



SWAN GLOBAL
INVESTMENTS

Portfolio Overlay Strategies

Innovative Overlay and Hedging Solutions, Since 1997.



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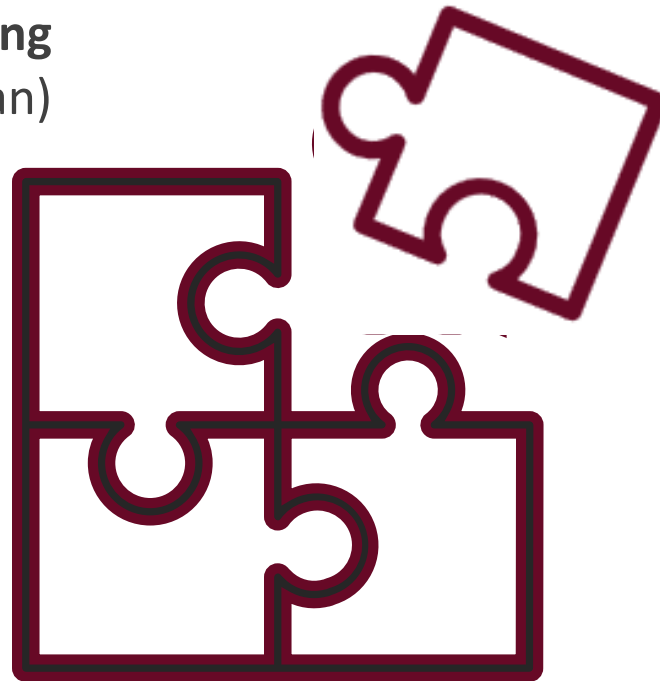
- ✓ Leader in Overlay and Hedged Equity Solutions
- ✓ Comprehensive Derivatives Expertise & Scalable Implementation
- ✓ Solutions for Risk Mitigation or Income on Multiple Asset Classes or Concentrated Positions
 - ✓ Active Solutions Seeking Optimum Performance
 - ✓ Passive Solutions for Defined Outcomes
- ✓ Custom Overlays for UHNW Investors



Concentrated holdings present investors with a range of challenges and risks.

Option Overlays can fit into a comprehensive plan to address risks, pursue long-term objectives, and optimize benefits of concentrated positions over time.

Strategic Selling
(ex:10b5-1 Plan)



Option Overlays

(Hedge, Generate Income, Strategic Exit)

- Manage risk
- Generate or enhance yield
- Strategic exit
- Enhance returns

Charitable Trusts
(CRT, CLT)

Monetize or Exchange Shares
(Prepaid Variable Forward, or Exchange Fund)

Options enable advisors to structure a path to desired objectives.

Portfolio Overlays offer targeted solutions for investors with concentrated positions.

Objective Hedge Downside Risk

Targeted Overlay Solutions:

Structured or Defined Outcome Strategies

Collar

- Set a max loss
- Upside capped significantly

Put Spread Collar

- Buffered zone of protection
- Zero, or low-cost hedging
- Upside capped

Active Hedging Strategies

- Combination of strategies

Objective Generate Income

Targeted Overlay Solutions:

Passive Income Strategies

Covered Call

- Premium collected serves as additional portfolio income
- Defined exit points



Collar

CLIENT SCENARIO

Investor wants to ensure a maximum level of loss over a defined period of time.

STRATEGY DETAILS

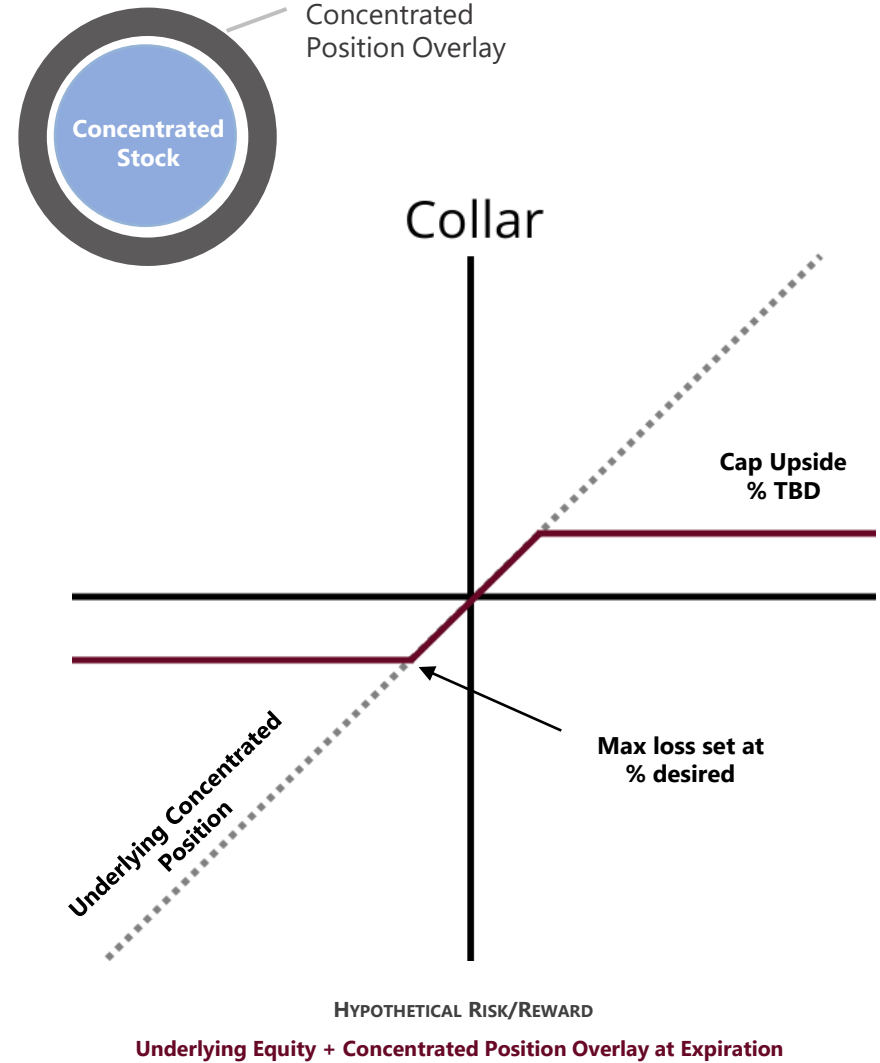
- Buy Put ~ OTM (Out-of-The-Money) at max loss tolerance level
- Sell Call ~ OTM, strike based on level needed to "pay" for the put
- Investor can select the desired strike levels to meet their risk tolerance
- Investor will participate in market movement between the call and put strike levels

POTENTIAL BENEFITS & RISK CONSIDERATIONS

- Hedges exposure below put strike
- Upside participation capped at call strike
- Requires collateral against short position
- Investor retains dividends and voting rights
- Seek to avoid triggering tax on underlying position

Objective

Hedge Downside Risk



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.



Put Spread Collar

CLIENT SCENARIO

Investor is concerned about the market environment, desires risk mitigation over a defined period of time with some upside market participation.

STRATEGY DETAILS

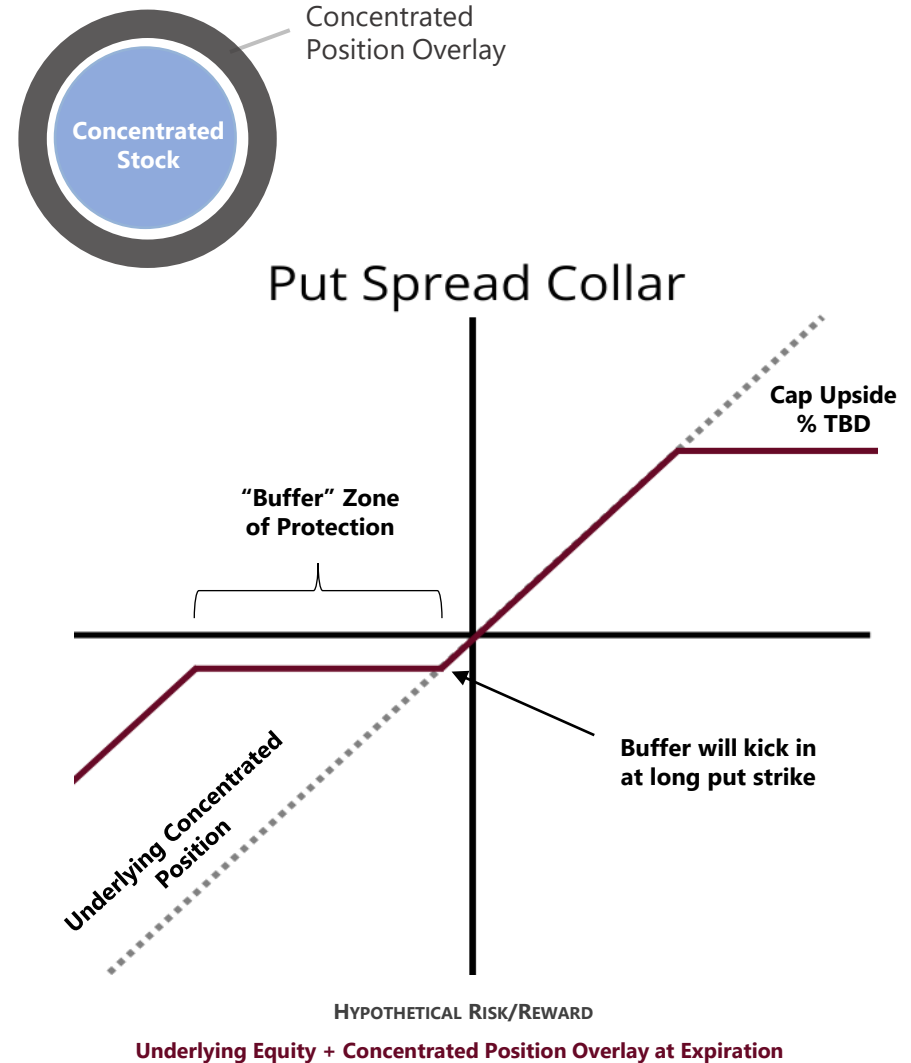
- Put Spread collar defines the zone of protection or “buffer”, with no protection below that zone and an upside cap
- Buy Put ~ OTM (Out-of-The-Money) below current stock price
- Sell Put ~ Deep OTM, establishes the limit of the “buffer”
- Sell Call ~ OTM, strike based on level needed to cover some or all of the cost of protective put

POTENTIAL BENEFITS & RISK CONSIDERATIONS

- Hedges exposure within “buffer” zone
- Upside participation capped at call strike
- Investor exposed below “buffer” zone
- Investor can select the strike levels to meet their risk tolerance and desired market participation
- Can be set up at little to no-cost for the investor
- Investor retains dividends and voting rights
- Seek to avoid triggering tax on underlying position

Objective

Hedge Downside Risk

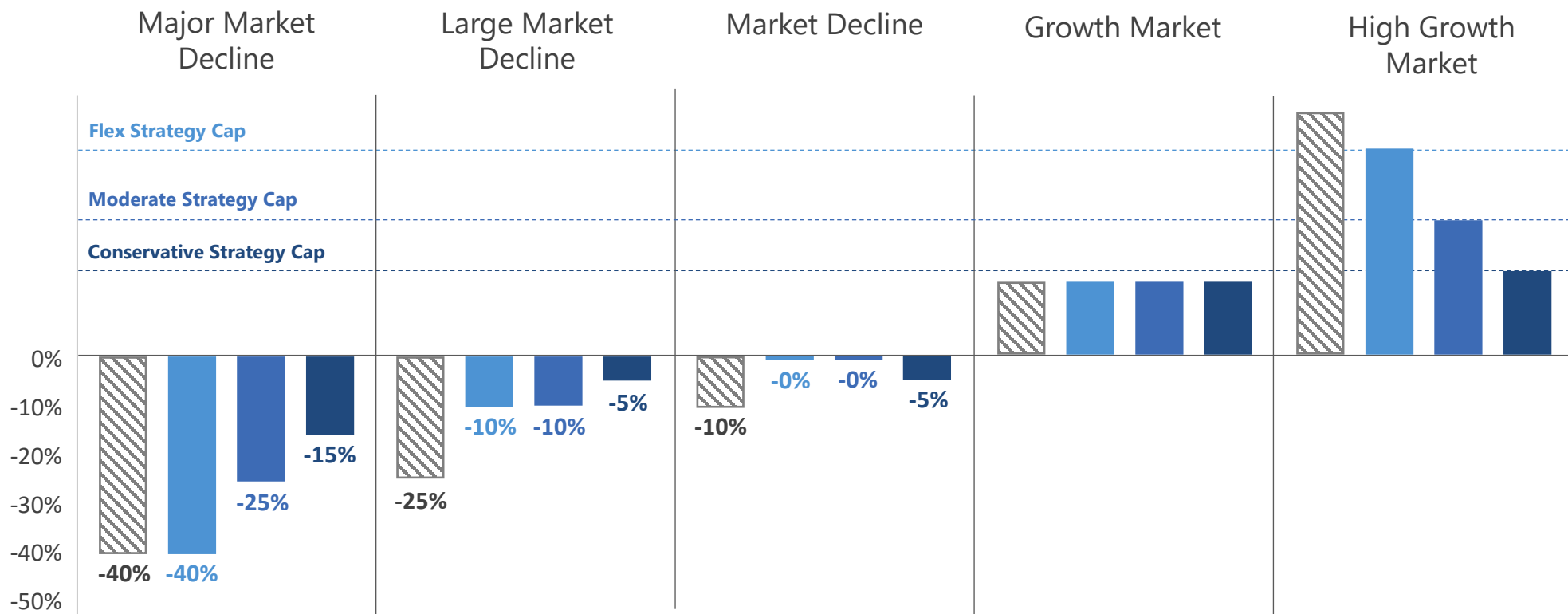


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STRUCTURED / DEFINED OUTCOME: Overlays Tailored to Fit Client Objectives & Risk Tolerance

Put spread structure offer a range of outcomes (if held for the entire 12-month outcome period).



-  Underlying Equity Holding Price Return
-  **Flex Overlay** (12 months). Put Spread Collar variation (0/20, Flex to 40)
-  **Moderate Overlay** (12 months). Put Spread Collar (0/15)
-  **Conservative Overlay** (12 months). Put Spread Collar (5/30)

HYPOTHETICAL ILLUSTRATION



Active Hedging Strategies

CLIENT SCENARIO

Investor with long-term time horizon is concerned about downside risk but doesn't want to cap upside or utilize a shorter-term or buffered solution.

STRATEGY DETAILS

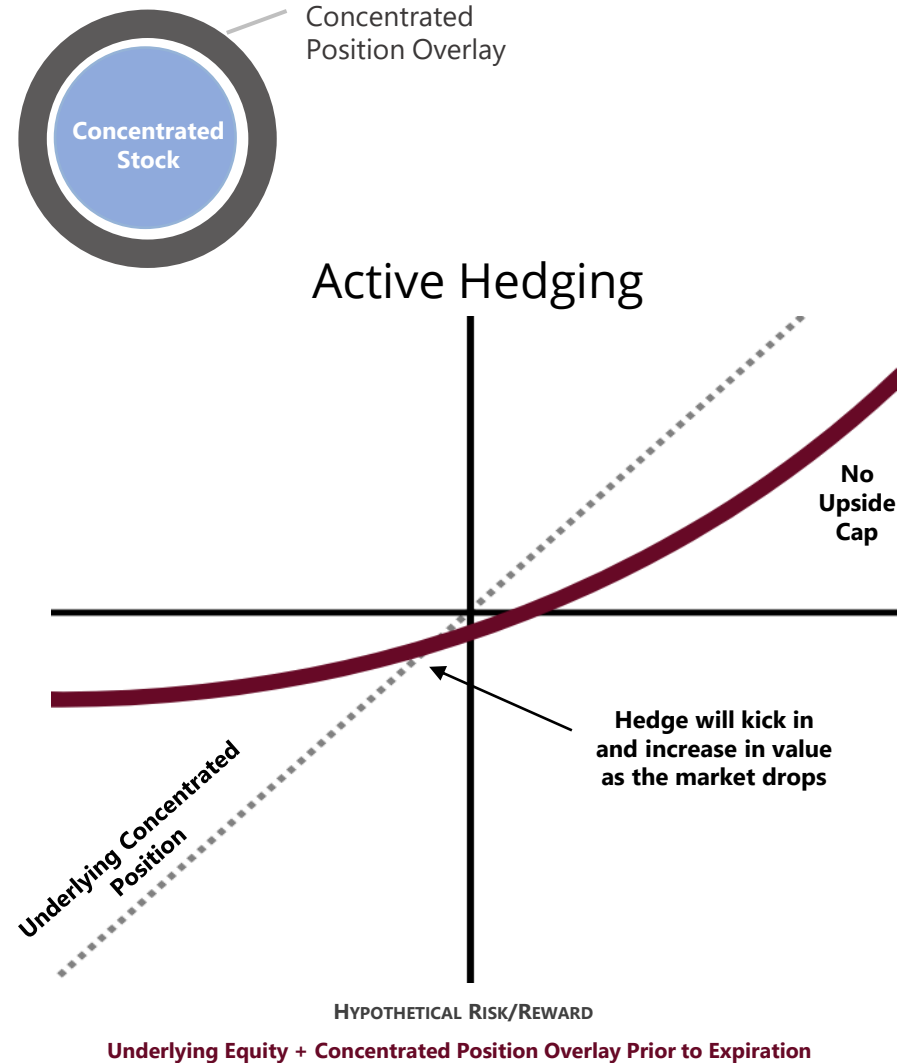
- 2yr Put (LEAPS) ~ ATM (At-the-Money), actively managed – will not be allowed to expire
- LEAPS provides downside risk mitigation, overlaid on underlying equity holdings that provide market exposure
- Include actively managed shorter-term options trades, utilizing disciplined, time-tested approach, seeking to offset some or all of the hedging cost over time.
- Upside participation is uncapped

POTENTIAL BENEFITS & RISK CONSIDERATIONS

- Hedge is actively managed to capitalize on large moves in the underlying:
 - raising the hedge level after large gain, and
 - unlocking the hedge value to buy more equity shares after large market declines
- May require capital to cover cost of hedging
- Investor retains dividends and voting rights
- Seek to avoid triggering tax on underlying position

Objective

Hedge Downside Risk



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Generate Income/Enhance Yield: Covered Call

CLIENT SCENARIO

Investor desires to generate income or enhancement of current yield.

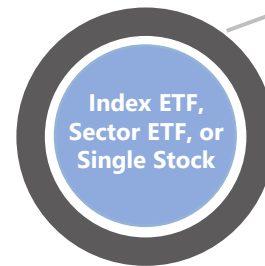
STRATEGY DETAILS

- Sell Call OTM, strike level TBD
- Maximum income is equivalent to option premium received for call options sold
- Upside participation capped at call strike
- Downside exposure to underlying position beyond the initial premium received

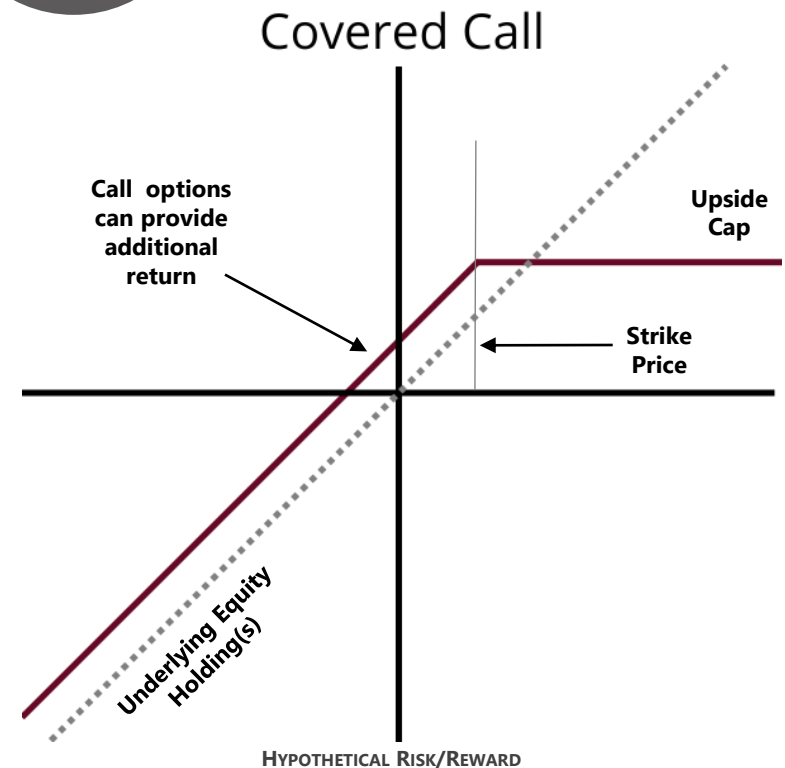
POTENTIAL BENEFITS & RISK CONSIDERATIONS

- Premium received typically not taxed at time of receipt
- Strategy may create or increase yield on underlying position
- Investor retains dividends and voting rights
- Seek to avoid triggering tax on underlying position

Objective Generate Income



Concentrated Position Overlay

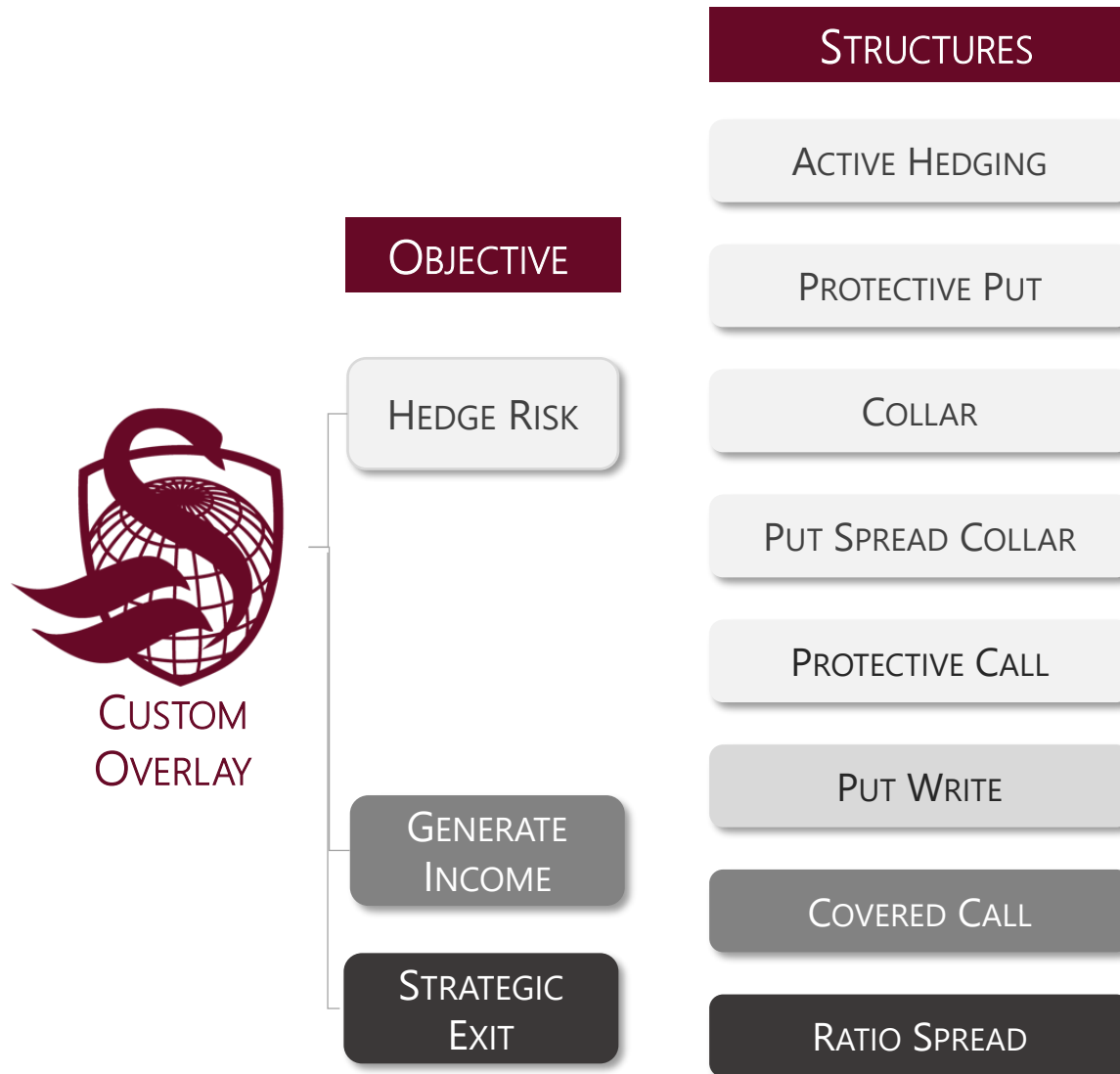


Underlying Equity + Concentrated Position Overlay at Expiration

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For UHNW clients, Custom Portfolio Overlays can serve a wide range of objectives, such as managing risk, enhancing portfolio income, strategic exit, tax management, and more.



Strategic Exit / Monetize Position: Ratio Spread

CLIENT SCENARIO

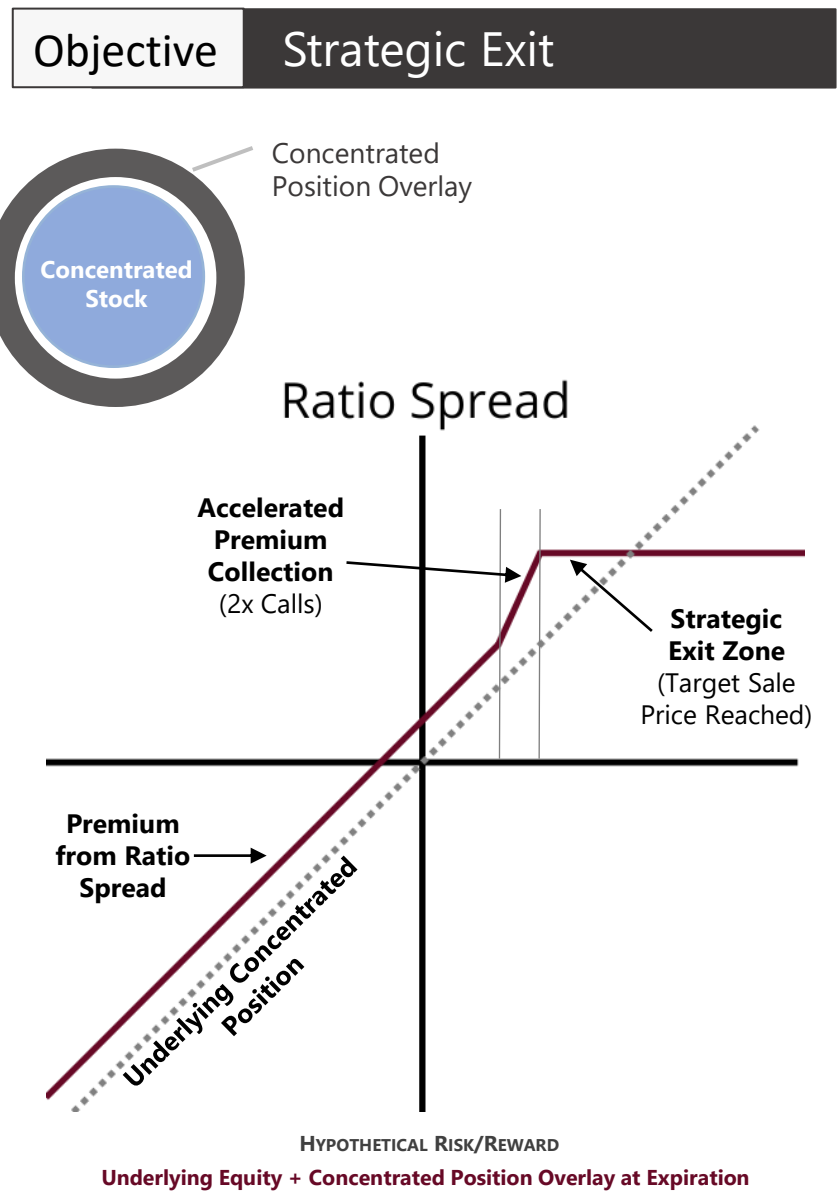
Investor desires to exit concentrated stock position at a target price above the current level.

STRATEGY DETAILS

- Buy Call OTM, strike level TBD
- Sell 2x Calls farther OTM, closer to target sale price
- Maximum income is equivalent to option premium received from sale of call options, less the cost of buying a call
- Upside participation capped at call strike
- Downside exposure to underlying position beyond the initial premium received

POTENTIAL BENEFITS & RISK CONSIDERATIONS

- Premium received typically not taxed at time of receipt
- Strategy may create or increase yield on underlying position
- Investor retains dividends and voting rights
- Seek to avoid triggering tax on underlying position
- Active management of the call options may accelerate the premium collection and thus may accelerate time to reach desired sale price (exit) for the underlying position



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Cover Short Position: Put Write on Short Stock

CLIENT SCENARIO

Investor has a large short position and does not want to close position at the current price and targets a pre-defined exit price.

STRATEGY DETAILS

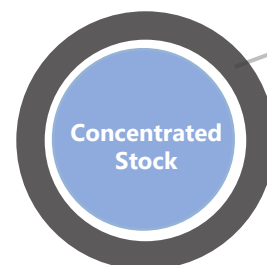
- Sell Put OTM, strike level TBD
- Maximum income is equivalent to option premium received for put options sold
- Downside exposure limited to put strike sold plus option premium received

POTENTIAL BENEFITS & RISK CONSIDERATIONS

- Premium received typically not taxed at time of receipt
- Strategy may create or increase yield on underlying position
- Potential to offset dividend obligations
- Seek to avoid triggering tax on underlying position
- If the stock falls in price below the put strike, investor is forced to buy back (cover short position) the stock at the strike price, limiting total gains, but some or all of the short position is covered

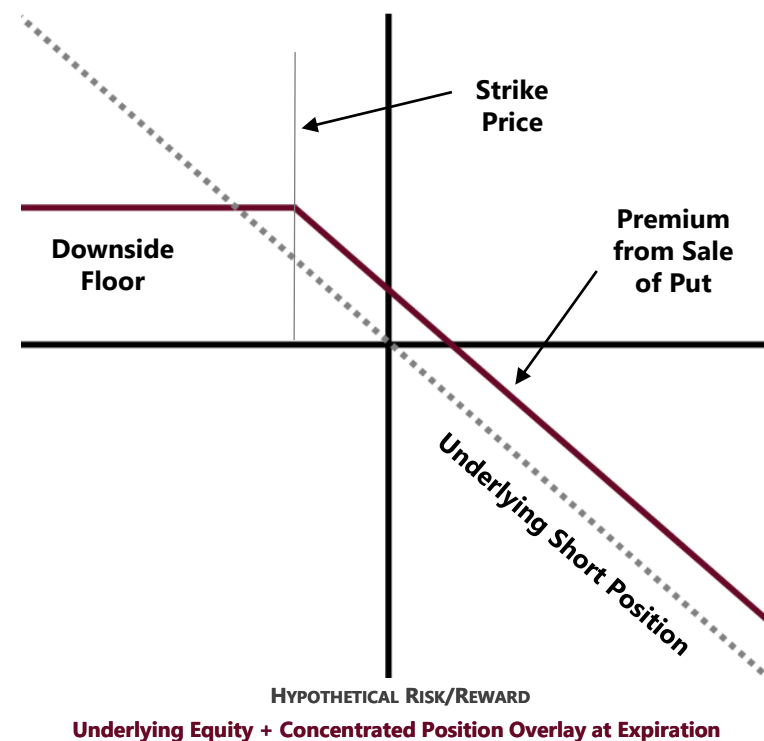
Objective

Cover Short Position



Concentrated Position Overlay

Put Write on Short Stock



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