	-1.2%
2013	9.2%	12.3%
2014	3.1%	6.4%
2015	2.1%	6.4%
2016	7.2%	7.7%
2017	5.1%	6.4%

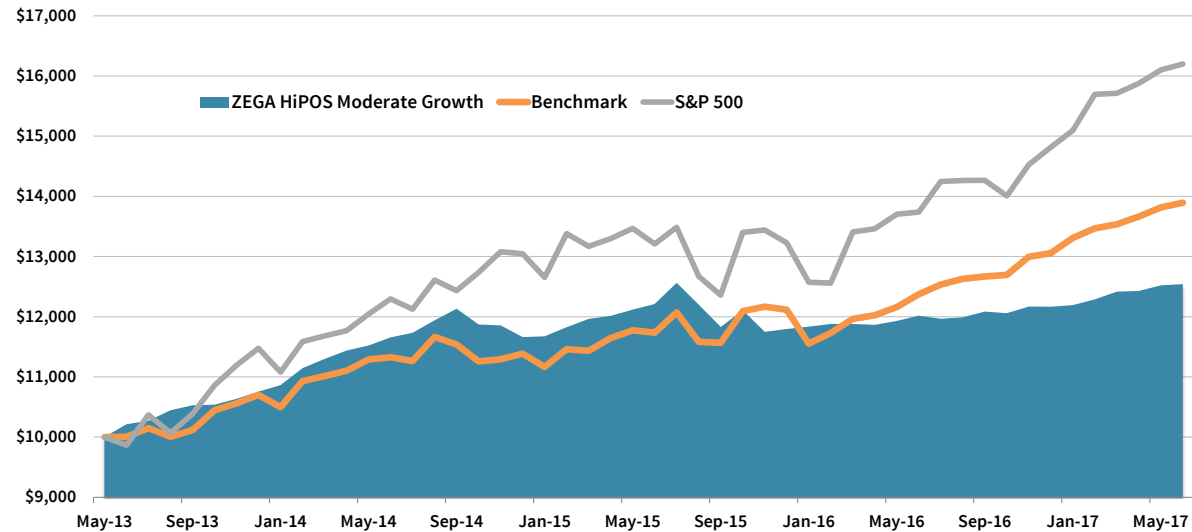
	Annualized Returns			Standard Deviation			Sharp Ratio					
	MTD	QTD	YTD	1 Yr	3 Yr	ITD	1 Yr	3 Yr	ITD	1 Yr	3 Yr	ITD
ZEGA HiPOS Net	0.4%	2.0%	5.1%	8.6%	4.2%	6.0%	1.7%	5.3%	4.6%	5.38	0.95	1.49
Benchmark	0.6%	2.7%	6.4%	12.3%	7.1%	8.1%	2.2%	6.3%	5.9%	5.34	1.08	1.35

Benchmark: The CBOE S&P 500 Put Write Index: measures the performance of a hypothetical portfolio that sells S&P 500 Index (SPX) put options against collateralized cash reserves held in a money market account.



HiPOS Moderate Growth through June 30th, 2017

Growth of \$10,000 November 2010 through June 2017



Yearly Returns			
	S&P	Bench	S&P
2013	7.6%	7.0%	14.7%
2014	8.4%	6.4%	13.7%
2015	1.1%	6.4%	1.4%
2016	3.1%	7.7%	12.0%
2017	3.1%	6.4%	9.3%

	Annualized Returns			Standard Deviation			Sharp Ratio					
	MTD	QTD	YTD	1 Yr	3 Yr	ITD	1 Yr	3 Yr	ITD	1 Yr	3 Yr	ITD
	ZEGA HiPOS Net	0.2%	1.0%	3.1%	4.3%	2.5%	5.7%	1.2%	4.7%	4.4%	4.86	0.92
Benchmark	0.6%	2.7%	6.4%	12.3%	7.1%	8.4%	2.2%	6.3%	6.1%	5.34	1.08	1.34
S&P 500	0.6%	3.1%	9.3%	17.9%	9.6%	12.5%	5.8%	10.2%	10.0%	2.98	0.92	1.23

Benchmark: The CBOE S&P 500 Put Write Index: measures the performance of a hypothetical portfolio that sells S&P 500 Index (SPX) put options against collateralized cash reserves held in a money market account.

ZEGA FINANCIAL, LLC
HIGH PROBABILITY OPTIONS STRATEGY – AGGRESSIVE GROWTH COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	Percent of Assets In Wrap Accounts	% of Non- Fee- Paying	Annual Performance Results Composite		2X the CBOE Put Write Index	Composite Dispersion	Composite 3 Yr St Dev	Benchmark 3 Yr St Dev
						Gross	Net				
2016	207	36	444	59%	2%	9.12%	7.26%	15.61%	0.35%	8.96%	13.46%
2015	224	56	336	43%	1%	5.30%	3.51%	12.58%	2.83%	9.47%	12.56%
2014	378	189	2,944	95%	<1%	20.14%	18.03%	12.69%	3.51%	5.89%	11.36%
2013	143	43	568	83%	2%	33.70%	32.41%	25.67%	2.78%	11.97%	17.59%
2012	13	2.5	12	0%	35%	43.78%	41.94%	16.45%	1.28%	N.A. ²	N.A. ²
2011	7	1.7	9	0%	43%	28.34%	27.99%	10.71%	N.A. ¹	N.A. ²	N.A. ²
2010*	NA	0.3	1	0%	100%	8.86%	8.86%	6.33%	N.A. ¹	N.A. ²	N.A. ²

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HIGH PROBABILITY OPTIONS STRATEGY – AGGRESSIVE GROWTH COMPOSITE

ANNUAL DISCLOSURE PRESENTATION

*Composite and benchmark performance are for the period 12/1/2010 through 12/31/2010.

N.A.1 - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

N.A.2 - The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized standard deviation is not presented for 2010 through 2012 due to less than 36 months of composite and benchmark data.

High Probability Options Strategy - Aggressive Growth Composite includes all institutional, retail, and founder portfolios that deploy out of the money credit spreads across the entire portfolio. This strategy targets out of the money strikes that can typically produce target returns of 1% to 3% per trade. The strategy aims to deliver risk-adjusted returns that are uncorrelated to the broader markets. A rapidly declining market generally negatively affects the strategy's credit put spreads. The Aggressive Growth version maximizes the amount of buying power available in a portfolio, and therefore takes on the maximum amount of risk. This composite includes all portfolios that were at least 70% dedicated to this strategy. The benchmark is a custom benchmark of 2 times the return of the CBOE Put Write Index and it is rebalanced at the end of every month. The CBOE Put Write Index is an index that measures the performance of a hypothetical portfolio that sells [S&P 500 Index \(SPX\)](#) put options against collateralized cash reserves held in a money market account. There is no minimum account size for this composite. The High Probability Options Strategy - Aggressive Growth Composite was created November 30, 2016.

ZEGA Financial, LLC ("ZEGA") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ZEGA has been independently verified for the periods 7/1/2011 to 12/31/2016. The verification report(s) is/are available upon request

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

ZEGA Financial is an independent registered investment adviser. The firm began managing client assets in July 2011. Prior to July 2011, the composite history represents the personal accounts of the founders. Since July 2011, firm assets included any accounts for which ZEGA Financial has at least some discretionary authority which includes accounts in ZEGA's wealth management practice and the investment management accounts for which ZEGA Financial was a sub-advisor to the account. The firm's list of composite descriptions is available upon request.

Performance presented prior to July 2011 occurred while the Portfolio Manager was affiliated with a prior firm and the Portfolio Manager was the only individual responsible for selecting the securities to buy and sell. The prior firm track record conforms to the portability requirements of the GIPS standards.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. To qualify as fully discretionary, at least 70% of the account must be dedicated to the composite strategy and no more than 20% of the account may be invested at discretion of a party other than ZEGA Financial. Derivatives and short positions make up a material part of the composite strategy which includes short selling, with the short position covered by cash accounts that are marked to market on a daily basis. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. This composite is a mix of accounts that are Wrap based and non-Wrap based (ie, pay commissions). Gross returns are shown as supplemental information and are stated gross of all fees and transaction costs for wrap accounts, and net of transaction costs for non-wrap accounts. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. The weighted average percentage of assets that were in Wrap fees is available upon request. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Net of fee performance was calculated using actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the composite varies. Our fee for portfolio management services is based on a percentage of your assets we manage and ranges from 0.50% to 1.7%. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives.

ZEGA FINANCIAL, LLC
HIGH PROBABILITY OPTIONS STRATEGY – CONSERVATIVE COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	Percent of Assets In Wrap Accounts	% of Carve Out accounts	% of Non-Fee-Paying	Annual Performance Results Composite		CBOE Put Write Index	Composite Dispersion	Composite 3 Yr St Dev	Benchmark 3 Yr St Dev
							Gross	Net				
2016	207	13	16	0%	0%	3%	8.33%	7.19%	7.75%	N.A. ¹	5.39%	6.73%
2015	224	5.5	2	0%	0%	0%	3.23%	2.08%	6.42%	N.A. ¹	5.56%	6.28%
2014	378	4.0	2	0%	100%	0%	4.15%	3.08%	6.39%	N.A. ¹	N.A. ²	N.A. ²
2013	143	3.3	1	0%	100%	0%	10.20%	9.23%	12.26%	N.A. ¹	N.A. ²	N.A. ²
2012*	13	0.7	1	0%	100%	0%	1.13%	1.13%	-1.17%	N.A. ¹	N.A. ²	N.A. ²

ZEGA FINANCIAL, LLC

HIGH PROBABILITY OPTIONS STRATEGY – CONSERVATIVE COMPOSITE

ANNUAL DISCLOSURE PRESENTATION

*Composite and benchmark performance are for the period 11/1/2012 through 12/31/2012.

N.A.1 - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

N.A.2 - The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized standard deviation is not presented for 2012 through 2014 due to less than 36 months of composite and benchmark data.

High Probability Options Strategy - Conservative Composite includes all institutional and retail portfolios that deploy deep out of the money credit spreads across the entire portfolio. This strategy targets out of the money strikes that can typically produce target returns of 1% by seeking strikes that are further out-of-the-money than the trades deployed by the other HIPOS strategies. The strategy aims to deliver risk-adjusted returns that are uncorrelated to the broader markets. A rapidly declining market generally negatively affects the strategy's credit put spreads. This composite includes all portfolios that were at least 70% dedicated to this strategy. The benchmark is the CBOE Put Write Index. The CBOE Put Write Index is an index that measures the performance of a hypothetical portfolio that sells [S&P 500 Index \(SPX\)](#) put options against collateralized cash reserves held in a money market account. There is no minimum account size for this composite. The High Probability Options Strategy - Conservative Composite was created November 30, 2016.

ZEGA Financial, LLC ("ZEGA") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ZEGA has been independently verified for the periods July 1, 2011 to December 31, 2016. The verification report(s) is/are available upon request

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

ZEGA Financial is an independent registered investment adviser. The firm began managing client assets in July 2011. Since July 2011, firm assets included any accounts for which ZEGA Financial has at least some discretionary authority which includes accounts in ZEGA's wealth management practice and the investment management accounts for which ZEGA Financial was a sub-advisor to the account. The firm's list of composite descriptions is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. To qualify as fully discretionary, at least 70% of the account must be dedicated to the composite strategy and no more than 20% of the account may be invested at discretion of a party other than ZEGA Financial. Derivatives and short positions make up a material part of the composite strategy which includes short selling, with the short position covered by cash accounts that are marked to market on a daily basis. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. This composite is a mix of accounts that are Wrap based and non-Wrap based (ie, pay commissions). Gross returns are shown as supplemental information and are stated gross of all fees and transaction costs for wrap accounts, and net of transaction costs for non-wrap accounts. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. The weighted average percentage of assets that were in Wrap fees is available upon request. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Net of fee performance was calculated using actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the composite varies. Our fee for portfolio management services is based on a percentage of your assets we manage and ranges from 0.50% to 1.7%. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives.

ZEGA FINANCIAL, LLC
HIGH PROBABILITY OPTIONS STRATEGY – MODERATE GROWTH COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	Percent of Assets In Wrap Accounts	Annual Performance Results Composite		CBOE Put Write Index	Composite Dispersion	Composite 3 Yr St Dev	Benchmark 3 Yr St Dev
					Gross	Net				
2016	207	23	264	84%	5.31%	3.15%	7.75%	0.32%	4.99%	6.73%
2015	224	20	117	75%	3.09%	1.13%	6.42%	N.A. ¹	N.A. ²	N.A. ²
2014	378	121	1,302	98%	10.64%	8.43%	6.39%	1.16%	N.A. ²	N.A. ²
2013*	143	43	476	100%	8.33%	7.51%	7.01%	N.A. ¹	N.A. ²	N.A. ²

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HIGH PROBABILITY OPTIONS STRATEGY – MODERATE GROWTH COMPOSITE

ANNUAL DISCLOSURE PRESENTATION

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HIGH PROBABILITY OPTIONS STRATEGY – MODERATE GROWTH COMPOSITE includes all institutional and retail portfolios that deploy out of the money credit spreads across 40% to 60% of the portfolio along with money market ETF for the remainder. This strategy targets out of the money strikes that can typically produce target returns of 1% to 3% per trade. The strategy aims to deliver risk-adjusted returns that are uncorrelated to the broader markets. A rapidly declining market generally negatively affects the strategy's credit put spreads. This composite includes all portfolios that were at least 70% dedicated to this strategy. The benchmark is the CBOE Put Write Index. The CBOE Put Write Index is an index that measures the performance of a hypothetical portfolio that sells [S&P 500 Index \(SPX\)](#) put options against collateralized cash reserves held in a money market account. There is no minimum account size for this composite. The HIGH PROBABILITY OPTIONS STRATEGY – MODERATE GROWTH COMPOSITE was created November 30, 2016.

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