Carapace Financial Advisors

Options Solutions Delivered Simply

* A carapace is the shell that protects sea turtles from unforeseen danger and risks. Carapace Financial was established with a similar goal – to protect clients from unforeseen market risks through the use of customized options strategies.

Options Solutions Delivered Simply

Carapace Financial is an "advisor-to-advisors" RIA that focuses solely on providing customized options and hedging solutions. With more than 100 years of collective Wall Street experience, the Carapace Financial team offers a wide range of investment strategies that seek to protect client wealth, supplement income and provide long-term growth.

At Carapace, we understand that client needs can be complex, especially today. Our combination of focus and experience is what enables us to deliver solutions to advisor clients that reduce portfolio risk and enhance outcomes for their clients.

Working Together

Carapace Financial's focus and deep expertise help advisors seamlessly and efficiently deliver the sophistication their clients need to mitigate everchanging risks and access often rapidly evolving opportunities. Our strategies not only have the potential to generate improved investor outcomes but, critically, differentiate advisors' investment capabilities in a marketplace that grows more homogenous each day.

► **Hedge concentrated positions**

With the historic run-up in the equity markets since mid-2020, many investors have overweight and often volatile low-tax basis stock positions in their portfolios. These investors, often retirees or corporate executives, are looking for a way to hedge downside risk on their concentrated positions, maintain upside appreciation potential and avoid triggering tax liabilities. Carapace Financial works closely with advisor clients to customize hedging strategies that exactly meet the risk and return parameters of their clients and provide peace of mind.

► **Invest for growth and income**

Developed as an income supplement for fixed income portfolios, the Carapace Buffered Dividend Income Strategy (BDIS) is a hedged "all weather" growth and income strategy that complements traditional 60/40 investment portfolios in any market environment. The approach seeks to provide income from a diversified portfolio of large-cap, dividend-paying stocks while protecting against a specific amount of market depreciation on each stock.

The Strategy also preserves potential upside appreciation of the underlying equity portfolio to a capped level. Equity portfolios are customized to align with investor/advisor viewpoints, desired outcomes and risk levels.

► **Invest for income**

With short-term interest rates and options volatilities remaining elevated, secured put strategies are an attractive way for investors to capture high income with significant downside market risk protection. The Carapace Buffered Premium Income Strategy (BPIS) seeks to generate enhanced income for our clients with a significant downside market risk hedge through:

1. The purchase of a 6- to 24-month U.S. Treasury security
2. The sale of out-of-the-money put options referencing each stock in a diversified portfolio of large-cap stocks.

Carapace Financial customizes the reference equity and options portfolios on each BPIS to meet our clients' investment parameters.

- **Invest for growth**
  Advisor clients can also utilize Carapace Financial's customized options strategies to replicate generic market-linked notes and ETFs, or to reduce downside market risk on growth-oriented equity investments. This approach may be particularly attractive for advisors seeking exposure to volatile equity portfolios with defined risk limitations. As an example, our Principal Protected AI Strategy provides 100% principal protection on a select group of high potential AI stocks while enabling upside appreciation potential to a capped level.

A Process Born of Experience

Each client inquiry is unique and each client situation different, but our process is deliberately consistent. In this way, we are able to add value to each engagement utilizing a constant framework, from initial research to ongoing monitoring.

RESEARCH	CUSTOMIZE	IMPLEMENT	MONITOR and MANAGE
For each engagement, we analyze the characteristics of the underlying equity portfolio. We assess the availability and depth of the exchange-listed options corresponding to the reference equity portfolio.	We conduct a rigorous comparative analysis of viable solutions to design an optimal strategy and establish target parameters. Options expiries and strike prices are selected based on this analysis.	All legs of the options strategy are implemented simultaneously to lock-in the target parameters. Limit orders are utilized to ensure pricing and execution are in full alignment with strategy design.	Positions are continually monitored to ensure consistent alignment with desired outcomes, and to identify opportunities for enhancement given market/security action.

Carapace Strategies: Solutions Made Simple

Across investment vehicles and strategies, Carapace Financial delivers the differentiated solutions investors need – and expect.

- **Separately managed accounts**
- **Private funds**
- **Market-linked notes**
- **Insurance products**

Contact us to learn more about how Carapace Financial's options expertise can help you differentiate your investment approach and deliver better client outcomes.

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