

## WHY OPTION OVERLAYS?

- Risk management
- Contrarian benefit
- Complementary to existing portfolios

## WHY SPIDERROCK?

- Disciplined philosophy
- Proven methodology
- Advanced technology

## PROBLEM

Clients want to generate more income in their portfolio or reduce their market exposure without triggering capital gains taxes.

## SOLUTION

Add SRA's Opportunistic Yield Enhancement to portfolios of equities, which increases portfolio yield via call premium, and reduces equity exposure without triggering tax consequences. Opportunistic Yield Enhancement also seeks to generate additional call premium by opportunistically switching between equity and index options.

## STRATEGY DIFFERENTIATORS

- » Augment & optimize risk-adjusted yields
- » Opportunistically select the more favorable equity or index option to sell against each underlying holding
- » Single stock & index options
- » Liquid strategy traded directly in your client accounts
- » Non-disruptive to the underlying portfolio
- » Available in non-taxable accounts
- » Differentiated source of alpha

## HOW MUCH YIELD HAVE OPTIONS HISTORICALLY PROVIDED

Implied Volatility	1 Month	3 Month	12 Month	
15	1.14%	1.98%	3.95%	<i>Long Term Average of SPX Implied Volatility typically resides between 18-22, depending on one's time frame</i>
20	1.71%	2.97%	5.93%	
25	2.29%	3.96%	7.90%	
30	2.86%	4.95%	9.87%	
35	3.43%	5.94%	11.84%	

*\*Each investor's additional yield will vary with the composition of the account holdings.*

**SPIDERROCK**  
OPPORTUNISTIC YIELD  
ENHANCEMENT  
SYNTHETICALLY  
CONVERTS YOUR  
EQUITY PORTFOLIO  
INTO SIMILAR  
RISK-REWARD  
PROFILES AS THE  
CBOE EQUITY  
OPTION INDEXES

## THE PROCESS

1	<b>DEFINE</b>	Advisors select strategy, holdings, and respective percentage of their clients' portfolio to overlay.
2	<b>ANALYZE</b>	SpiderRock systematically identifies the cheapest and most expensive options per security, only suggesting call options when premium relationships are attractive.
3	<b>IMPLEMENT</b>	Call options are written against either the portfolio's underlying positions or against that notional exposure in a broad-based index.
4	<b>REBALANCE</b>	The options are actively renewed and managed opportunistically to the underlying positions.

# We automate and scale option-based investment strategies for institutions and advisors

## 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.

## WHAT WE DO

### MANAGED OPTION OVERLAYS

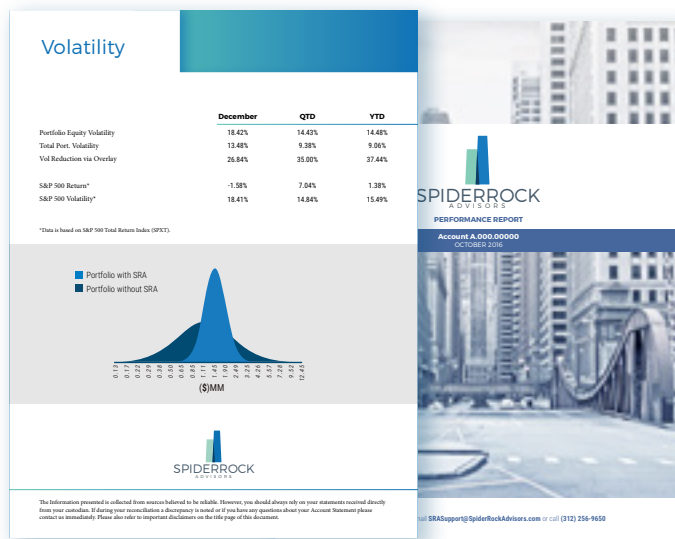
- » Opportunistic Yield Enhancement
- » Hedged Equity Portfolio
- » Hedged Equity Concentrated Stock
- » Managed Index Income
- » Cash Secured Put
- » Strategic Rebalance
- » Negative Duration Equity

### SUB-ADVISORY & RISK MANAGEMENT

- » Customized Option Strategies
- » Model Implementation
- » Strategy Automation
- » Product Development

## PERFORMANCE REPORTING\*

- » Quarterly, YTD, and Since Inception
- » Per strategy, client, and advisor



\*Performance report is for illustrative use only. The portfolios and returns of each client and advisor will be different.

## RISK DISCLOSURES

- The SpiderRock Advisors Opportunistic Yield Enhancement option overlay strategy does not protect from downside risk. The downside risk protection benefit of a call writing strategy is limited to the amount of the premium received.
- Portfolio holdings may need to be sold to generate cash to settle options. Such sales may produce tax consequences.
- Investors must be willing to forgo potential upside appreciation above the premium value in exchange for the incremental income.
- Past performance is not a guarantee of future results.
- Options may expire worthless or not perform as expected, resulting in losses.
- 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>

## CONTACT

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