SONNET

THE OPTIONS STRATEGY

The Options Strategy ("TOS") is an actively managed portfolio solution designed to generate monthly income for high net worth clients. TOS seeks above average dividend yields and income while focusing on capital preservation with reduced volatility and drawdowns relative to the market. TOS primarily invests in exchange traded funds, stocks, options, cash, and/or fixed income securities. Various options strategies may be used including but not limited to covered calls, covered puts, spreads, and collars. Options positions may be purchased (long) or sold/written (short). Options positions may create net debits or net credits.

OBJECTIVES

The Options Strategy targets securities with above-average dividend yields relative to the market and/or securities that have the potential to generate above-average income via options premiums. TOS may purchase puts to help reduce downside risk and volatility. TOS strives to generate net premium gains from the options sold in relation to the options purchased for downside protection.

PROCESS

The Options Strategy starts with an investible universe that includes exchange traded funds, stocks, options, cash and/or fixed income securities. Dividend yields and options premiums of various securities are evaluated prior to selecting securities for portfolio inclusion. TOS diversifies across sectors, option strike prices, and/or option time-frames when selecting securities.

RISK MANAGEMENT

The Options Strategy implements various risk management procedures in an attempt to reduce downside participation. Purchasing options to hedge against declines in portfolio holdings, investing in low-correlation securities, and/or investing in uncorrelated securities are examples of some of the risk management procedures that may be used. Diversification of individual portfolio holdings across various sectors, dividends yields, time frames, and strike prices is also part of the risk management process.

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) TOS may not collect as much premium as anticipated when selling options for income.
2) TOS may pay more for put protection than it receives in income from selling 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 may be sold against positions. In fact, it is expected that some securities will be called away prior to ex-dividend dates and/or dividend payment dates.

MODELS

Five models targeting various percentages of put protection are available. Models target 0% protection, 25% protection, 50% protection, 75% protection, and 100% protection.