



SONNET

GLOBAL TACTICAL PROTECTOR

Global Tactical Protector (“GTP”) is a passively managed collar options strategy designed to capture the upside of various asset classes to a maximum level (“cap”) with downside protection over a specific time period. The upside cap & downside protection levels vary based on the model selected. Higher upside caps are associated with lower downside protection levels (more risk). GTP will purchase a specific number of 100-share blocks of various asset class index securities including U.S. equities, international equities, emerging market equities, and precious metals. Put options will be purchased at periodic intervals for downside protection on each security. Call options will be sold at periodic intervals to offset some or all of the cost of the put options. Selling a call option caps upside participation on each security. GTP seeks the highest cap available that covers the put protection cost for the duration of the options holding period. Excess cash will be allocated to a treasury security, a money market security, and/or cash. The return on the excess cash portion of the portfolio will vary over time and may be higher or lower than the return on the rest of the portfolio. GTP seeks upside participation to a cap on various asset classes while focusing on capital preservation with reduced volatility and drawdowns relative to the market. Multiple models are available with put protection levels that kick-in after initial index security declines of approximately 0%, 2.5%, or 5% from the purchase price (or basis price), gross of fees.

OBJECTIVES

Global Tactical Protector targets capped upside participation in various asset classes with limited downside exposure. GTP focuses on capital preservation with reduced volatility and drawdowns relative to the market.

PROCESS

Global Tactical Protector buys index securities representing various asset classes and applies a collar options strategy by purchasing puts to limit downside and selling calls, which limit (“cap”) upside. The purpose of selling calls is to pay for some or all of the put protection.

RISK MANAGEMENT

Global Tactical Protector manages risk by purchasing puts to reduce downside participation. Diversification across various asset classes and purchasing put options at periodic intervals to hedge against declines in portfolio holdings are the risk management mechanisms used in the portfolio.

RISK OF LOSS

As with any strategy, there is no guarantee that this strategy will be profitable or meet its objectives. Investors may own securities that lose a substantial portion of value or possibly drop to \$0 in value. Additional risks that may reduce overall returns include but are not limited to:

- 1) GTP may not collect as much premium as anticipated when selling options for income.
- 2) GTP may pay more for put protection than it receives in income from selling call options resulting in a net loss (debit) rather than a net gain (credit).
- 3) Anticipated dividends may be reduced or eliminated.
- 4) Securities may be called away prior to a dividend payment. There are no assurances that all anticipated dividends will be received since covered call options will be sold against positions. Thus, securities may be called away prior to ex-dividend dates and/or dividend payment dates.

MODELS

Three models are available with put protection levels that kick-in after initial index security declines of approximately 0%, 2.5%, or 5% from the purchase price (or basis price), gross of fees.