

## WHY OPTION OVERLAYS?

Risk management  
Contrarian benefit  
Complementary to existing portfolios

## WHY SPIDERROCK?

Disciplined philosophy  
Proven methodology  
Advanced technology

## PROBLEM

Clients have interest in defined payout profiles, historically provided by bank-issued Structured Notes. However, high and non-transparent fees, illiquidity and credit risk often prevent this type of investment.

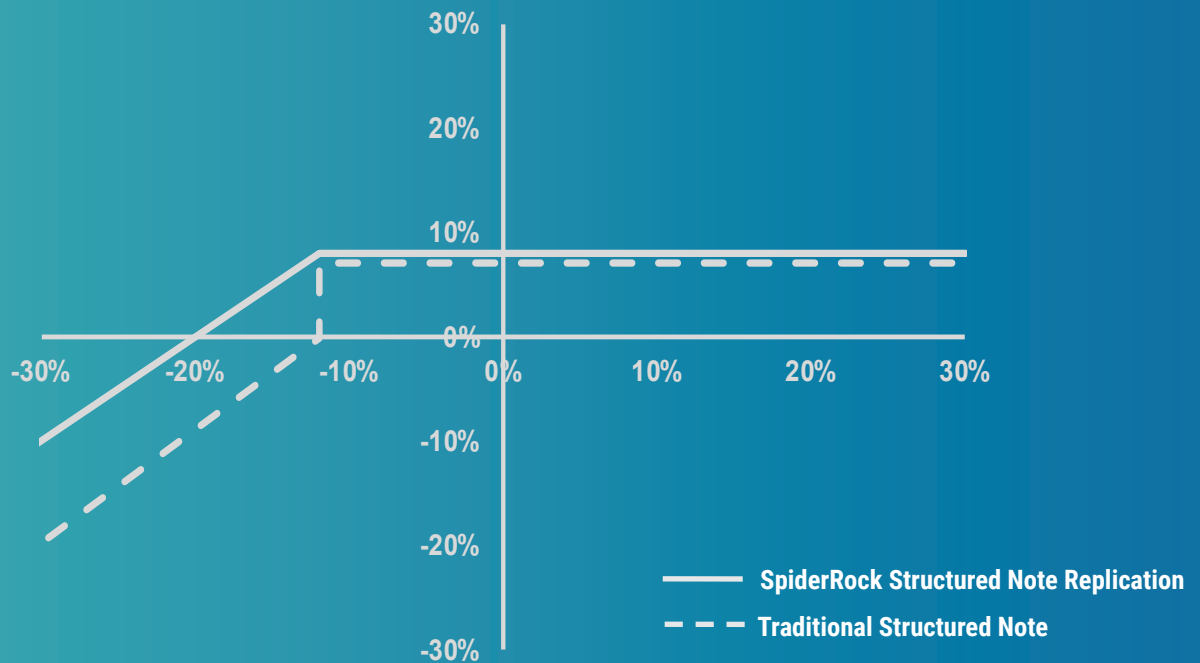
## SOLUTION

Using SRA's Structured Note Replication, clients can access defined payout structures similar to those of Structured Notes, while avoiding hidden fees and credit risk, all while investing in a daily-liquid format.

## HIGHLIGHTS

- » Customize payout profiles based on client interest
- » Clear and transparent fees: 60bps per year\*
- » Daily liquidity - no lock-up periods
- » No credit risk
- » Preferred tax treatment on Index Options when available
- » Position-level transparency; Managed Account format

## STRUCTURED NOTE AND REPLICATION COMPARISON



## COMPARE AND CONTRAST

- » The dotted line represents an example of a bank-issued Structured Note, marketed as "7% total return if market is up, flat or down by as much as 12%, lose 1-for-1 with the market if market is down by more than 12%."
- » The solid line represents SRA's replication approach, improving the client's outcome in virtually every scenario, and doing so with daily liquidity and no credit risk.
- » These benefits are achieved by lowering fees and using only exchange-listed options to create structures.

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

## THE PROCESS

### DEFINE

Advisor defines the client's goals for specific note structure.

### ANALYZE

SRA systematically analyzes the option market for strike price, tenor and liquidity.

### IMPLEMENT

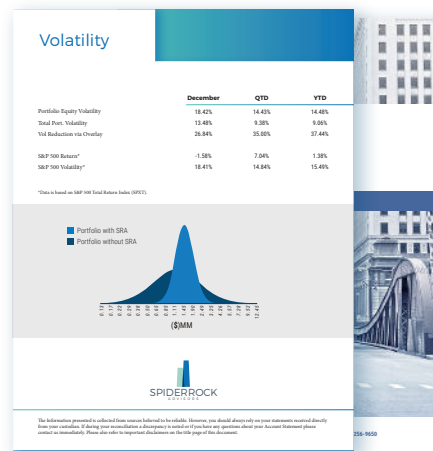
A combination of call and put options are bought and sold to create desired payoff profile.

### REBALANCE

The options can be actively renewed and managed opportunistically to maintain client mandate.

## 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.

## 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 / Concentrated Stock
- » Managed Index Income
- » Cash Secured Put
- » Negative Duration Equity
- » Exchange Fund Replication
- » Structured Note Replication
- » Structured Downside Protection

## RISK DISCLOSURES

- The SpiderRock Advisors Structured Note Replication options overlay strategy does not protect from downside risk.
- The information contained herein is proprietary and confidential to SpiderRock Advisors, LLC ("SpiderRock") and is intended only for the use of the individual or entity to whom SpiderRock directs it.
- 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.
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- Options may expire worthless or not perform as expected, resulting in losses.
- 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>