# **Premium** Income

September 2019

Strategy Highlights

Premium Income is an absolute return overlay strategy that is designed to provide clients with income that is uncorrelated to the performance of their underlying investments held as collateral. The strategy uses the available margin on a portfolio to sell deep out-of-the-money call and put spreads on the S&P 500 index. The strategy's objective is to obtain a positive return in all market environments, while minimizing the overall standard deviation of the strategy.

Premium Income Monthly Performance, Net of Fees (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	2.40	0.57	0.64	0.23	0.16	0.83	0.32	0.36	0.48	-	-	-	6.14
2018	0.21	(1.59)	0.96	0.56	0.62	0.14	0.98	0.47	0.44	(1.28)	1.69	(1.30)	1.84
2017	0.59	(0.51)	0.12	0.04	0.31	0.22	0.28	0.32	0.34	0.17	0.39	0.18	2.47
2016	0.28	0.37	0.77	0.81	0.56	(0.55)	(0.52)	0.41	0.58	0.59	0.42	(0.39)	3.37
2015	0.47	0.58	0.42	0.66	0.46	0.45	0.58	(4.64)	1.76	(3.98)	0.75	1.31	(1.40)
2014	0.06	0.25	0.69	0.36	0.18	0.08	0.15	0.21	0.18	0.43	0.16	0.29	3.07
2013	0.23	0.34	0.46	0.21	(0.18)	0.82	0.17	(0.29)	0.75	(0.06)	0.07	0.23	2.78
2012	0.77	0.74	0.41	0.80	0.46	0.46	0.52	0.12	0.39	0.59	0.37	0.45	6.26
2011	0.16	0.78	0.89	0.26	0.56	0.69	(0.32)	(8.07)	(0.13)	1.75	1.31	0.43	(2.05)
2010	(0.77)	1.99	0.39	(0.06)	1.89	(1.02)	3.01	0.68	0.62	0.40	0.46	0.29	8.10
2009	1.06	0.96	0.62	0.71	0.76	0.77	0.46	0.42	0.82	(0.61)	2.54	1.22	10.13
2008	-	-	-	-	-	-	-	-	-	-	1.95	0.52	2.48

Growth of $1,000

Premium Income (net)

Distribution of Returns

Premium Income (net)
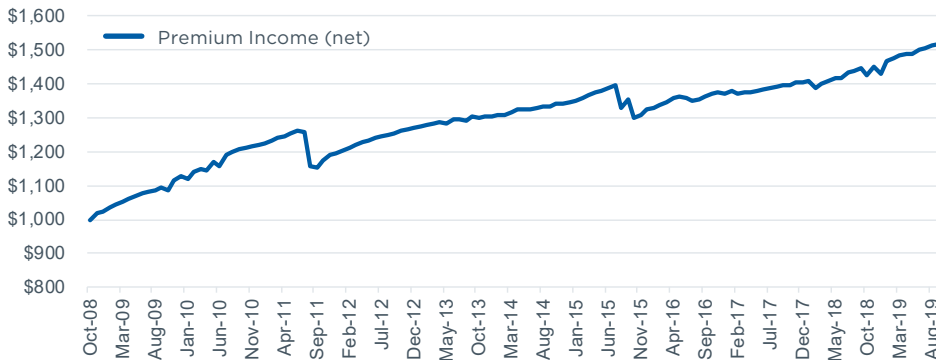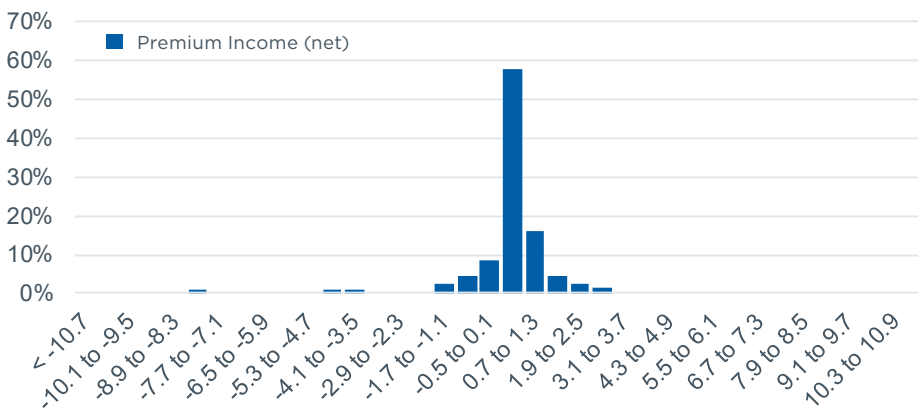
The distribution of returns charts plots the monthly returns since inception into the monthly return ranges (x-axis) as a percentage of those monthly returns that fall into each bucket (y-axis).

Strategy Details

Inception Date	11/01/2008
Tax Treatment*	60% Long-term
	40% Short-term

*Information is not intended to be personal tax advice and should not be relied upon as such.

Statistical Highlights
(Ending 9/30/19)

3 Month	1.16%
YTD	6.14%
2 Year	4.35%
3 Year	3.68%
5 Year	2.64%
10 Year	3.33%
Annualized Since Inception	3.90%

Performance Statistics
(Net of fees 11/01/08 - 9/30/19)

Annualized Return	3.90%
Annualized Standard Deviation	3.98%
Annualized Sharpe Ratio	0.86
Annualized Sortino Ratio	1.22
Downside Deviation	3.20%
Month Average Gain	0.62%
Month Average Loss	-1.38%

Correlation Matrix
(11/01/08 - 9/30/19)

1) Premium Income (net)	1.00
2) Bloomberg Barclays U.S. Aggregate Bond Index	0.00
3) S&P National AMT-Free Muni Bond Index	0.03
4) S&P 500® Index	0.23

Contact Information

Brett Kunshek, CFA
Head of Options
913-647-9708
brett.kunshek@marinerwealthadvisors.com

Disclosures

Past performance is not indicative of future results. There is no guarantee that the strategy will meet its investment objectives. This report should be used for informational purposes only and should not be deemed an offer to invest in the strategy.

The Premium Income Composite (the "Composite") is a composite of the accounts that are invested in the Premium Income Strategy. The results portrayed relate only to the adviser's clients invested in the strategy that meet the criteria for inclusion in Composite performance. The Composite includes all discretionary fee paying accounts which have been under management for three full months, including accounts no longer managed by the firm, and accounts which were not subject to advisory fees prior to July, 2010. Accounts are temporarily removed from the Composite during any month if their notional capital committed changes by 10% or greater. The creation date for the Composite is 8/16/2010 and the inception date for the Composite is 11/1/2008. The minimum account size is $100,000.

Premium Income is designed to provide clients with a revenue stream derived from options premiums and is managed to maintain a low correlation with traditional asset classes and is executed primarily by selling out of the money S&P 500 Index put and call spreads over short time horizons on a discretionary basis in order to deploy capital at opportunistic times. Performance is sized weighted and calculated using time weighted monthly returns. Returns are calculated by dividing the monthly gain/loss by the total notional capital committed at the beginning of the month. Notional capital committed is the total notional client have agreed for us to trade on. Net of fee performance returns are calculated based upon the notional capital committed and presented after all fees, which include model management fees, and actual trading expenses, including regulatory fees relating to the options strategy. Dividends are not considered in the net of fee performance as the strategy does not hold securities that pay dividends. Beginning July 1, 2018, the model advisory fee was reduced to 0.80% per annum from 1.00%. To determine the net of fees performance, the firm applies the model advisory fee rate to the gross returns each month. All performance is presented in U.S. Dollars. Taxes have not been deducted. Actual performance of client portfolios may differ materially due to a variety of reasons, including but not limited to, the timing of cash deposits and withdrawals, length of time positions are held, discretionary trading in the account, and client restrictions. The investment advisory fee schedule of the firm is described in our Part 2 of the Form ADV.

This strategy is exclusively composed of derivatives and will utilize short positions. There is not an appropriate benchmark for Premium Income, therefore no benchmark is presented. An investment in the Premium Income Strategy contains risks, including the risk of total loss.

Additional Risk Disclosure, Benchmark Information and Statistical Terms

Option trading involves a significant degree of risk, which each prospective investor should seriously consider. The risk of loss in trading options can be substantial. Prospective clients should carefully consider whether such trading is suitable for them in light of their financial condition and individual risk tolerances. The high degree of leverage that is often obtainable in options trading can work against investors as well as for them. More information on the risks of buying and selling options contracts can be found on the CBOE's website at Characteristics and Risks of Standardized Options.

A client account utilizing margin financing may be required to segregate liquid assets or otherwise cover the account's obligation created by a transaction that may give rise to leverage. To satisfy the account's obligations or to meet segregation requirements, positions may be required to be liquidated when it may not be advantageous to do so. Leverage may cause the value of a client account to be more volatile than if it had not been leveraged, as certain types of leverage may exaggerate the effect of any increase or decrease in the value of securities in an account. The loss on leveraged transactions may substantially exceed the initial investment.

The firm will utilize quantitative and technical valuation models in implementing its investment strategies. As market dynamics shift over time, a previously successful model could become outdated or inaccurate, perhaps after losses are incurred. There can be no assurance that the firm will be successful in developing and maintaining effective quantitative and technical models. Correlations among the instruments in a portfolio will change over time and could result in a loss of diversification and/or substantially more risk than firm's models, methods and techniques would have estimated. The firm relies on historical data as part of its risk management, but historical data can prove to be quite different from future dynamics in the market place and thus result in a materially greater risk profile than the firm would expect.

Index performance is provided as a benchmark but is not illustrative of any particular investment. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment. Investors cannot invest directly in an index.

The S&P 500® Index is a free-float market-capitalization weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested.

The Bloomberg Barclays U.S. Aggregate Bond Index measures the U.S. investment grade fixed rate bond market. The index is calculated on a total return basis.

The S&P National AMT-Free Municipal Bond Index is a broad, comprehensive, market value-weighted index designed to measure the performance of the investment-grade tax-exempt U.S. municipal bond market. Bonds issued by U.S. territories, including Puerto Rico, are excluded from this index.

Correlation is a measure of the strength of the relationship between an investment and a benchmark. The correlation coefficient can vary between -1 and 1. A value of 1 indicates the investment and benchmark are perfectly matched. A value of -1 indicates they are perfectly matched, but in a negative manner (when one goes up, the other will go down with the same strength). A value of 0 indicates there is no relationship between the investment and benchmark.

Sharpe ratio uses standard deviation to measure a fund's risk-adjusted returns. The higher a fund's Sharpe ratio, the better a fund's returns have been relative to the risk it has taken on. Because it uses standard deviation, the Sharpe ratio can be used to compare risk-adjusted returns across all fund categories. For example, a mid-cap growth fund may have a Sharpe ratio of 0.40. Meanwhile, the average Sharpe ratio for all mid-cap growth funds is 0.29. This means that this individual fund currently has a better risk-adjusted performance than the average mid-cap growth fund.

Standard deviation is a statistical measurement in finance that, when applied to the annual rate of return of an investment, sheds light on the historical volatility of that investment. For example, for a fund with a mean annual return of 10% and a standard deviation of 2%, you would expect the return to be between 8% and 12% about 68% of the time, and between 6% and 14% about 95% of the time.

The Sortino ratio is a variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative portfolio returns, called downside deviation, instead of the total standard deviation of portfolio returns. Sortino ratio can help clients assess risk in a better manner than simply looking at excess returns to total volatility, as such a measure does not consider how often returns are positive as opposed to how often they're negative.

Information Regarding Mariner, LLC

Mariner, LLC dba Mariner Wealth Advisors ("MWA"), is an SEC registered investment adviser. Registration of an investment advisor does not imply a certain level of skill or training. MWA is in compliance with the current notice filing requirements imposed upon registered investment advisers by those states in which MWA maintains clients. MWA may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notice filing requirements. Any subsequent, direct communication by MWA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For additional information about MWA, including fees and services, please contact MWA or refer to the Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov). Please read the disclosure statement carefully before you invest or send money.