SPIDERROCK ADVISORS

Index Put Income (IPI)

WHY OPTION OVERLAYS?

Diversified Income Source

Non-Levered Alternative Asset

Complementary to Existing Portfolios

WHY SPIDERROCK?

Disciplined philosophy

Proven methodology

Advanced technology

PROBLEM

With interest rates still near historic lows, many clients are unable to generate the income they need from traditional fixed income investments alone.

SOLUTION

Pairing an equity index put writing strategy with existing portfolios of bonds may provide additional tax-advantaged income to supplement a client's needs.

POTENTIAL STRATEGY BENEFITS

» Seeks to augment & optimize risk-adjusted yields
» Seeks to diversify indices, maturities and strike prices
» No capital allocation required
» No leverage used in strategy

STRATEGY CONSIDERATIONS

» Seeks to increase portfolio equity beta
» May experience losses in periods of increasing volatility
» May experience losses in down markets

IPI TOTAL RETURNS* FOR PERIOD ENDING 10/31/2022

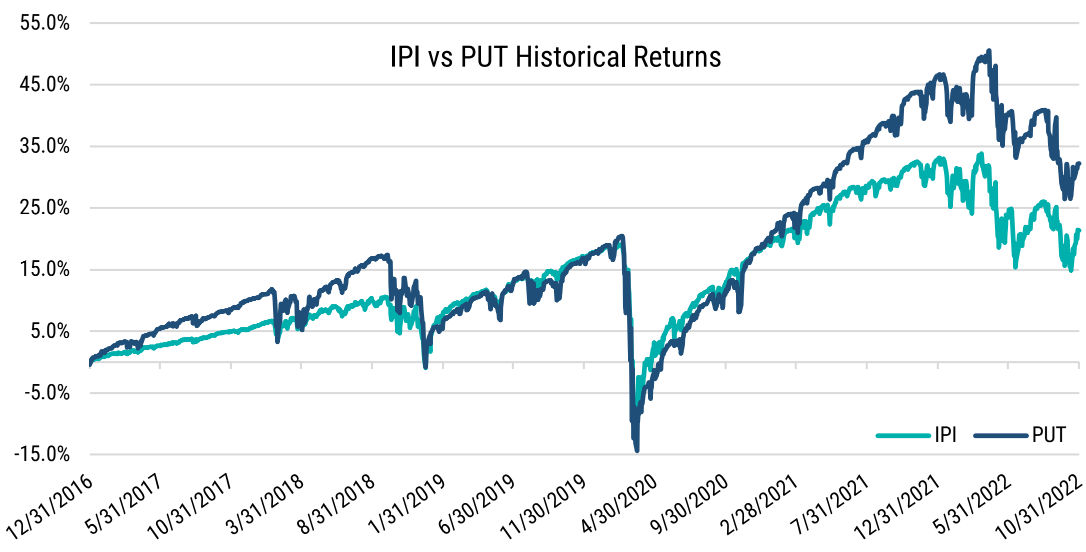
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	TOTAL
2022	(2.6%)	(0.1%)	2.4%	(5.7%)	(1.0%)	(3.9%)	5.2%	(1.7%)	(5.8%)	5.0%	-	-	**(8.5%)**
2021	(0.4%)	1.5%	2.1%	1.6%	1.2%	1.3%	0.0%	0.9%	(0.4%)	2.1%	(1.3%)	2.3%	**11.3%**
2020	(0.6%)	(5.0%)	(12.6%)	5.6%	3.1%	1.7%	2.4%	1.9%	0.8%	(0.5%)	4.5%	1.5%	**1.3%**
2019	5.1%	1.2%	0.8%	1.1%	(2.3%)	3.4%	0.9%	(0.4%)	1.1%	1.3%	0.9%	0.8%	**14.3%**
2018	0.5%	(0.5%)	0.4%	1.1%	0.7%	(0.2%)	1.4%	0.4%	0.5%	(3.4%)	1.5%	(5.0%)	**(3.1%)**
2017	1.0%	0.4%	0.6%	0.5%	0.2%	0.5%	0.6%	0.2%	0.6%	0.4%	0.3%	0.5%	**6.0%**
2016	-	-	-	-	-	-	-	-	-	-	-	(0.1%)	**(0.1%)**

IPI VS PUT

RETURNS AND VOLATILITY (SINCE 12/20/2016*)

	IPI	PUT
1 YEAR	-7.7%	-7.6%
5 YEAR	15.9%	22.1%
INCEPTION	21.6%	32.4%
ANN. VOLATILITY	12.1%	14.8%

*Includes 1-3 Month Treasuries. Returns are calculated net of fees. IPI Strategy Inception: 12/20/2016
Benchmark Data Source: Cboe.com



› The Cboe S&P 500 PutWrite Index strategy ("PUT") is designed to sell a sequence of one-month, at-the-money, S&P 500 Index puts and invest cash at one- and three-month Treasury Bill rates.

› IPI strategy seeks a risk target lower than that of PUT.

› IPI actively trades using term structure, skew and various indices and aims to take advantage of several relative values.

› The number of puts sold varies from month to month, but is limited so that the amount held in Treasury Bills can finance the maximum possible loss from final settlement of the SPX puts.

We deliver volatility as an asset class, striving to take advantage of structural inefficiencies within the marketplace

ABOUT US

SpiderRock Advisors is an asset management firm focused on providing customized option overlay strategies to advisors and institutions. Combining world-class technology with comprehensive derivative expertise, we are making it easy for Institutions and Financial Advisors to add option strategies to their investment portfolios.

PORTFOLIO MANAGERS

ERIC METZ, CFA
CHIEF INVESTMENT OFFICER

Eric oversees all investment strategies and portfolio management activities at the firm. Prior to joining SRA, Eric was the Derivatives Strategist and Portfolio Manager at RiverNorth Capital Management, managing both mutual fund and hedge fund assets. He began his career with the Chicago Trading Company on the floors of the Chicago Mercantile Exchange (CME) and the Chicago Board Options Exchange (CBOE). After the trading floors, Eric was a senior trader and partner at both Ronin Capital and Bengal Capital, proprietary trading firms specializing in volatility arbitrage.

Eric graduated, Magna Cum Laude, from the University of Michigan with a B.S.E in Industrial and Operations Engineering. He earned his M.S.E., with honors, in Industrial and Operational Engineering, and was enrolled in the program's PhD program. Eric is a CFA Charterholder, a member of the CFA Institute, the CFA Society of Chicago and a board member of the OIC Institutional Advisory Council.

FRED SLONEKER
PORTFOLIO MANAGER

Fred joined SpiderRock Advisors in 2019 and serves as portfolio manager. Prior to joining SRA, Fred was the Head Quantitative Trader for a series of SpiderRock trading subsidiaries. He began his career as a Trader and Portfolio Manager for hedge funds JMG Triton Offshore and St. Claire Capital Management in San Francisco, specializing in a broad variety of convertible arbitrage strategies. He later created and managed a volatility strategy for Toronto Dominion (TD) Securities.

Fred graduated from the California Institute of Technology (Caltech) with a B.S. in Economics.

RISK DISCLOSURES

- The SpiderRock Advisors Index Put Income strategy does not protect from downside risk. Options may expire worthless or not perform as expected, resulting in losses.
- PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.
- The Cboe S&P 500 PutWrite ("PUT Index") is designed to represent a proposed hypothetical options strategy. Cboe calculates and disseminates the PUT Index. Supporting documentation for any claims, comparisons, statistics or other technical data in this document is available from Cboe upon request. The methodology of the PUT index is the property of Chicago Board Options Exchange, Incorporated (Cboe). Cboe®, Chicago Board Options Exchange®, Cboe Volatility Index® and VIX® are registered trademarks and PUT and PutWrite are service marks of Cboe. S&P® and S&P 500® are registered trademarks of Standard and Poor's Financial Services, LLC (S&P) and are licensed for use by Cboe.
- SpiderRock Advisors uses the 1-3 Month Treasury as the baseline return stream for its Index Put Income strategy.
- Implied Volatility Risks: When a listed put option is sold, the investor gains the amount of the premium it receives, but also incurs a corresponding liability representing the value of the option sold (until the option is exercised and finishes in the money or expires worthless). The value of the options is partly based on the volatility used by market participants to price such options (i.e., implied volatility). Accordingly, increases in the implied volatility of such options will cause the value of such options to increase (even if the prices of SPY underlying the options do not change), which will result in a corresponding increase in liability under such options and thus decrease returns. Therefore, the investor is exposed to implied volatility risk before the options expire or are exercised. This is the risk that the value of the implied volatility of the options sold will increase due to general market and economic conditions, perceptions regarding the industries in which the issuers of the stocks comprising SPY participate, or factors relating to specific companies comprising SPY.
- There can be no assurance that current investments will be realized as projected. Actual realized returns will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the information contained herein is based. It should not be assumed that any investments described herein will be profitable.
- Options involve risk and are not suitable for all investors. Refer to Characteristics & Risks of Standardized Options: http://www.optionsclearing.com/about/publications/character-risks.jsp

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