

ZEGA's Dividend Max Strategy

March 2024



Disclosure

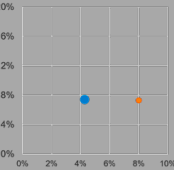
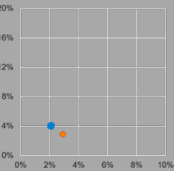
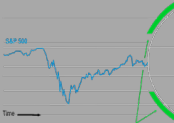
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Except where specifically identified otherwise, all performance data in this presentation is the performance of the Separate Account Strategy.



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.

N 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

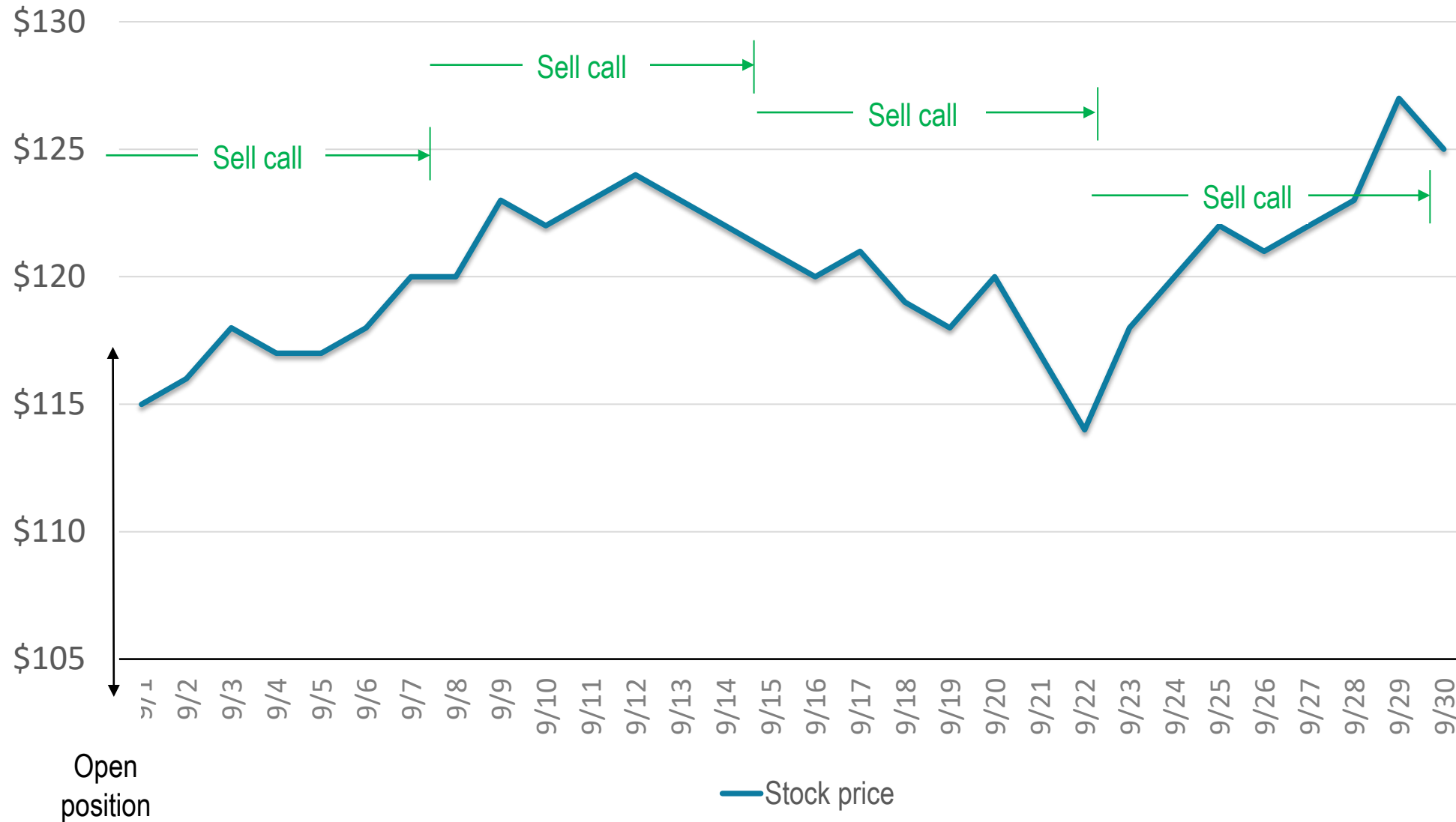
Dividend Max – Basket of ETFs for Alt Income

- ❑ Actively managed **Basket of ETFs** constructed with options on a single ticker with the intention of **delivering outsized dividend yields**.
- ❑ Strategy designed to **convert option volatility** to cash flow
- ❑ Using short-term and near-the-money **option selling**, Puts, Calls or Spreads.

The strategy looks to **take advantage of the natural time decay** of options

- ❑ Some positions may use a **replication of a covered call** strategy.

A review of Covered Calls



Portfolio Composition of ETFs

1. Short Put + Long Call = Long Stock Position
2. Short Call = Income
3. Treasuries = Collateral & Additional Income

Synthetic
Covered
Call

Results:

- Covered call strategy
- Monthly income potential
- Short out-of-the money call allows some upside participation
- All options are backed by the Options Clearing Corporation (OCC)
- No leverage
- No stock gets called away

ETF Dividend Max

- ❑ Dividend Max : **Holds high dividend yielding ETFs** that primarily institute synthetic covered calls, covered call strategies or other options tactics.
- ❑ Funds **generate income** from a combination of selling covered call premium and any available capital appreciation
- ❑ Diversify Across **Stocks, Commodities and Bonds**
- ❑ High Income Focused

Risks

- ❑ Portfolio should move inline with a **70/30 portfolio**
- ❑ The covered call ETFs are not downside protected
- ❑ Some of the ETFs are invested in **tech stocks**, tech stocks can be more volatile than the S&P500 at times
- ❑ If the portfolio uses margin, the fluctuation in value will magnify by the percentage of leverages used. For example, a portfolio with 50% margin balance will fluctuate 100% more than a non-margined account

Target Yield of:

up to

30%+

Use Case: ETF Build Enhancement

Adding a slice of income to an ETF build

	Allocation	Yield	Volatility
ETF Dividend Build	100%	4%	20%
ETF Dividend Build	75%	4%	20%
ZEGA ETF Dividend Max	25%	35%*	50%**
Weighted Result		11.75%	24.5%

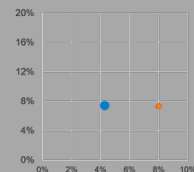
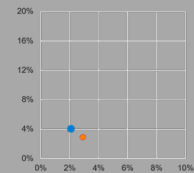
*Assuming 50% Yield (Target)

**Assuming Volatility of 30%

For clients who can handle the increase in volatility, the dividend can almost triple with a 25% Dividend Max allocation

ZEGA ETF Dividend Max Summary

- ❑ **High Income** Focus
- ❑ **Dividend yield is different than Total Return**
- ❑ ETFs carry same **downside risk** of stocks, minus options premium
- ❑ Diversify Across **Stocks, Commodities and Bonds**
- ❑ Strategy does **not need options or margin approval**
- ❑ Strategy can be run in UMA or SMA format

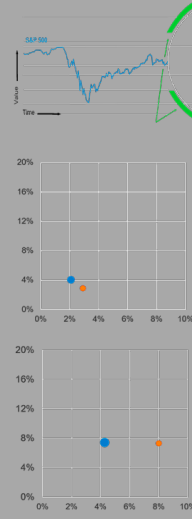
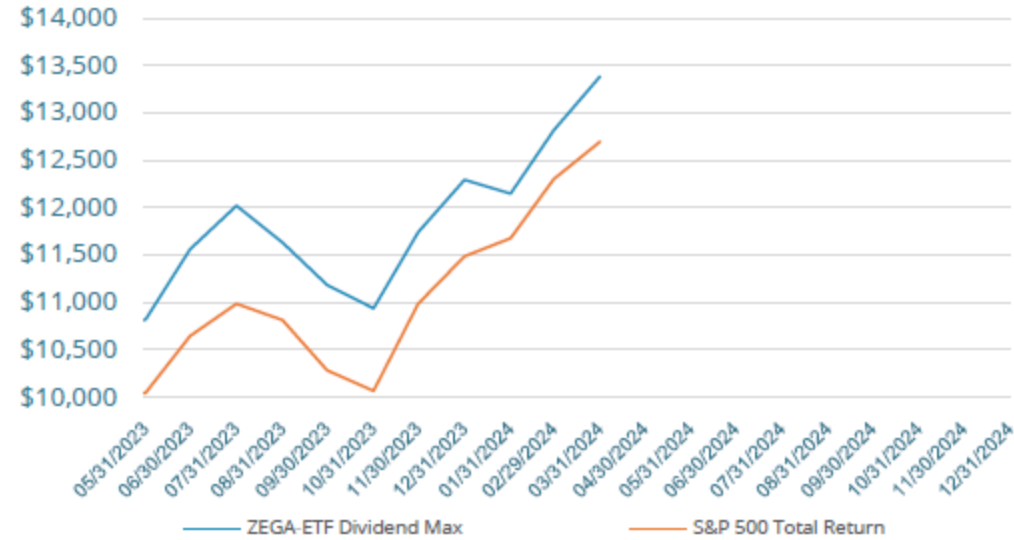


ZEGA-ETF Dividend Max Through March 31, 2024

Performance Statistics

	ZEGA Financial	S&P 500 Total Return
YTD Return	8.87%	10.56%
Cumulative Return ITD	33.83%	26.95%
Annualized Volatility	14.73%	13.47%
Sharpe Ratio	2.25	1.84

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					8.16%	6.86%	3.98%	-3.22%	-3.85%	-2.23%	7.36%	4.72%	22.93%	14.83%
2024	-1.20%	5.52%	4.43%										8.87%	10.56%

For more information – including short videos,
podcasts, blog posts – on the entire family of
ZEGA strategies and ETFs please visit:

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