ZUOM

ZEGA Ultra Opportunity Model

March 2021

ZEGA FINANCIAL
The disciplined option

Investment Vehicle: Separately Managed Account
Portfolio Managers: Jay Pestrichelli & Mick Brokaw

Inception Date: January 2018

Strategy Overview

The ZEGA Ultra Opportunity Model is designed to deliver excess market returns by deploying long-dated stock market call options with a notional value of at least 150% funded by an aggressive index option premium selling model. The long calls create excess exposure without using margin, but the implied leverage inherent in options. The premium selling tactic consists of out of the money index credit spreads paired with debit spreads collateralized by cash. The target of the combined tactics is to deliver 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.

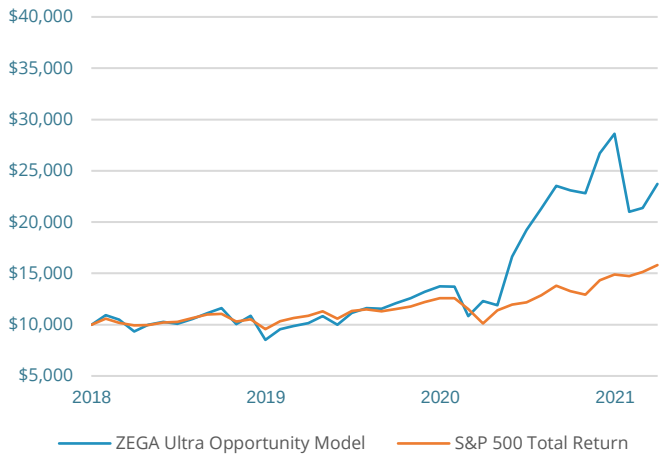
Methodology

- Purchase long call options on equity ETFs with notional exposure exceeding 150% of the account value.
- Call expirations are long-dated for periods greater than 12-months and typically laddered over multiple expirations.
- Calls are rolled forward to lock in gains during times of market appreciation.
- During times of dramatic market declines, avoided losses are reinvested at lower levels to add rebound exposure.
- Deep Out-of-the-money index credit spreads are sold to generate monthly premium.
- Long spreads are purchased on an adjacent index to act as an offset for short option risk.
- The net premium of the two monthly spreads aims to fully fund the long-dated calls over their expiration.

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: 3 years	36.50%	16.79%
Ann. Return: Inception	30.46%	15.13%
Annualized Volatility	39.62%	17.95%
Sharpe Ratio	0.74	0.77

Cumulative Growth (since inception)



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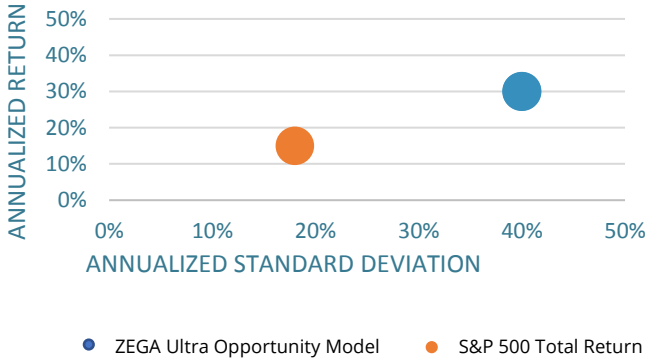
Recommended Usage

- Aggressive sleeve for investors looking for an alternative allocation.
- Investors with a bullish outlook on the US markets that want outsized exposure to upside growth.
- Investors comfortable with downside risk that exceeds traditional stock market volatility.
- Recommended for the sophisticated and accredited investor comfortable with the fluctuation and complexity of option pricing.
- Recommended usage limited to a 10-20% allocation of an individual's investable assets. This should be considered part of the other ZEGA High Probability Option Strategy allocations.

Risk vs. Return



Monthly Performance

	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%**

Strategy Risks & Disclosures

Note: Returns are expressed in US Dollars and calculated net of actual fees. Performance includes reinvestment of dividends and other earnings.

ZEGA Financial is a registered investment adviser and investment manager that specializes in derivatives. ZEGA is a separate accounts manager and all returns expressed herein are solely from the separate accounts business within ZEGA.

ZEGA's Ultra Opportunity Model deploys long-dated calls with a notional value of at least 150% along with an option premium selling strategy. This consists of out of the money index credit spreads paired with debit spreads across a portion of cash in the portfolio. The pair trades target a net return designed to offset time decay of the long calls. The strategy aims to deliver risk-adjusted returns at a rate that exceeds the stock market change. A rapidly declining market negatively affects the strategy's credit put spreads as well as long call performance. This composite includes all portfolios that were at least 70% dedicated to this strategy. 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 $100,000.

ZEGA Financial claims compliance with the Global Investment Performance Standards (GIPS). To receive a full list of composite descriptions of ZEGA Financial and/or a presentation contact Jay Pestrichelli at 1-800-380-9342, ext 101 or jay.pestrichelli@zegafinancial.com.

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.

These results should not be viewed as indicative of the advisor's skill. The prior performance figures indicated here in represent portfolio performance for only a short time period, and may not be indicative of the returns or volatility each portfolio will generate over a long time period. The performance presented 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 presented 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 a part 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.

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