

# Swan Enhanced Dividend Income Strategy

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*Seeking Sustainable Income & Capital Appreciation*

# AGENDA

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**Options-Income Strategies:**  
*Meeting Investor Needs*

**Know What You Own:**  
*Yield – Is More Better?*  
*Why Active Management Matters*

**Seeking Sustainable Income:**  
*Income + Capital Appreciation*



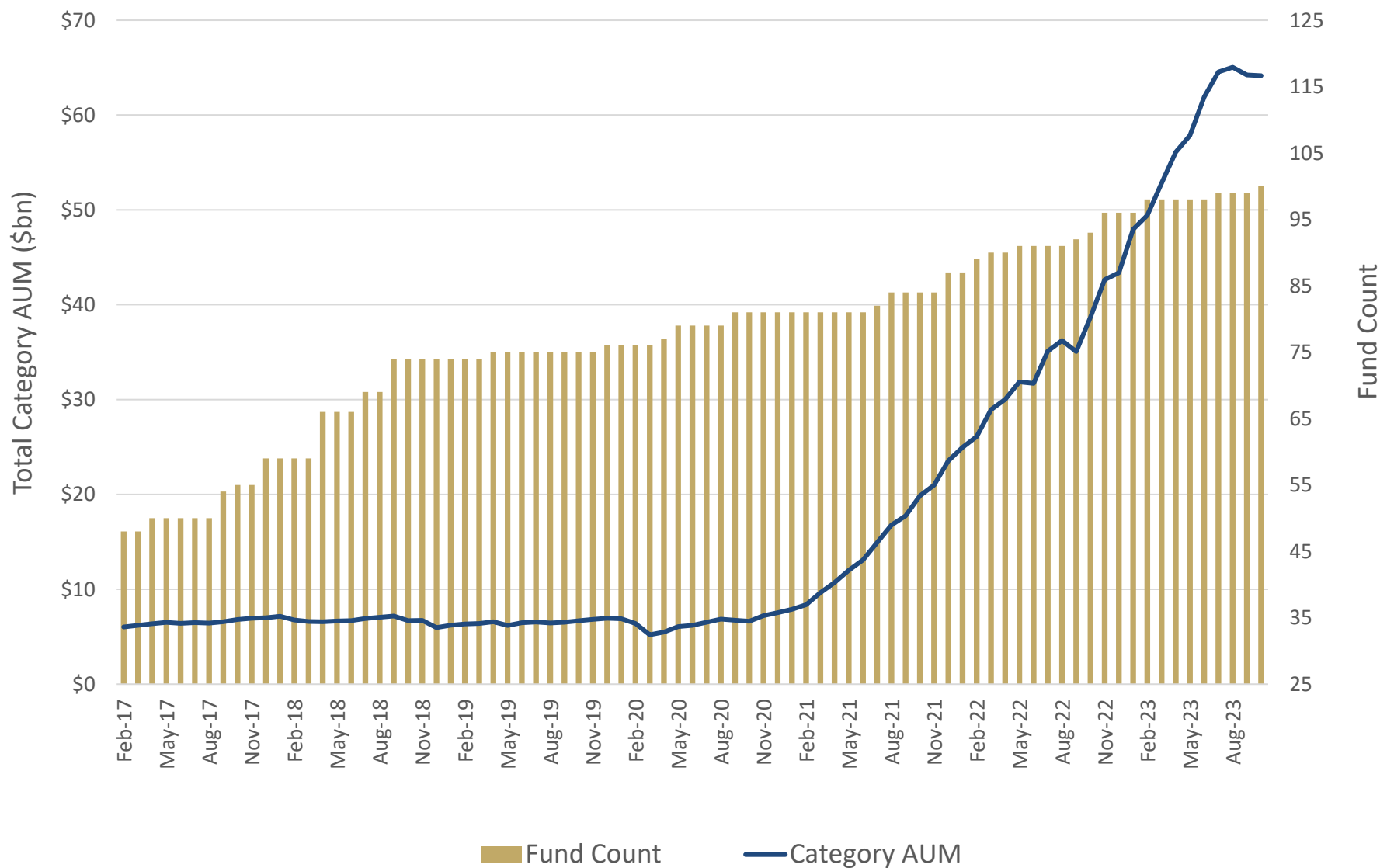
# Primary Needs for Income

- Need stable source of income from a portfolio
- Need income to meet/exceed cost of living
- Need income to last through retirement

## Strategy to Meet Investor Needs

- Diversification – insulation from fed policy and interest rates
- Capital appreciation – outpace inflation & maintain/grow capital base
- Sustainable distributions – don't jeopardize the portfolio

### Derivative Income Category: Fund Count & AUM (as of 10/31/2023)

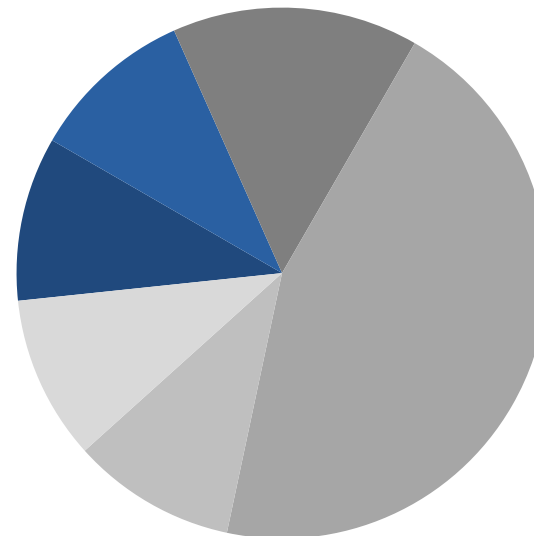


# Meeting Investor Needs

## Diversification

Generate portfolio income from multiple, uncorrelated sources;  
*not solely dependent on Fed policy or interest rate environment.*

- Dividend policy from public companies
- Options income



- Premium Collection (Options)
- Dividends (Equities)
- Credit (High Yield)
- Yield (Treasuries)
- Rents (REITS)
- Cash Flow (MLPs)

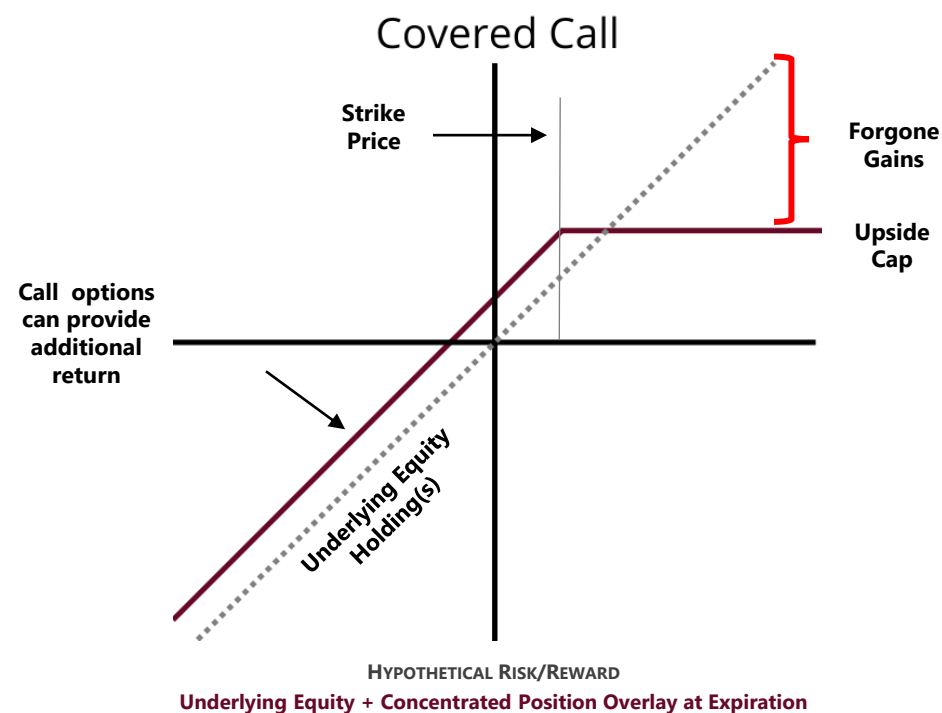
# Meeting Investor Needs

## Capital Appreciation

Investors need their income or distributions to outpace inflation, so income and capital appreciation are important.

*Yet most strategies in the category passively manage covered calls:*

- ✓ Adjust at expiry.
- ✓ Upside capped if stock price moves above strike price.
- ✓ Limit upside participation, total return.

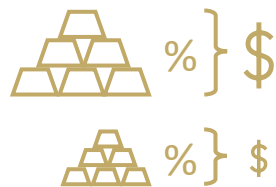


*The resulting hypothetical performance analysis is not actual performance history. Actual results may materially vary and differ significantly from the suggested hypothetical analysis performance data. This analysis simulates only a long portfolio with the proposed hedge and is not a guarantee or indication of future performance.*

# Meeting Investor Needs

## Sustaining Distributions

If portfolio distributions exceed profits, account value is eroded.



It is increasingly difficult to generate income as one's capital base declines.



## Is seeking the highest yield always better?

Have you heard of 8 min abs?

Well this will blow you out of the water....

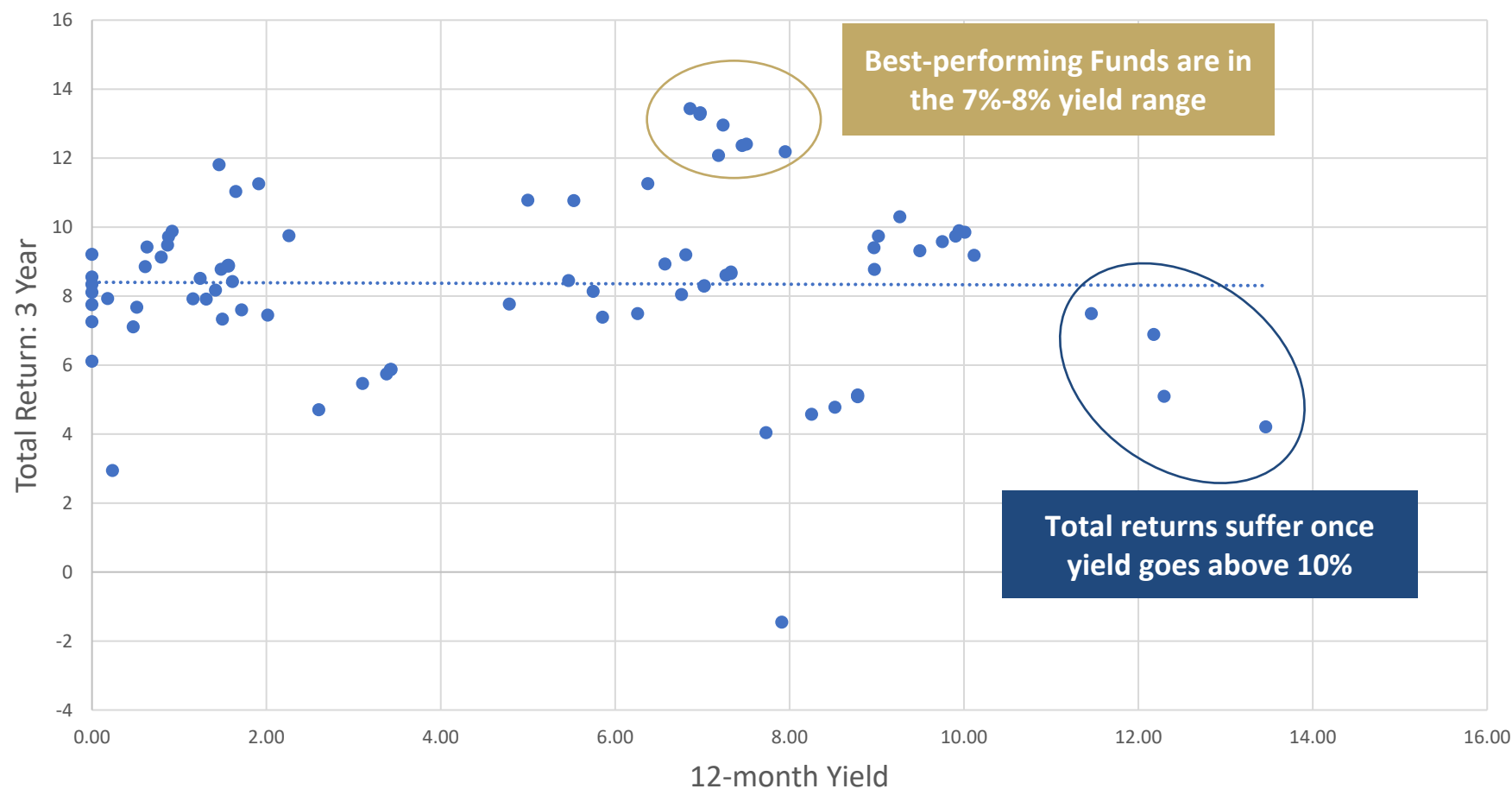


*Beware of the potential to "overpromise and underdeliver."*



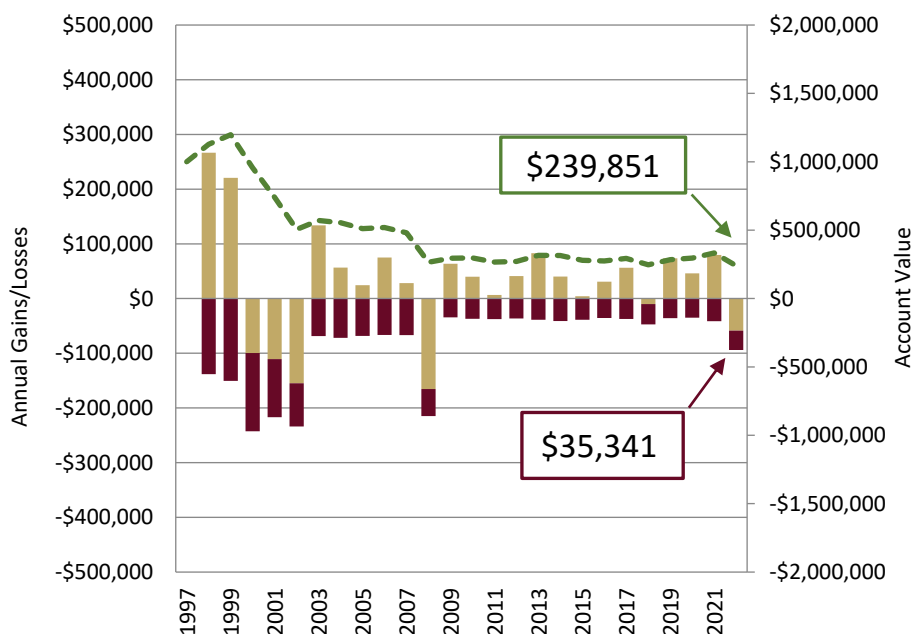
# Seeking the Sweet Spot

Total Return, 3 Year vs. Yield



# Capital \$ vs. Yield %

S&P 500 @ 13% Withdrawal Rate



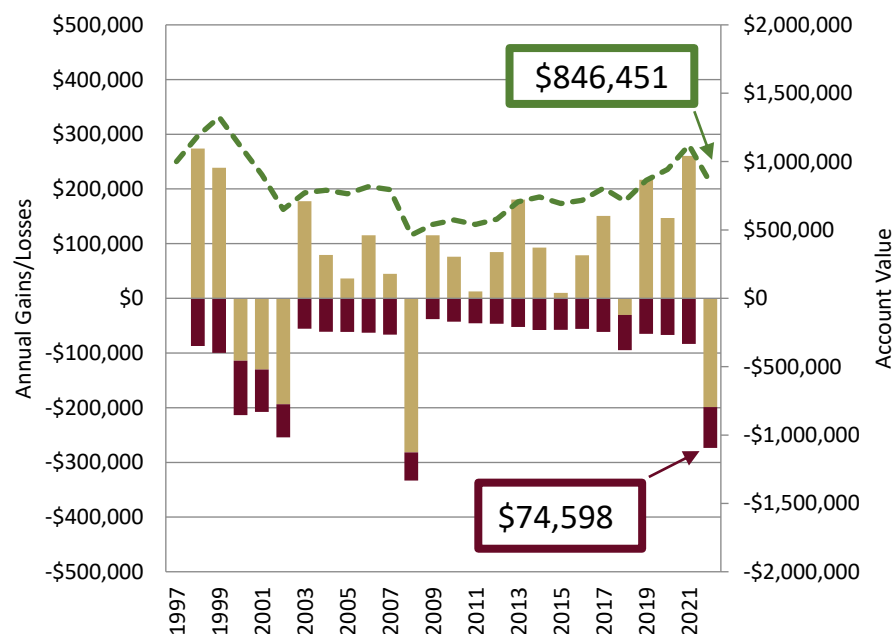
Initial Withdrawal: **\$138,292**

Final Withdrawal: **\$35,341**

Total Withdrawals: **\$1,530,486**

Final Account Value: **\$239,851**

S&P 500 @ 8% Withdrawal Rate



Initial Withdrawal: **\$87,100**

Final Withdrawal: **\$74,598**

Total Withdrawals: **\$1,594,998**

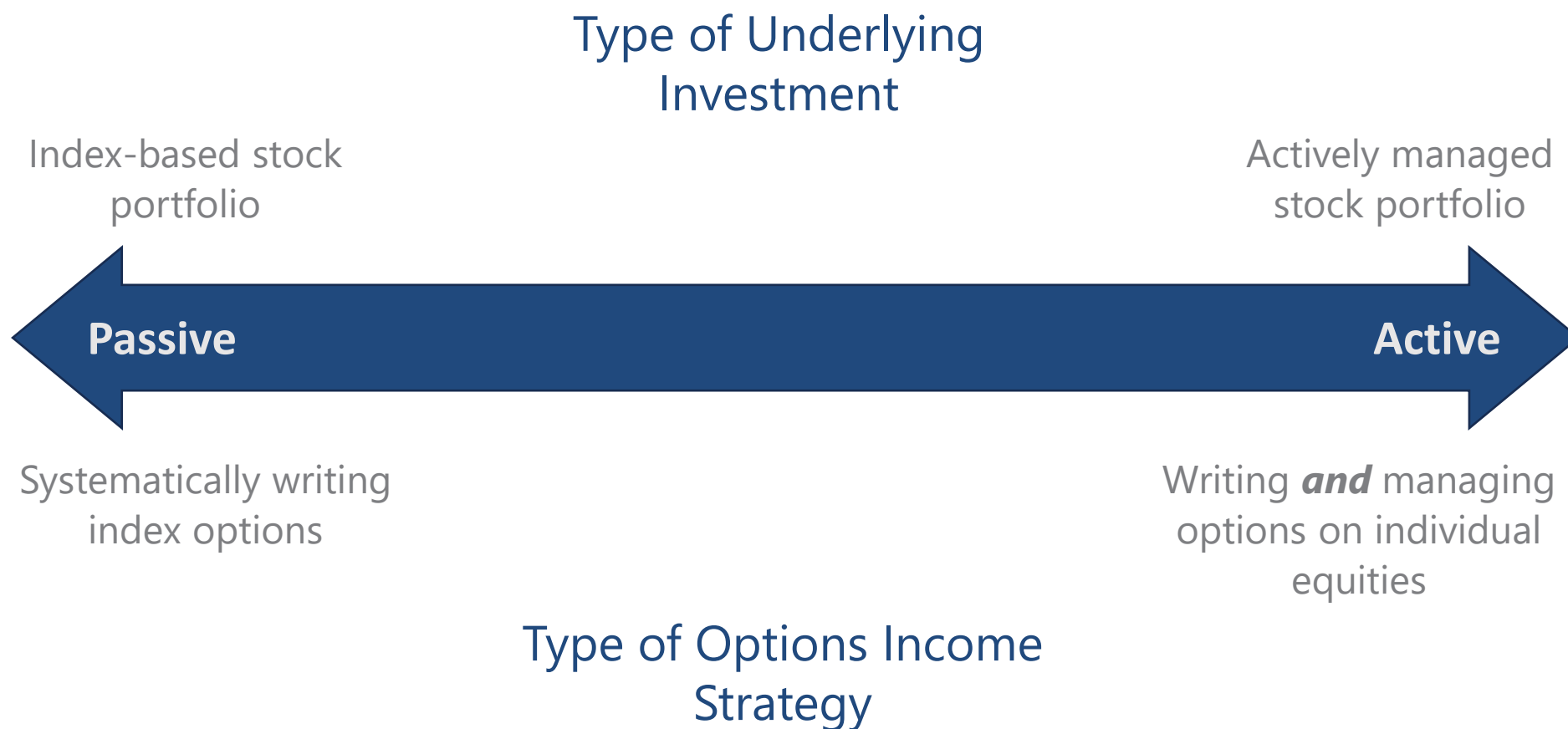
Final Account Value: **\$846,451**

----- Account Value

█ Withdrawals

█ Market Gains/Losses

# Category Overview: Derivative Income



# Seeking Sustainable Yield & Capital Appreciation

## Quality Equity

Select Quality Stocks with  
Sound Capital Appreciation  
Potential



## Dividends

Favor Stocks with  
Strong Dividend Profile

## Active Options

Actively Manage Options on  
Individual Stocks with Higher Income Potential



O'Shares Investments is an independent index provider of innovative, rules-based investment solutions for long-term wealth management.



**Connor O'Brien**  
CEO & President



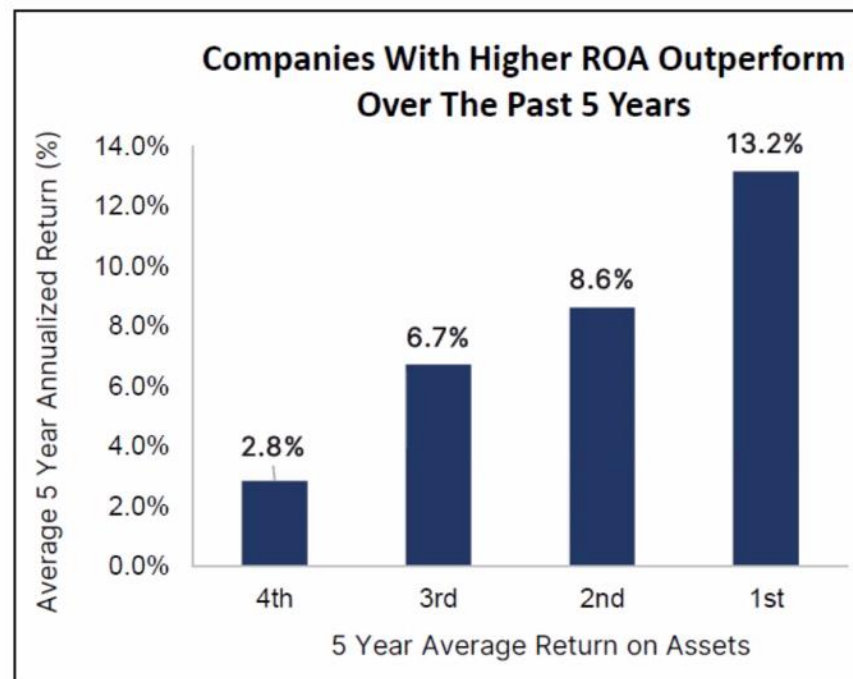
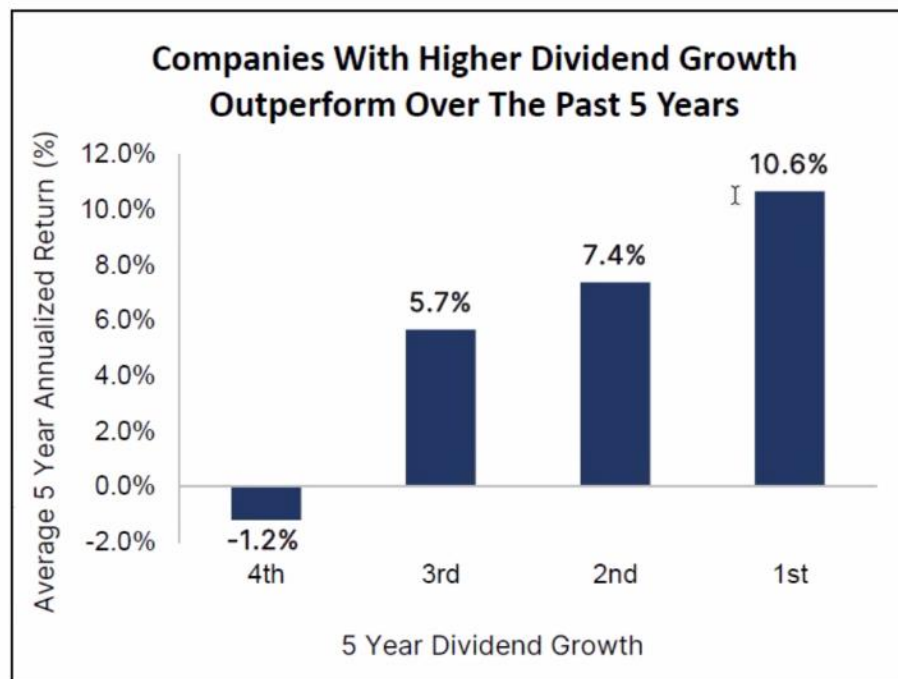
**Kevin O'Leary**  
Chairman

- ✓ **Leading Provider of Quality Index Solutions**  
Renowned for quality, dividend-focused investment strategies.
- ✓ **Rigorous Investment Methodology**  
Committed to a disciplined, outcome-oriented approach that prioritizes investor goals.
- ✓ **Focused on Stability and Returns**  
Aiming for capital preservation, reliable income, and consistent rolling returns for investors.

**O'SHARES**  
I n v e s t m e n t s

# Quality Growth & Dividend Yield

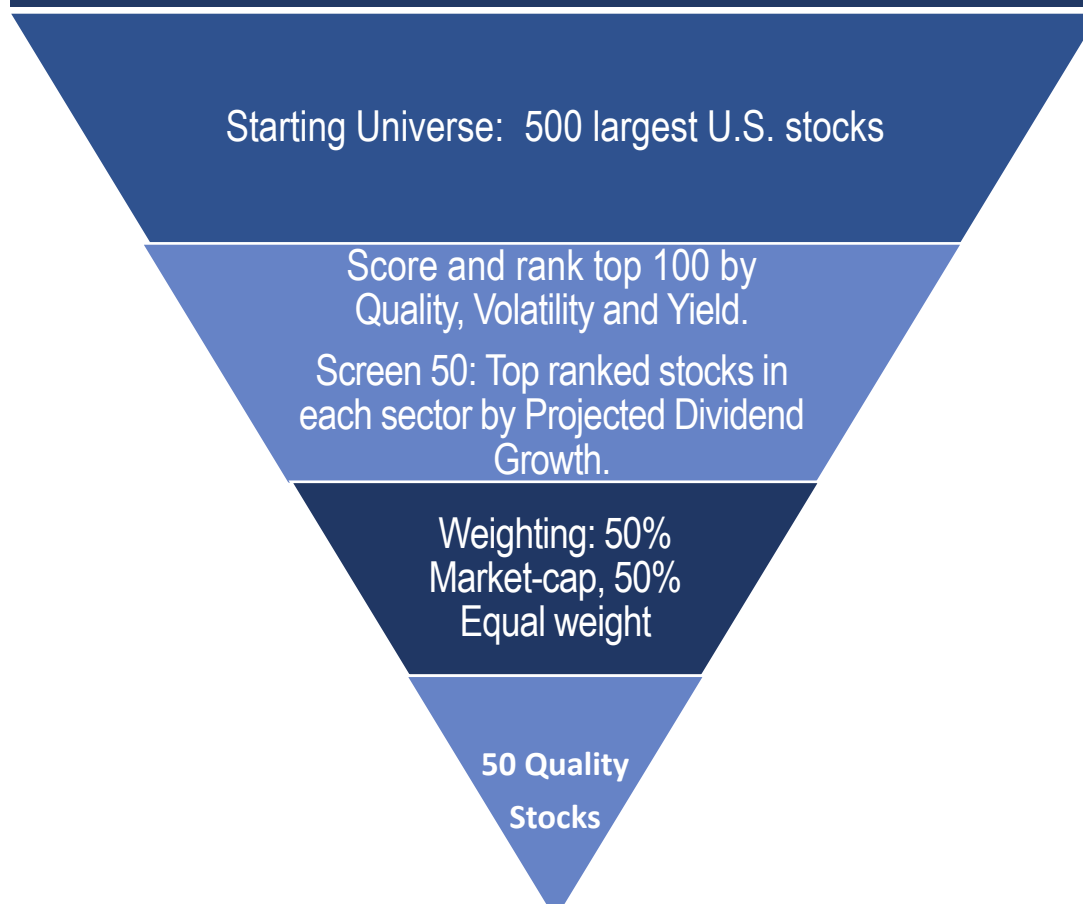
## Dividend Quality & Profitability: Potential Key to Finding Winners



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# Quality Growth & Dividend Yield

## O'Shares Focused Quality Dividend Index Methodology



### Key Index Metrics:

#### Quality:

- Profitability (ROA)
- Leverage (Net-Debt-to-EBITDA)
- Dividend Quality
  - Dividend Growth (5-year)
  - Dividend Coverage

**Volatility:** 5-year weekly standard deviation

**Yield:** TTM regular cash dividends

**Projected Dividend Growth:** Fwd 1-year dividend growth estimate

#### Risk controls:

- 5% single stock cap
- Sector limits

**Reconstitution/Rebalance:** Annual/Quarterly

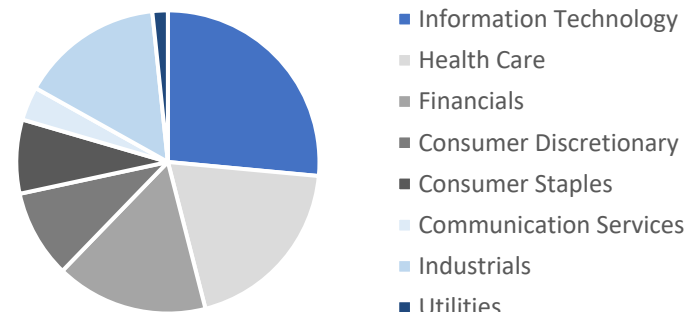
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# O'Shares Focused Quality Dividend Index

## Overall Portfolio Composition

Stocks	100%
Bonds	0%

## Sector Weightings



## Top 10 Holdings (32.30% of total Assets, 12/31/23)

Ticker	Name	Sector	% Assets	Dividend Yield	Options Volume (As of 12/31/23)
AAPL	Apple Inc	Information Technology	5.00%	0.52%	876,922
MSFT	Microsoft Corp	Information Technology	5.00%	0.80%	378,816
LLY	Eli Lilly & Co	Health Care	3.09%	0.72%	41,032
V	Visa Inc	Financials	3.03%	0.79%	17,965
AVGO	Broadcom Inc	Information Technology	2.98%	1.94%	88,685
JPM	JPMorgan Chase & Co	Financials	2.88%	2.46%	119,225
UNH	UnitedHealth Group Inc	Health Care	2.86%	1.40%	16,726
MA	Mastercard Inc	Financials	2.57%	0.62%	10,972
JNJ	Johnson & Johnson	Health Care	2.50%	2.94%	33,775
HD	Home Depot Inc/The	Consumer Discretionary	2.39%	2.41%	19,886

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# Seeking Sustainable Yield & Capital Appreciation

## Quality Equity

Select Quality Stocks with  
Sound Capital Appreciation  
Potential



## Dividends

Favor Stocks with  
Strong Dividend Profile

## Active Options

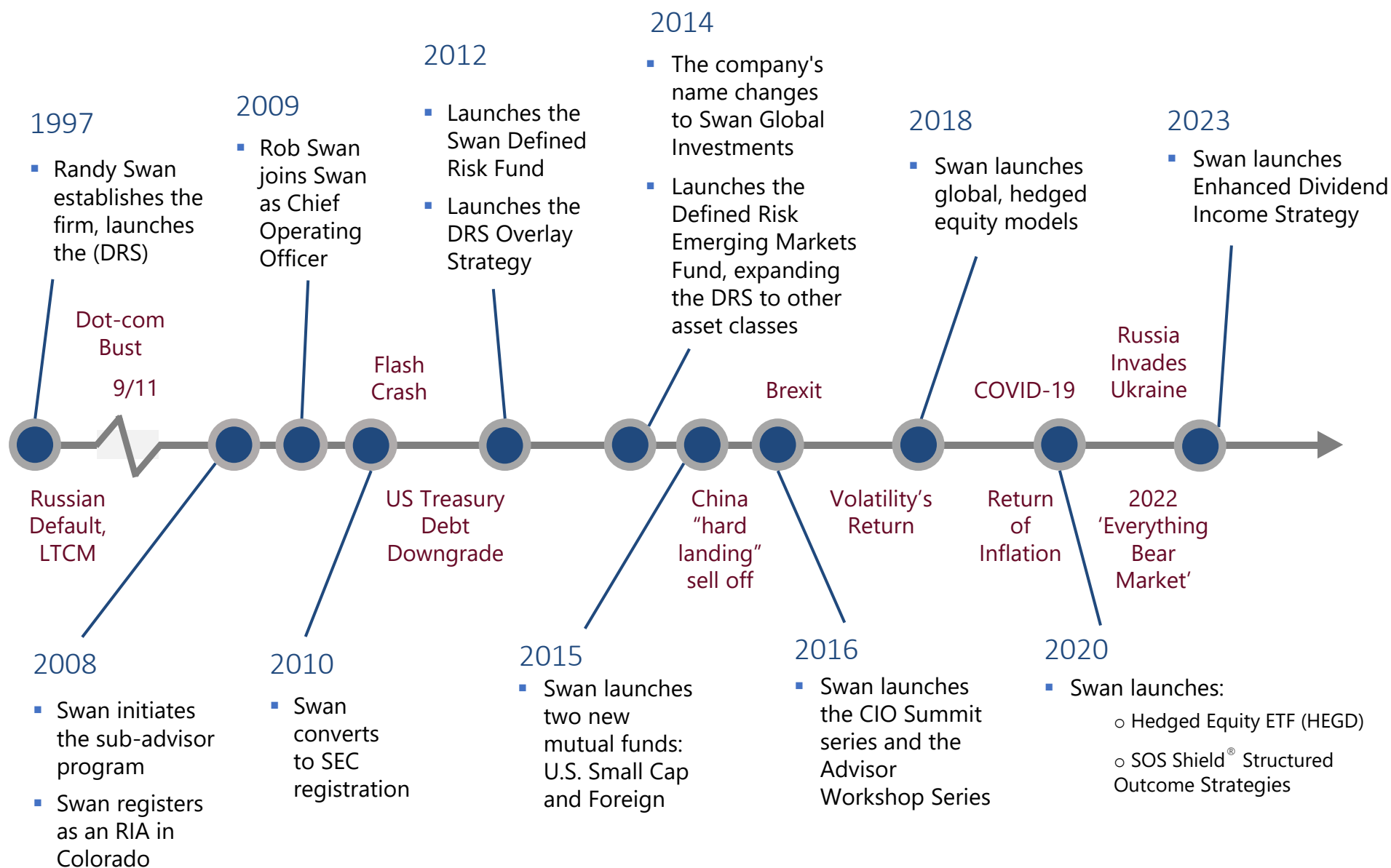
Actively Manage Options on  
Individual Stocks with Higher Income Potential

# Leaders in Options Strategies – Since 1997



**SWAN** GLOBAL  
INVESTMENTS

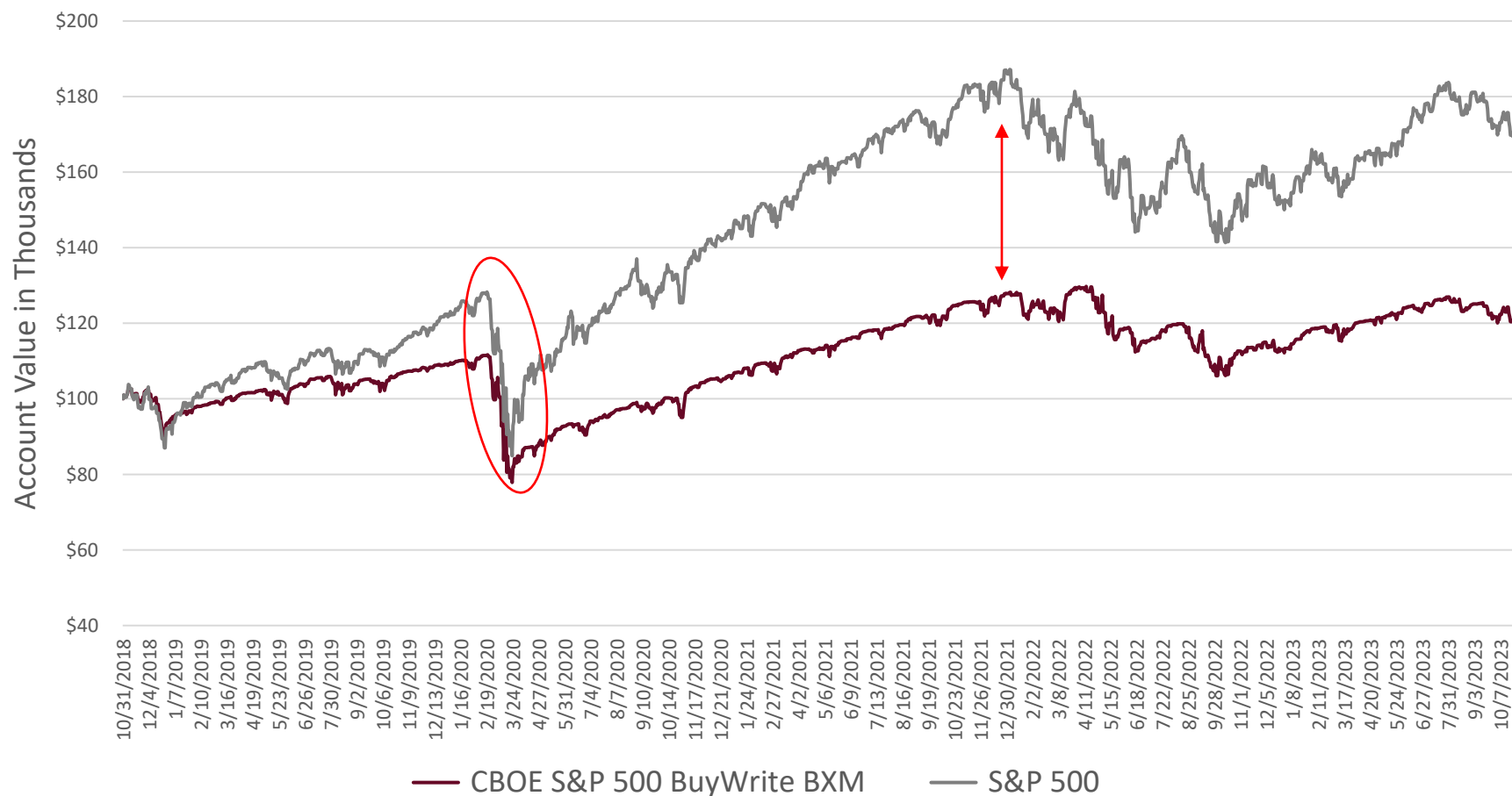
- ✓ Leader in Hedged Equity & Options-Based Solutions
- ✓ Active & Passive Solutions
- ✓ Disciplined Outcome-Oriented Approach
- ✓ Seeking Capital Preservation, Income & Consistent Rolling Returns
- ✓ Scalable, Proprietary Options Technology
- ✓ Overlay Strategies for Multiple Asset Classes & Structures





# Downside Pain. Upside Capped.

Investment Growth – 11/1/2018 – 10/31/2023







# A Typical “Passive-Passive” Approach



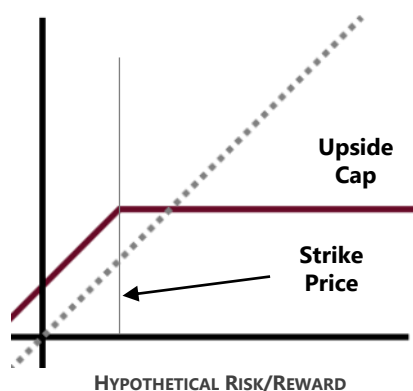
- A. Calls are written on index – less premium
- B. Calls are written for same time periods

- C. Calls don't vary on strike price
- D. Strategy is always “risk on”



# A Distinct Approach

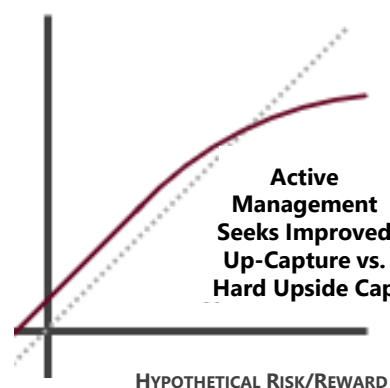
## Passive Covered Call



Underlying Equity + Covered Call at Expiration

- ✓ Passively write calls OTM at regular intervals.
- ✓ Adjust at expiry.
- ✓ Creates hard upside cap.

## Swan's Active Approach



Underlying Equity + Active Management of Call Options

- ✓ Actively manage short-term, Out-of-the-Money (OTM)\* calls
- ✓ Seeking to avoid unduly capping upside and improve total return
- ✓ Rules-based, active position and risk management processes



# The “Active-Active” Approach



- A. Calls are written on individual stocks
- B. Calls are written for varying time periods
- C. Calls vary on strike price
- D. Strategy can go “risk off”



# An “Active-Active” Defense



Active management of call writing allows for a dynamic defense in case of a “runaway stock”





# Benefits of Option Premium on Stocks vs an Index

## SINGLE STOCK VS INDEX CALL PREMIUM\*

Stock	Stock Price	Days to Expiry	Strike	% Out of the Money	Call Premium	Premium %	Annualized %
AAPL	\$192.53	49	205	6.5%	\$1.63	0.85%	6.3%
MSFT	\$376.04	49	395	5.0%	\$6.75	1.80%	13.4%
LLY	\$582.92	49	610	4.6%	\$19.20	3.29%	24.5%
V	\$260.35	49	275	5.6%	\$2.07	0.80%	5.9%
UNH	\$1,116.25	49	1170	4.8%	\$24.30	2.18%	16.2%
JPM	\$170.10	49	180	5.8%	\$1.19	0.70%	5.2%
MA	\$526.47	49	550	4.5%	\$7.25	1.38%	10.3%
JNJ	\$426.51	49	450	5.5%	\$3.65	0.86%	6.4%
AVGO	\$156.74	49	165	5.3%	\$1.05	0.67%	5.0%
PG	\$146.54	49	155	5.8%	\$0.72	0.49%	3.7%
SPY ETF	\$475.31	49	500	5.2%	\$1.00	0.21%	1.6%
DIA ETF	\$376.87	49	395	4.8%	\$0.82	0.22%	1.6%

- ✓ The higher premium yields available in trading single-name equity options over index ETF options.
- ✓ ETFs tend to be broadly diversified have a lower implied volatility relative to the components of its holdings.

Recognized leaders in their respective domains join forces to build a distinct solution to best serve investors through market cycles and in different interest rate environments.



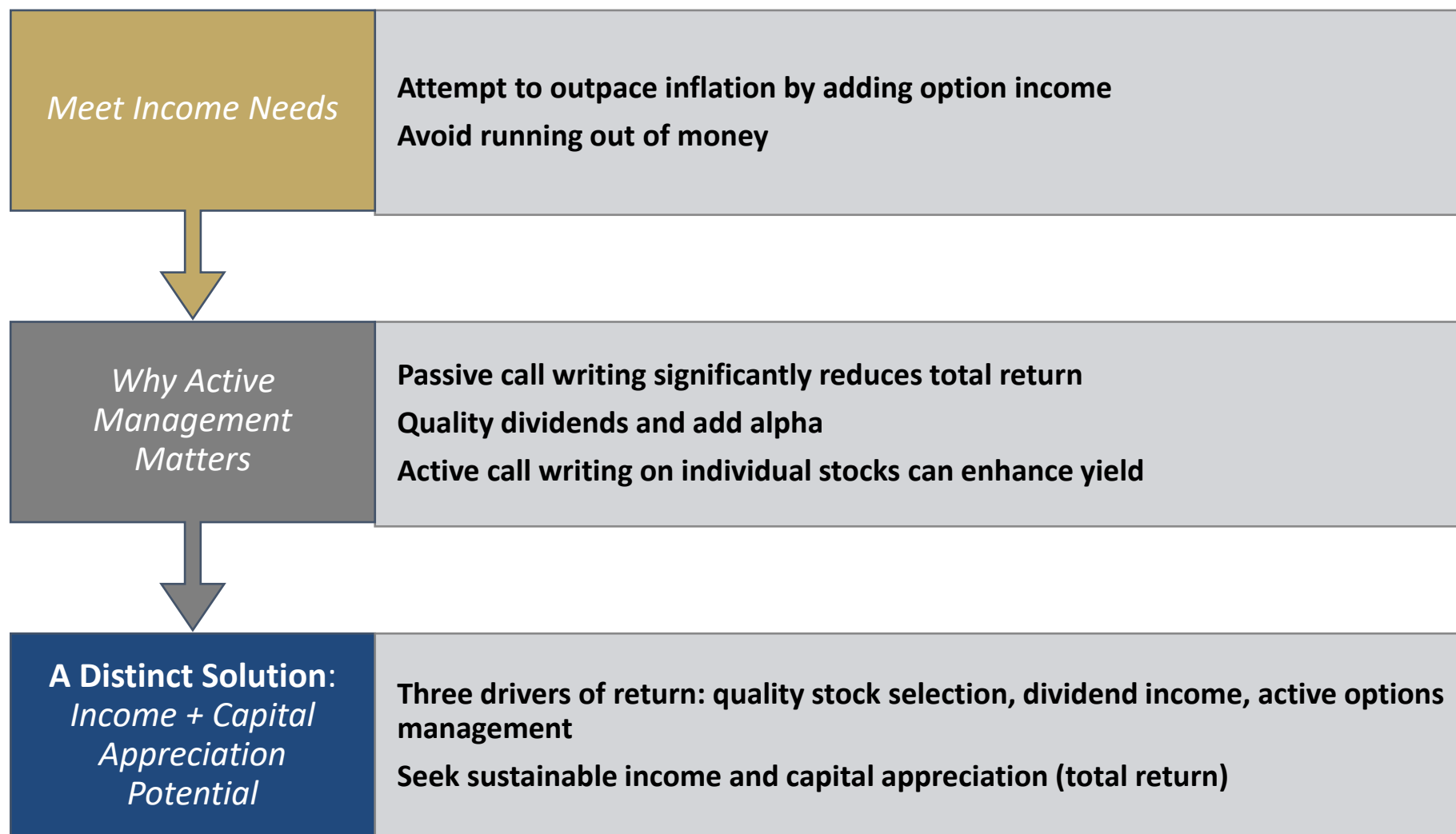
Over 26 years of expertise as leader in options strategies



Over 12 years in stock selection and index strategy development.

## Swan Enhanced Dividend Income Strategy

# Recap



# Swan Enhanced Dividend Income Strategy

- ✓ **Seek sustainable portfolio income across rate regimes**
- ✓ **Seek capital appreciation over time**
- ✓ **Separate Account Format (Min acct \$2mm)**
  - ✓ **Management Fee (60-50 bps based on account size)**



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