

# The Four Seasons Signal Model from ZEGA Financial

February 2024



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

# Additional Disclosure

While these strategies project both the broad direction of the equity markets and the potential range of any price movements, sudden socio-political, environmental, or economic disasters or upheavals can significantly swing the markets and price ranges in the short term. These signals, therefore, are not intended to be used in the near term for short term trading.

While ZEGA Financial has identified 19 triggers that we believe can signal changes in the markets, there may be other, unknown triggers that we have not accounted for which could significantly skew our results.

# About ZEGA Financial LLC

- ❑ SEC Registered Investment Advisor founded in 2011
- ❑ ~\$2.6 billion in assets under management (AUM) as of December 31, 2023
- ❑ Conservative market positioning that encompasses hedged equity, alternative income, alpha generation and more
- ❑ Claims compliance with the Global Investment Performance Standards (GIPS)
- ❑ Authors of the best-seller on hedged equity: *"Buy and Hedge: The 5 Iron Rules for Investing over the Long Term"*
- ❑ Established as a source for option insights on numerous financial media

*"ZEGA partners with advisors to deliver options-based solutions that clearly define and align potential returns with an individual client's risk profile."*

*We combine over 150 years of trading experience with our passion to develop forward-thinking strategies that distinguish both our firm...and yours.*

*Never forgetting our adherence to the strictest of ethical codes."*

Jay Pestrighelli, Founder & CEO

**Bloomberg**

**yahoo!**  
finance

**FOX**  
BUSINESS

THE WALL STREET JOURNAL.

**Nasdaq**

**TheStreet.**

# Meet the ZEGA team



**Jay Pestrichelli**  
CEO,  
Founder

26 years  
investment  
experience



**Mick Brokaw**  
Managing  
Director of  
Trading

28 years  
investment  
experience



**Micheal McGrath**  
Chief  
Operations  
Officer

25 years  
financial  
experience



**Jillian Baker**  
Director of  
Operations

19 years  
financial  
experience



**Jim Granger**  
Chief  
Compliance  
Officer

32 years  
investment  
experience



**Mike Puck**  
Director of  
Business  
Development

16 years  
investment  
experience



**Brett Johnson**  
Director of  
Trading

27 years  
investment  
experience



**Soupy Chum**  
Operations  
Manager

16 years  
financial  
experience



**Quinn Berry**  
ETF Trading  
Manager

16 years  
financial  
experience



**Therese Brader**  
Client  
Services  
Manager

13 years  
client service  
experience



**Derek Moore**  
Investment  
Committee,  
IAR of ZEGA

30 years  
investment  
experience



**Lynn Pestrichelli**  
Marketing  
Manager

30 years  
marketing  
experience



*"Nothing differentiates a business more than  
the people who contribute to its success."*

Jay Pestrichelli

# Projecting the market's next season

*Can a trading signal derived from options market data predict S&P 500 direction and range?*

- ❑ The protective, speculative, leveraged natures of equity option markets tell a story
- ❑ Traditionally represented by volatility indexes, ZEGA dove deeper; computing multiple iterations of macro equity market models over 9 years of data
- ❑ ZEGA identified 19 triggers that alone and in combination provide signals that project a change of season
- ❑ Seasonal signals project both the direction of the broad equity market and the potential range of any price movement
- ❑ Portfolios created to potentially capitalize on the identified current "season"

*Every day, on average, option trades command U.S. equity notional value in excess of:*

**\$55 Billion\***

*\*CBOE April 2023*

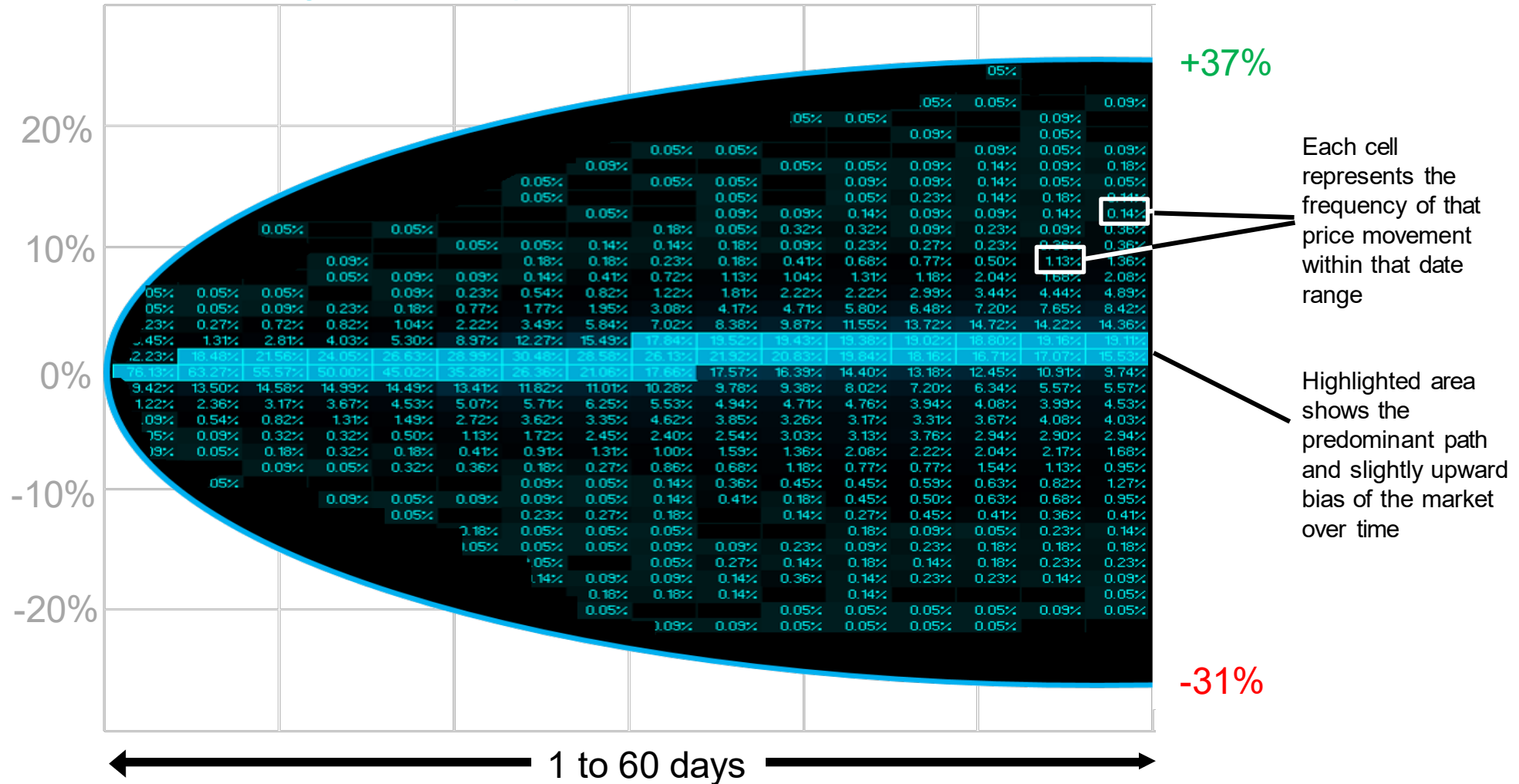
*\$55 Billion x 250 trading days x 9 years = \$123.7 trillion of potential trading value signals*



# The Four Seasons Signal Model

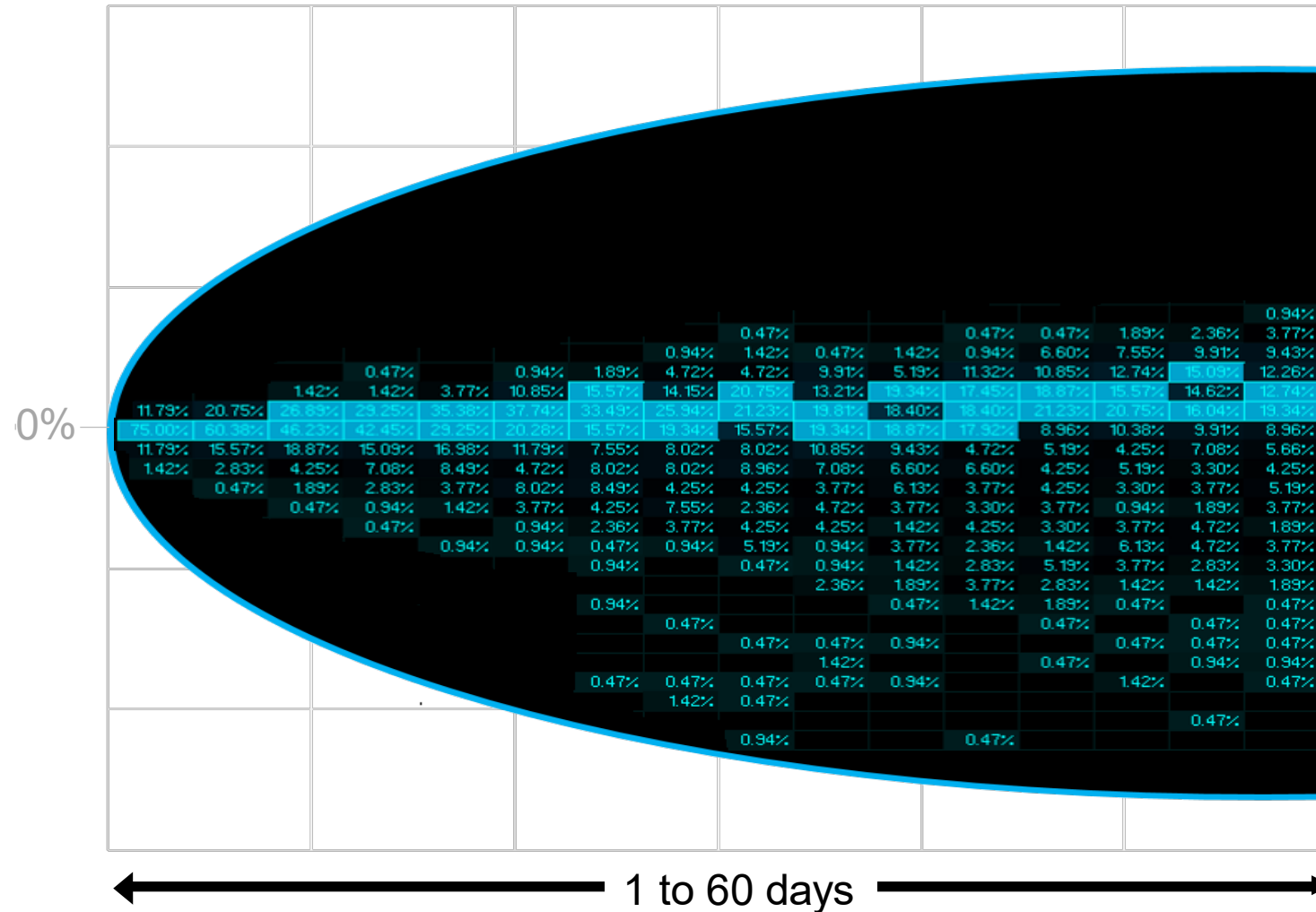
*Tells us where the market will trade within the overall expected range of the S&P 500*

*Range of all SPY price movements: 2014-2022*



# Bear Wide Season

*Shows a broad range of returns. Areas of significant decline punctuate days 10 thru 60 with a flat directional bias overall.*

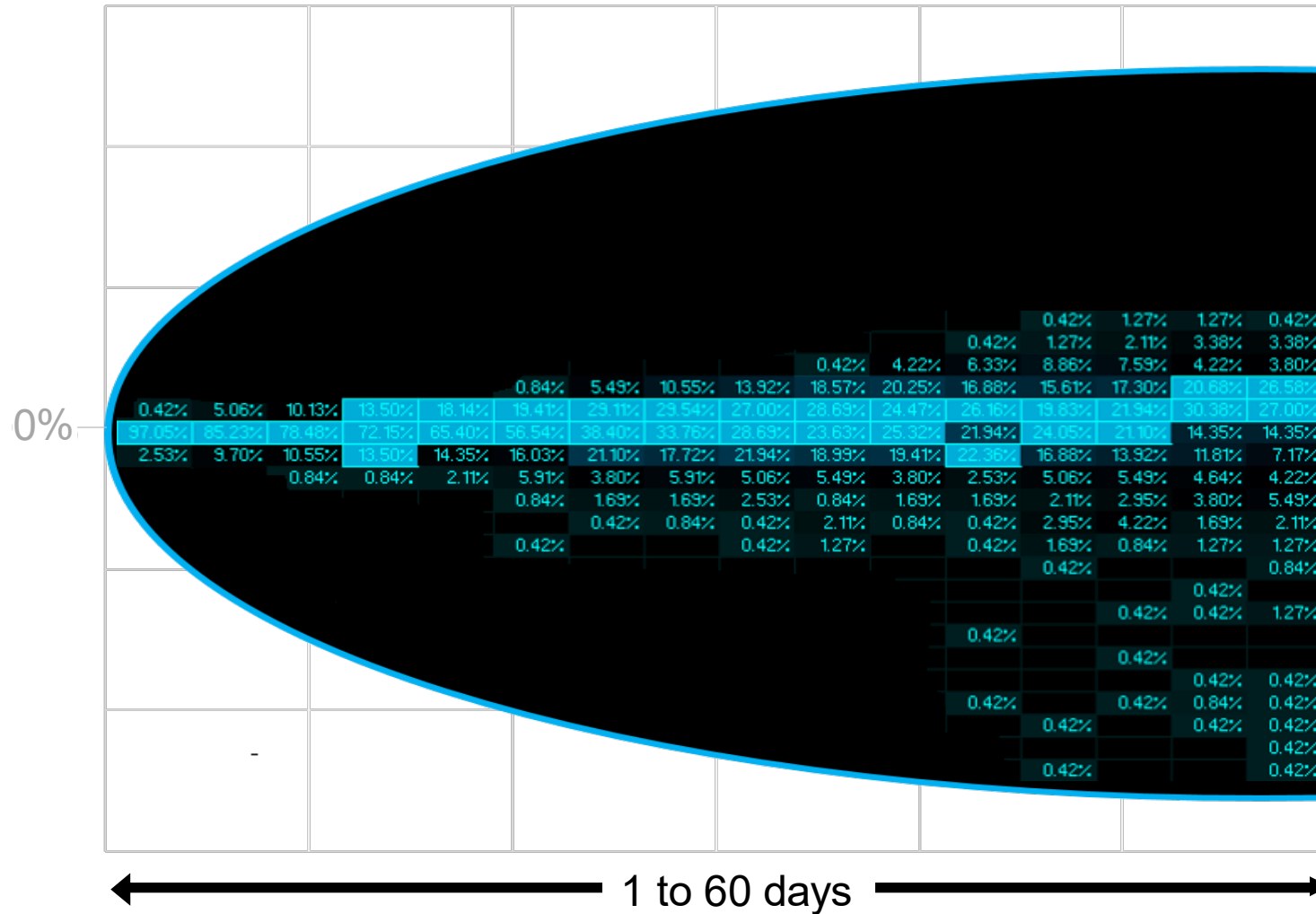


*Trading range and frequency (%) of occurrences*



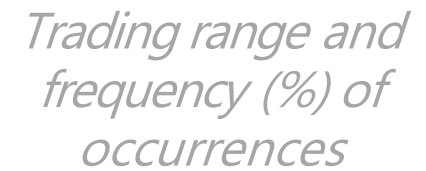
# Bear Narrow Season

*Shows a reduction in the magnitude of change, but still can experience significant declines nearing day 60*



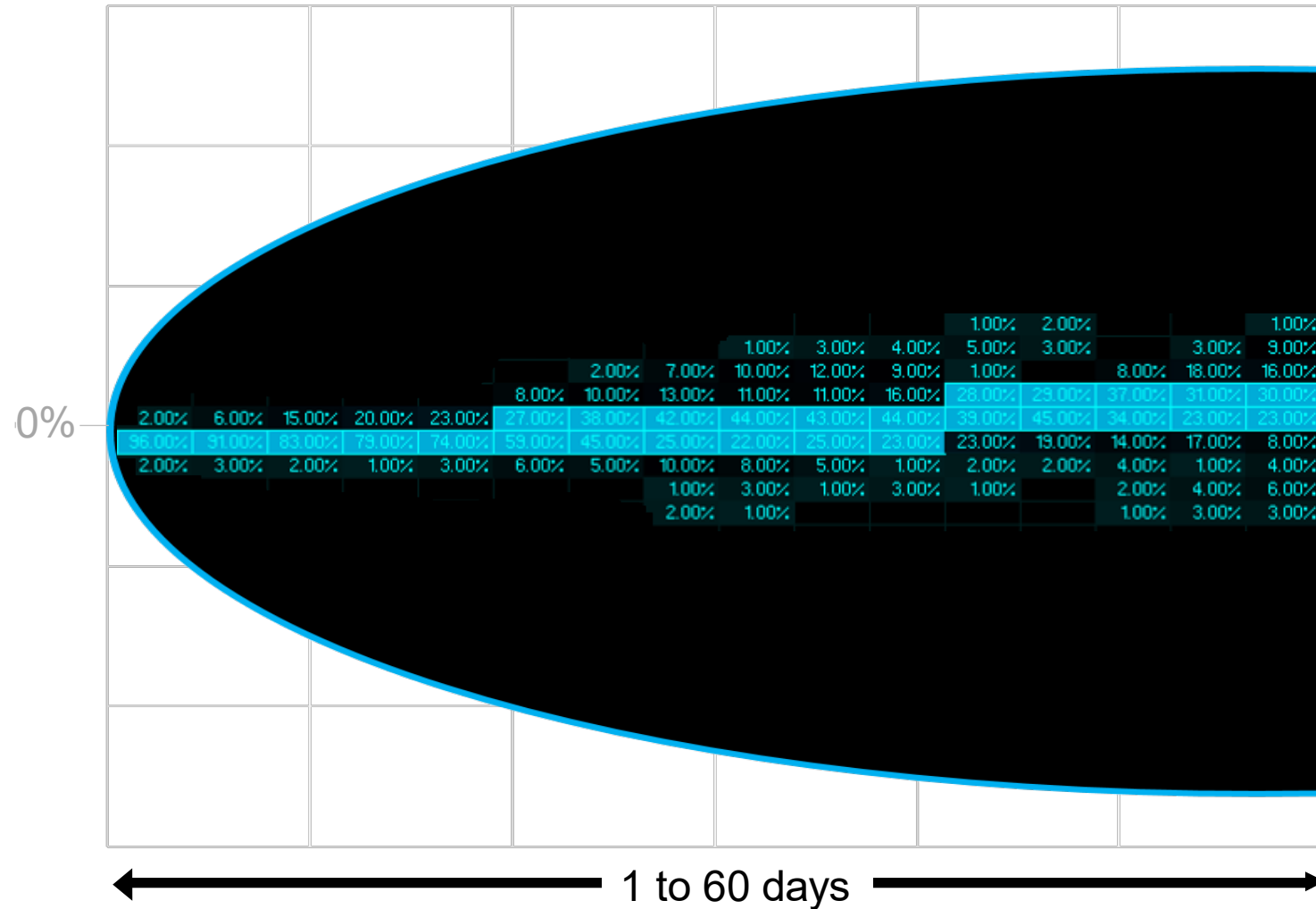
*Trading range and frequency (%) of occurrences*

*Shows a wide range of movement with the bullish direction increasing over time*



# Bull Narrow season

*Shows a clear reduction in magnitude of market moves even over longer periods of time*



*Trading range and frequency (%) of occurrences*

# Portfolios designed to capture the seasons

*Models vary exposure level to the broad equity market based on classic risk tolerance profiles*

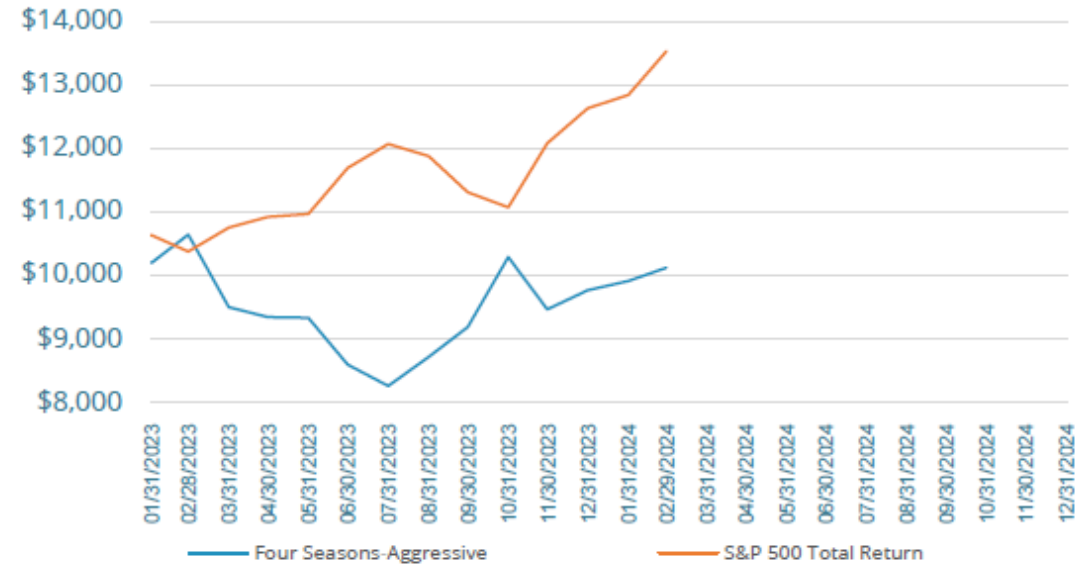
Model	Bull Narrow	Bear Narrow	Bull Wide	Bear Wide
Aggressive	1x SPY	.5x SPY	2x SPY	-1.5x SPY
Moderate Aggressive	1x SPY	.5x SPY	1.5x SPY	-.5x SPY
Moderate	.65x SPY	.4x SPY	.75x SPY	-.3x SPY
Moderate Conservative	.4x SPY	.25x SPY	.6x SPY	-.25x SPY
Conservative	.25x SPY	.25x SPY	.35x SPY	-.15x SPY

# Four Seasons-Aggressive Through February 29, 2024

## Performance Statistics

	<b>ZEGA Financial</b>	<b>S&amp;P 500 Total Return</b>
YTD Return	3.63%	7.11%
Cumulative Return ITD	1.13%	35.25%
Annualized Volatility	20.89%	13.40%
Sharpe Ratio	-0.18	1.82

## Cumulative Growth (since inception)



## Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	S&P 500 Total Return
2023	1.95%	4.33%	-10.73%	-1.69%	-0.09%	-7.93%	-3.92%	5.58%	5.35%	12.06%	-8.02%	3.17%	-2.42%	26.27%
2024	1.50%	2.10%											3.63%	7.11%

## Performance Statistics

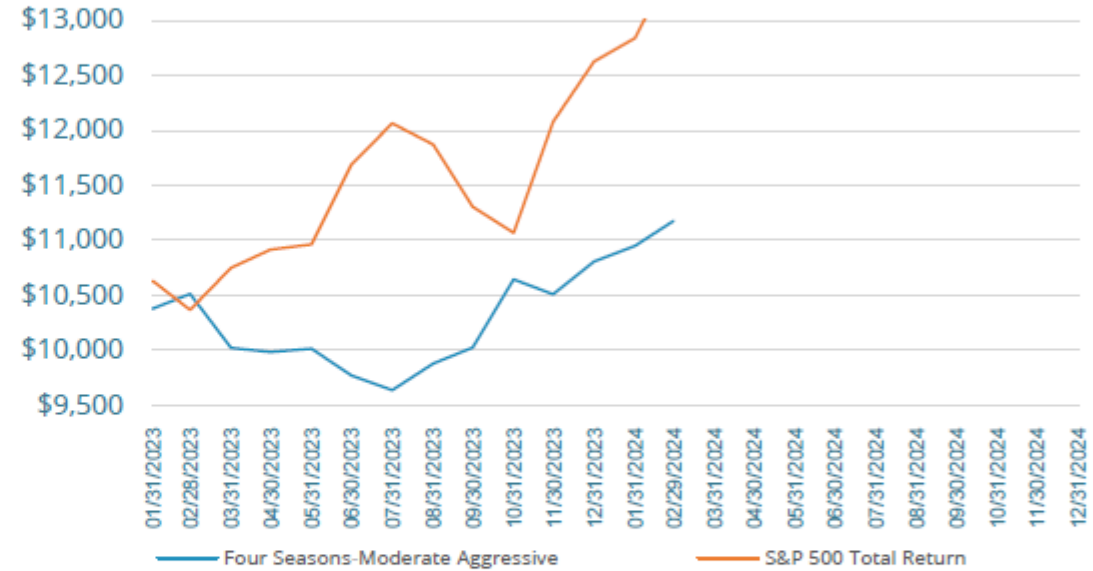
	<b>ZEGA Financial</b>	<b>S&amp;P 500 Total Return</b>
YTD Return	3.40%	7.11%
Cumulative Return ITD	11.77%	35.25%
Annualized Volatility	9.33%	13.40%
Sharpe Ratio	0.62	1.82

## Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	S&P 500 Total Return
2023	3.81%	1.28%	-4.68%	-0.36%	0.29%	-2.44%	-1.36%	2.52%	1.45%	6.21%	-1.28%	2.85%	8.09%	26.27%
2024	1.31%	2.06%											3.40%	7.11%

## Four Seasons-Moderate Aggressive Through February 29, 2024

### Cumulative Growth (since inception)



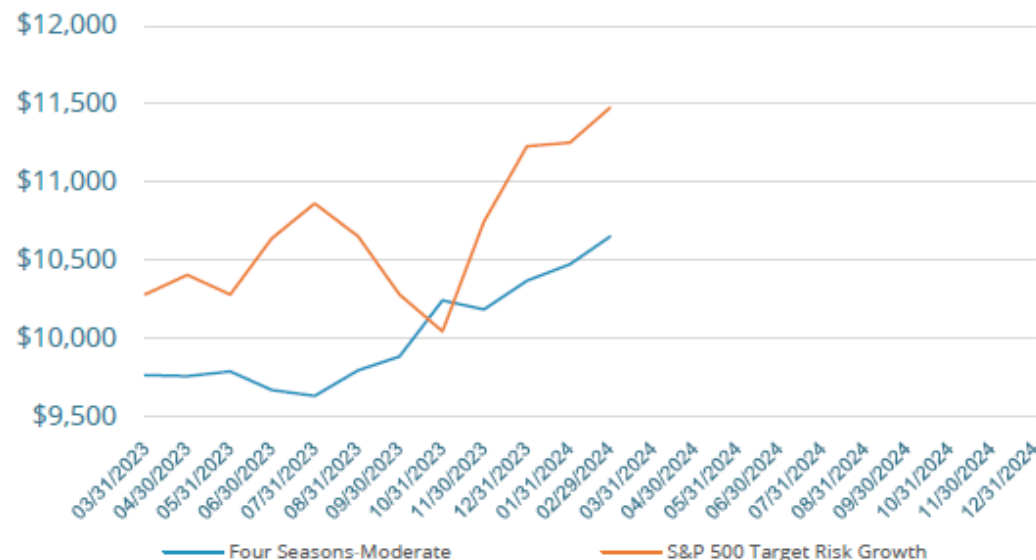


# Four Seasons-Moderate Through February 29, 2024

## Performance Statistics

	<b>ZEGA Financial</b>	<b>S&amp;P 500 Target Risk Growth</b>
YTD Return	2.74%	2.20%
Cumulative Return ITD	6.50%	14.77%
Annualized Volatility	5.36%	10.23%
Sharpe Ratio	0.27	0.92

## Cumulative Growth (since inception)



## Monthly Performance

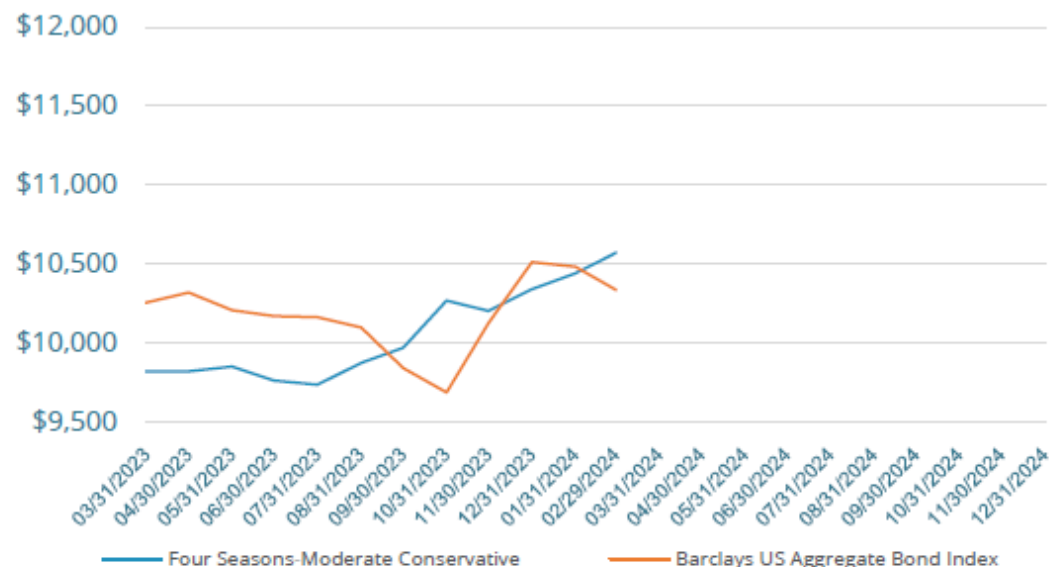
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	S&P500 Target Risk Growth
2023			-2.39%	-0.07%	0.32%	-1.21%	-0.40%	1.71%	0.90%	3.63%	-0.56%	1.81%	3.67%	12.29%
2024	1.01%	1.71%											2.74%	2.20%

## Performance Statistics

	<b>ZEGA Financial</b>	<b>Barclays US Aggregate Bond Index</b>
YTD Return	2.23%	-1.68%
Cumulative Return ITD	5.70%	3.35%
Annualized Volatility	4.31%	7.33%
Sharpe Ratio	0.09	-0.27

## Four Seasons-Moderate Conservative Through February 29, 2024

### Cumulative Growth (since inception)



## Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Barclays US Aggregate Bond Index
2023			-1.83%	0.00%	0.33%	-0.92%	-0.26%	1.42%	0.96%	3.02%	-0.65%	1.36%	3.39%	5.11%
2024	0.96%	1.26%											2.23%	-1.68%

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ZEGA strategies and ETFs please visit:

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