



ZEGA  
FINANCIAL

# ZEGA's Ultra Opportunity Model (ZUOM)

March 2021

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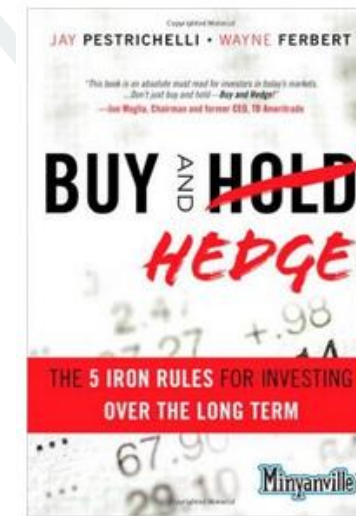
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This presentation should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the adviser as of the date of the presentation and are subject to change.

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

- SEC Registered Investment Advisor\* founded in 2011
- Over \$440 million in Assets Under Management as of December 31, 2021
- Authors of the best-seller: *Buy And Hedge: The 5 Iron Rules for Investing over the Long Term*
- Awarded 5-star rating for HiPOS Conservative and ZBIG Leverage in 2019
- Claims compliance with the Global Investment Performance Standards



*ZEGA's mission is to partner with small to mid-size advisors and deliver industry leading options-based investing solutions and insights.*

*Our passion is developing strategies centered on the balance between risk and reward.*

*We are conservative in our market positioning and follow the strictest of ethical codes to act only in the best interest of our clients.*

*The media is taking notice. ZEGA is recognized as the go to source for options insights.*



**THE WALL STREET JOURNAL.**

**Bloomberg**

**TheStreet.**

**YAHOO!**  
FINANCE

The Nasdaq logo, featuring a stylized blue 'N' followed by the word 'Nasdaq' in a blue, sans-serif font.

*With over 120 years of combined investing experience, we follow a progressive, forward thinking approach to investing.*



**Jay Pestrichelli**  
Co-Founder  
Managing Director

21 years Investment  
Experience



**Mick Brokaw**  
Director of  
Trading/CCO

22 years Investment  
Experience



**Jillian Baker**  
Director of  
Communications

14 years  
Investment  
Experience



**Jim Granger**  
Operations  
Manager

20 years  
Investment  
Experience



**Derek Moore**  
IAR of ZEGA

25 years  
Investment  
Experience

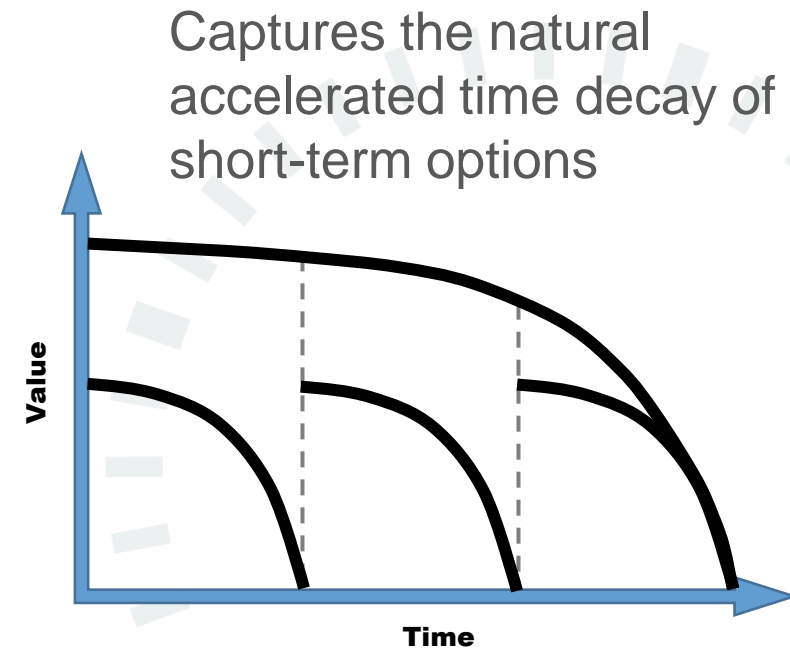
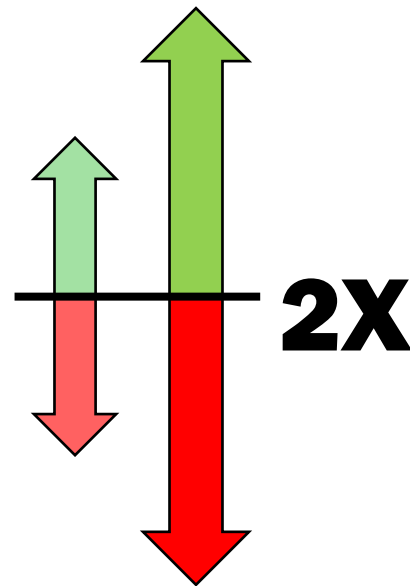
“Nothing differentiates a business more than the people who contribute to its success.” – Jay Pestrichelli

# ZEGA's Ultra Opportunity Model



- The Ultra-Opportunity model utilizes the options to deliver a multiple on market returns.
- Carries significantly higher volatility than a standard stock portfolio
- For sophisticated and accredited investors looking for an aggressive allocation with a multi-year time horizon

Creates a multiple of upside exposure through the implied leveraged inherent in long call options

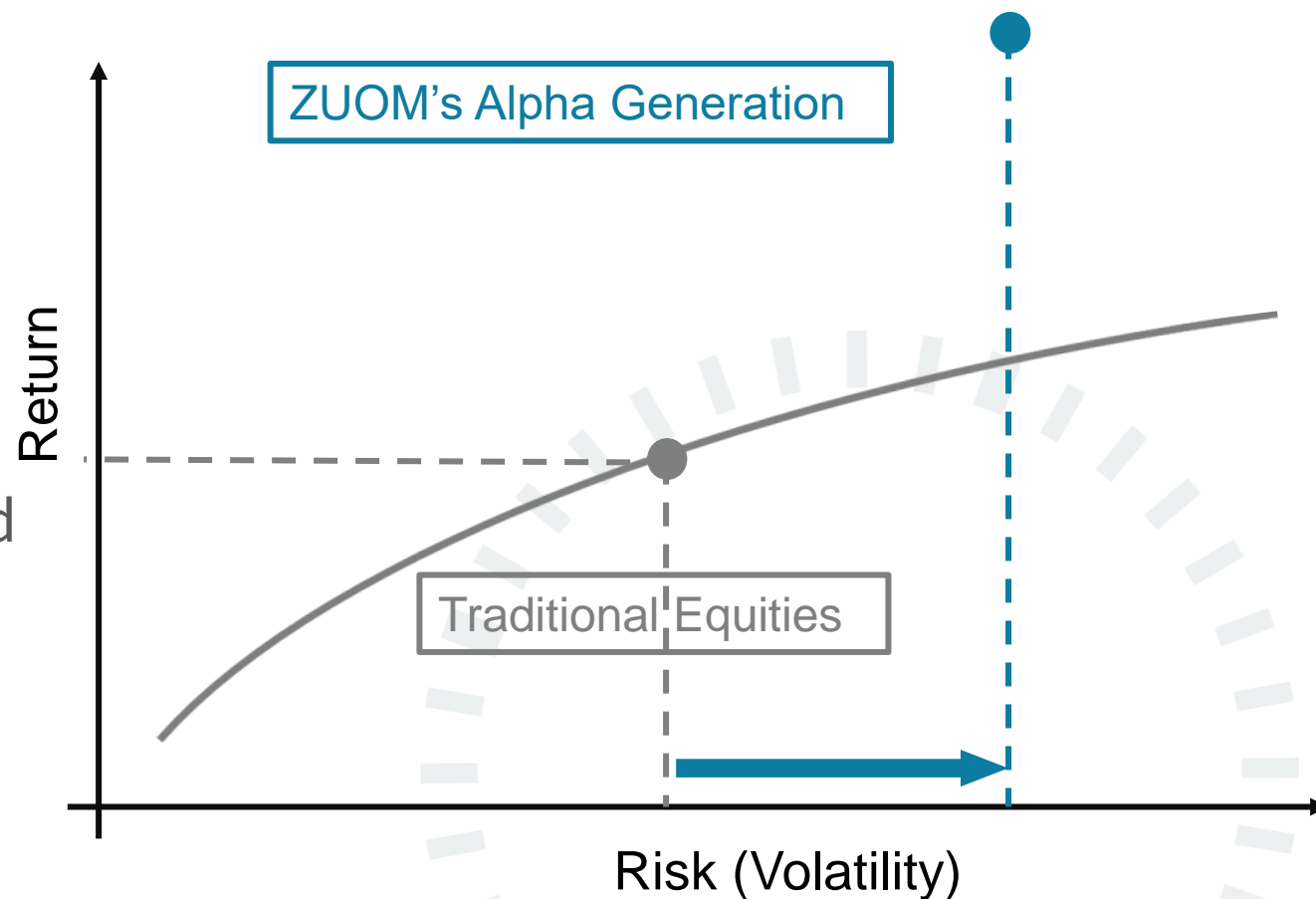


- The ZEGA Ultra Opportunity Model is designed to deliver excess market returns by deploying long-dated stock market call options with a notional value ratio of at least 150%.
- The long calls use the implied leverage inherent in options to create excess stock market exposure without using margin.
- The long calls are funded by an aggressive index option premium selling model.
- The premium selling tactic consists of out of the money index credit spreads paired with debit spreads collateralized by cash.
- The combinations of these tactics target excess market returns during periods of stock market growth. A declining market negatively affects the strategy's long call performance and potentially compounded losses from decline of the credit spreads.



- Example of how an alternative can divert from traditional models
- Additional risk is added
- Excess return above the additional risk the is the target
- Generating returns in excess of the additional risk is known as Alpha and is the primary goal of ZUOM
- Due to the excess volatility, recommended usage to not exceed 20% of investible assets

## Efficient Frontier Comparison:



Source: <https://www.thestreet.com/story/13383547/1/4-reasons-why-investors-should-consider-alternative-investments.html>

# Performance



# ZEGA Ultra Opportunity Model Through March 31, 2021

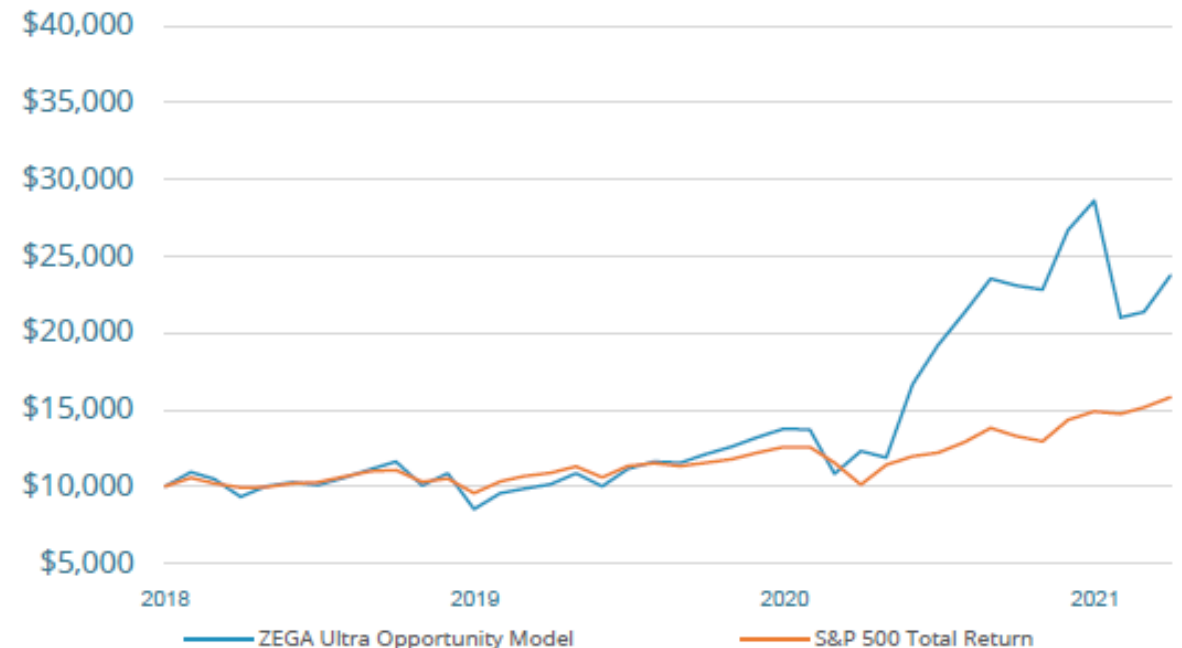
## Performance Statistics

	ZEGA Financial	S&P 500 Total Return
YTD Return	-17.06%	6.18%
Ann. Return: 1 year	92.96%	56.36%
Ann. Return: Inception	30.46%	15.13%
Ann. Return: 3 years	36.50%	16.79%
Annualized Volatility	39.62%	17.95%
Sharpe Ratio	0.74	0.77

## Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	S&P500
2018	9.22%	-3.95%	-11.06%	7.13%	2.83%	-1.79%	4.64%	5.25%	4.38%	-13.24%	7.83%	-21.54%	-14.82%	-4.38%
2019	12.18%	3.20%	2.95%	6.78%	-7.71%	11.41%	4.15%	-0.60%	4.67%	4.21%	4.79%	4.17%	61.30%	31.50%
2020	-0.24%	-21.03%	13.61%	-3.32%	40.02%	15.43%	10.97%	10.36%	-1.88%	-1.15%	16.99%	7.14%	108.22%	18.40%
2021	-26.57%	1.77%	10.99%										-17.06%	6.18%

## Cumulative Growth (since inception)



# Appendix: GIPS Compliant Disclosure



**ZEGA FINANCIAL, LLC**  
**ZEGA'S ULTRA OPPORTUNITY MODEL (f.k.a. Double Beta Option Tactic) – COMPOSITE**  
**ANNUAL DISCLOSURE PRESENTATION**



Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	Percent of Assets In Wrap Accounts	Percent of Carve Out Accounts	Percent Assets of Non-Fee Paying	Annual Performance Results Composite		Benchmark S&P 500	Composite Dispersion	Composite 3 Yr St Dev	Benchmark 3 Yr St Dev
							Gross	Net				
2019	442	< 1	3	0%	0%	100%	61.31%	61.31%	31.50%	N.A. 1	N.A. 2	N.A. 2
2018	340	< 1	2	0%	0%	100%	-14.82%	-14.82%	-4.39%	N.A. 1	N.A. 2	N.A. 2

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 2017 due to less than 36 months of composite and benchmark data.

***ZEGA's Ultra Opportunity COMPOSITE*** The ZUOM Composite includes all institutional, retail, and founder portfolios that deploy long-dated calls and call spreads with more than 150% notional market value subsidized by credit spread pairs tactic. This portion of the portfolio uses out of the money index credit spreads paired with debit spreads that have net returns of 1% to 3% per trade. The strategy aims to deliver risk-adjusted returns that are correlated to the broader markets. A rapidly declining market generally negatively affects the strategy's positions. The DBOT strategy maximizes the amount of buying power available in a portfolio, and therefore takes on the maximum amount of risk and is recommended for the most aggressive investors. This composite includes all portfolios that were at least 70% dedicated to this strategy. The benchmark is the S&P 500. The benchmark is the S&P 500. The S&P 500 Index is a collection of 500 of the largest publicly traded US Equity large cap companies. The minimum account size for this composite is sixty thousand dollars (\$60,000). The ZEGA Ultra Opportunity Model was created January 1, 2018.

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, 2019. 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 daily. 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 (i.e., 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 assets ZEGA manages 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. Employee accounts do not pay advisory fees, so the returns illustrated for the strategy are higher than they would be if employee accounts paid similar fees.