

Buffered Index Growth Strategy (ZBIG)

September 2017

Investment Vehicle: Separately Managed Account
Portfolio Manager: Jay Pestrighelli

Inception Date: July 2016

Strategy Overview

- Provides a targeted payout in 18-36 months, because the portfolio exclusively utilizes products with a maturity date
- Offers leveraged participation in the growth of the S&P 500 while providing downside protection to the index returns
- Relies on the principal return from a diversified high yield fixed income portfolio to deliver its target payout
- "Buffered" refers to the range of negative returns that are not indexed to the S&P500 meaning the portfolio has protection from a range of losses – but not all losses
- The portfolio swaps out equity risk for a diversified high- yield fixed income portfolio
- Leveraged participation in the upside of the S&P 500
- Equity losses are limited if the S&P 500 finishes with returns between 0 and -25% (typical and targeted returns – actual return profile can vary at entry)
- Accounts owns securities that are historically very liquid meaning, unlike structured notes, the client can exit the strategy prior to maturity at a fair price
- This strategy typically has lower volatility than the underlying index and can therefore help you reduce the risk in your portfolio by substituting this product for the underlying index

Methodology

- This strategy is not principal protected and you could receive significantly less than the initial amount you invest
- For the strategy to deliver its targeted payout, the diversified high yield fixed income portfolio must return its principal at maturity which means that the debt markets must be functioning normally and without high default levels at maturity.
- The strategy is only designed to return the price appreciation of the index which does not include the dividend returns of the index
- Early exit payouts may not match the targeted returns

Performance Statistics

	ZEGA Financial	S&P 500 Total Return
YTD Return	13.97%	14.24%
Ann. Return: 1 year	18.26%	18.61%
Ann. Return: Inception	18.13%	18.15%
Annualized Volatility	5.22%	5.37%
Sharpe Ratio	3.08	3.00

Cumulative Growth (since inception)



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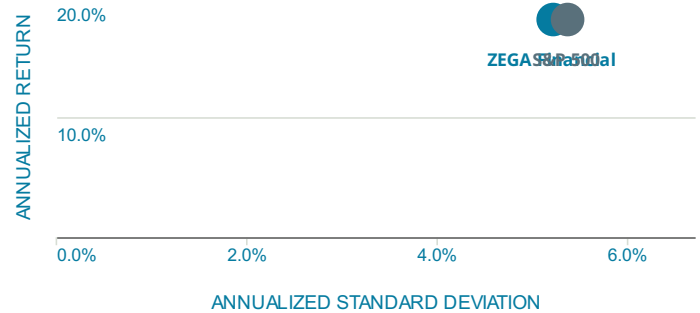
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Recommended Usage

- Any current or prospective investor with large cap US equity exposure
- Investors looking for limited protection from a decline in the S&P500
- Investors with a bullish outlook on US Large Cap equity that want appreciation in an index that matches or exceeds that asset class
- Client that is comfortable with the downside risk of a highly diversified, short duration, high yield fixed income portfolio
- For implementation in a margin account only

Risk vs. Return



Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	S&P 500
2016							2.96%	0.80%	0.34%	-1.76%	3.44%	2.11%	8.06%	7.82%
2017	1.88%	4.25%	-0.31%	0.92%	1.78%	0.42%	1.84%	0.08%	2.39%				13.97%	14.24%

Strategy Risks & Disclosures

Note: Returns are expressed in US Dollars net of fees.

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.

This report is supplemental information. The ZBIG Leveraged Strategy is a sub-composite to the Hedged Equity Master Composite that ZEGA maintains. The data in this supplemental report is for the accounts that were managed in accordance with the guidelines consistent with the ZBIG Leveraged strategy as described in this report. All of the portfolios included in the returns reported herein are also part of the Hedged Equity Master Composite.

Hedged Equity Master Composite includes all Hedged Equity strategies and accounts managed by ZEGA prior to and since ZEGA's inception. To qualify as a Hedged Equity strategy, the account must be invested with its assets in at least 70% in a diversified portfolio of Equities, Equity ETFs, or Equity indexes. The value is based on the notional dollars controlled. The portfolio must also have a hedge built in that limits the downside for the majority of the notional equity controlled. All portfolios that are at least 70% allocated to this strategy are included. 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.

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 that complies with the GIPS standards, contact Jay Pestrighelli at 1-800-380-9342, ext 101 or jay.pestighelli@zegafinancial.com.

Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for a client's portfolio

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. 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.