CLASSIC

Buy & Hedge - Classic

September 2026

Investment Vehicle: Separately Managed Account

Portfolio Manager: Jay Pestrichelli & Derek Moore

Inception Date: October 2012

Strategy Overview

The Buy & Hedge Classic strategy is designed to provide broad market exposure while limiting the downside risk in the event of a material market correction. The product is deployed in a SMA format and utilizes index based options and ETFs. The investor has long-term market exposure in an S&P 500 ETF that has been paired with a hedge that has a negative correlation to the market. The hedge is built using a combination of option positions. This strategy targets a high correlation to the S&P 500. The strategy looks to minimize the cost of hedging by possibly selling options premium on both out-of-the money calls and puts.

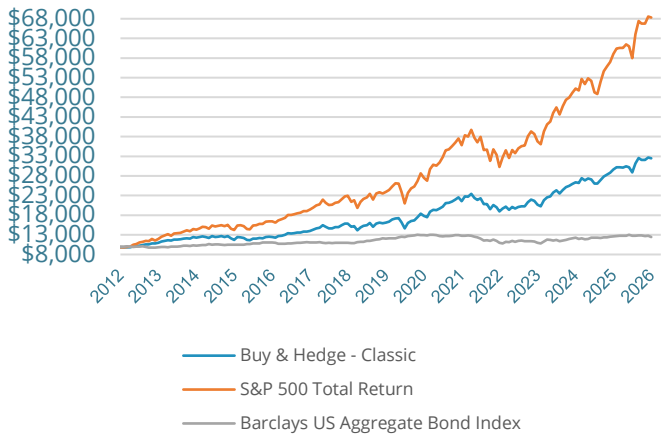
Performance Statistics

	ZEGA Investments	S&P 500 Total Return	Barclays US Aggregate Bond Index
YTD Return	7.96%	12.74%	-2.90%
Ann. Return: 1 year	9.75%	15.73%	-1.84%
Ann. Return: 3 years	16.31%	22.90%	4.06%
Ann. Return: 5 years	8.57%	13.80%	-0.62%
Ann. Return: 10 years	10.08%	15.34%	1.15%
Annual Return ITD	8.78%	14.71%	1.55%
Annualized Volatility	10.44%	14.04%	4.57%
Sharpe Ratio	0.82	0.92	-0.05

Methodology

- Purchases S&P 500 ETFs with ~95% of the portfolio value
- Downside put options are set at 10% out-of-the-money (OTM)
- Purchases extra shares of ETF at depressed price when protective put produces a profit
- May produce income by selling OTM calls using ZEGA algorithms— typically around 1 standard deviation movement
- Sells additional puts further OTM to generate income to offset cost of hedging—these short puts when sold, limit the hedge protection but protection is typically still equivalent to a one standard deviation move in the S&P 500
- For large accounts the options are built in laddered positions over 9-12-month windows using at least 2 rungs

Cumulative Growth (since inception)



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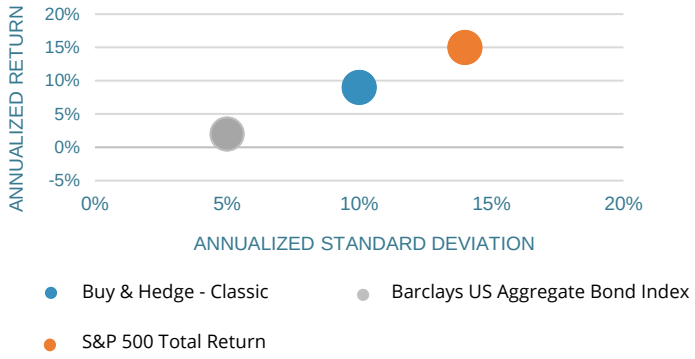
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Recommended Usage

The ZEGA Buy & Hedge Classic Strategy is recommended as a Core holding for a large portion of the targeted US equity exposure for a client. Client should have moderate risk tolerance for exposure to this strategy. Clients that want no downside risk from a hedge should seek a different product.

Risk vs. Return



Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD S&P500
2012										-1.84%	-0.02%	0.08%	**-1.78%**	**-0.38%**
2013	2.81%	0.50%	1.20%	1.39%	1.50%	-0.13%	2.72%	0.00%	1.44%	2.43%	1.75%	1.74%	**18.74%**	**32.39%**
2014	-1.00%	1.98%	0.18%	0.52%	1.50%	0.58%	-0.72%	3.51%	-1.39%	1.19%	1.36%	-1.23%	**6.55%**	**13.69%**
2015	-1.79%	3.74%	-1.56%	0.75%	0.96%	-1.89%	2.02%	-4.74%	-3.03%	5.78%	-0.02%	-1.95%	**-2.19%**	**1.40%**
2016	-3.66%	-0.42%	2.98%	0.23%	1.17%	-0.28%	2.56%	0.21%	-0.36%	-1.31%	3.07%	1.23%	**5.34%**	**11.98%**
2017	1.70%	3.00%	-0.61%	0.73%	1.17%	-0.12%	1.97%	0.09%	1.13%	2.14%	2.57%	0.64%	**15.32%**	**21.84%**
2018	4.89%	-2.99%	-2.71%	0.23%	2.00%	0.22%	3.01%	2.77%	-0.06%	-5.22%	1.25%	-6.92%	**-4.14%**	**-4.38%**
2019	5.36%	2.37%	1.00%	3.66%	-5.67%	5.27%	1.54%	-1.34%	1.14%	1.87%	3.05%	1.88%	**21.51%**	**31.50%**
2020	0.36%	-6.24%	-9.34%	8.97%	3.23%	1.07%	4.68%	5.51%	-3.23%	-2.07%	8.02%	2.76%	**12.69%**	**18.40%**
2021	-0.37%	1.91%	2.71%	4.44%	0.40%	1.48%	2.15%	2.58%	-4.44%	5.92%	-0.54%	3.28%	**20.90%**	**28.72%**
2022	-4.53%	-2.32%	2.12%	-6.52%	-0.32%	-5.95%	5.18%	-2.76%	-5.12%	3.81%	2.52%	-4.03%	**-17.28%**	**-18.10%**
2023	3.55%	-2.04%	2.25%	0.88%	0.07%	5.14%	2.96%	-1.58%	-4.51%	-1.90%	7.72%	3.21%	**16.18%**	**26.27%**
2024	1.16%	4.20%	2.60%	-3.51%	3.99%	2.92%	1.14%	1.96%	1.57%	-0.46%	4.68%	-2.14%	**19.28%**	**25.05%**
2025	1.90%	-0.96%	-3.84%	-0.18%	3.62%	3.31%	1.72%	1.56%	2.86%	2.13%	-0.10%	-0.36%	**12.03%**	**17.89%**
2026	1.06%	-0.83%	-4.13%	7.76%	4.53%	-1.45%	-0.18%	2.02%	-0.61%				**7.96%**	**12.74%**

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 Investments 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.

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ZEGA Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ZEGA has not been independently verified.

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 herein 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 apart 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.

On July 1, 2024, ZEGA Financial spun off its wealth management-focused advisory business into a new firm ZEGA Investments. Consequently, ZEGA Investments acquired the Buy & Hedge Classic strategy from ZEGA Financial. Prior to spin off, performance results for the period October 2012 through June 2024 were achieved at ZEGA Financial. ZEGA Financial no longer reports historical performance for this strategy. The lead manager primarily responsible for achieving prior performance began managing this strategy on at ZEGA Financial and has continued in the same capacity at ZEGA Investments. Additionally, the accounts managed and the investment process employed for this strategy at the prior firm remain substantially similar. Therefore, ZEGA Investments uses October 2012 as the inception date for the Buy & Hedge Classic strategy.

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