



## Option Protected Overlay (OPO)

### Objective

Luminist Capital's **Option Protected Overlay (OPO)** portfolios are designed to participate in the majority of positive movements in key asset classes while using options to limit exposure to negative movements. The portfolios use only best-in-class ETFs that exhibit exceptional liquidity in both the stock and the options. OPO portfolios use a combination of stock and options designed to be low volatility alternatives to the underlying asset class.

### Strategy

The option market contains many data points that reflect the expectations of market participants. Over time these aggregated expectations have proven to be remarkably accurate. Luminist applies a rules-based, passive strategy taking advantage of these market expectations to create favorable risk to reward scenarios. The result is a portfolio constructed to optimize risk exposure through the use of systematic option strategies. The strategies are designed to provide 2 key benefits:

- Enhanced performance when markets perform within expectations
- Limited downside exposure at a predefined point

The option strategies utilize their exposure to substantial upside market moves to offset the cost of the insurance-like downside protection. Combining these benefits leads to a portfolio with higher exposure to the areas more likely to occur and reduced exposure to the areas that are unlikely or unfavorable.

### How to use the Option Protected Overlay portfolios:

OPO portfolios are designed to be the core investment of any conservative or risk averse investor. Combine several ETFs using the OPO strategy to build a broad, diversified portfolio. Let Luminist help you with asset allocation by answering a few questions about your financial situation and investing style, or build your own OPO portfolio from ETFs below.

### OPO AT A GLANCE

#### *Why OPO?*

1. Reduce volatility
2. Limit risk
3. Generate income

#### *Who should use OPO?*

1. Conservative investors
2. Risk averse investors
3. Tax and cost conscious investors

#### *What ETFs are eligible for OPO?*

All major ETFs that pass Luminist's strict criteria for liquidity, cost and tracking accuracy are eligible.

#### *How do I build a portfolio of ETFs using OPO?*

Fill out Luminist's Investor Profile to let us help you build an ideal portfolio, or build your own OPO portfolio from eligible ETFs.

## Asset Classes

OPO portfolios can be used with any of the high quality ETFs listed below. New ETF candidates are run through Luminist’s screening process to become eligible.

### Stock ETFs

Type	Ticker	Name	10yr Morningstar Rating*
Large Blend	<b>SPY</b>	SPDR® S&P 500 ETF	★★★★★
Large Value	<b>DIA</b>	SPDR® Dow Jones Industrial Average ETF	★★★★★
Large Growth	<b>QQQ</b>	PowerShares QQQ ETF	★★★★★
Small Blend	<b>IWM</b>	iShares Russell 2000 ETF	★★★★
Emerging Market	<b>EEM</b>	iShares MSCI Emerging Markets ETF	★★★

### Bond ETFs

Type	Ticker	Name	5yr Morningstar Rating*
Long Term Gov	<b>TLT</b>	iShares 20+ Year Treasury Bond	★★★★★
High Yield	<b>HYG</b>	iShares iBoxx High Yield Corporate Bond	★★★

### Sector ETFs

Type	Ticker	Name	5yr Morningstar Rating*
Equity Energy	<b>XLE</b>	Energy Select Sector SPDR® ETF	★★★★★
Financial	<b>XLF</b>	Financial Select Sector SPDR® ETF	★★★★
Consumer Staples	<b>XLP</b>	Consumer Staples Select Sector SPDR® ETF	★★★★★
Utilities	<b>XLU</b>	Utilities Select Sector SPDR® ETF	★★★★★
Health	<b>XLV</b>	Health Care Select Sector SPDR® ETF	★★★

### Commodity & Currency ETFs

Type	Ticker	Name	10yr Morningstar Rating*
Gold	<b>GLD</b>	SPDR® Gold Shares	N/A**
Oil	<b>USO</b>	United States Oil	N/A**
Euro	<b>FXE</b>	CurrencyShares® Euro ETF	N/A**

\*Source: Morningstar, Inc. For more information about the Morningstar rating visit [www.morningstar.com](http://www.morningstar.com)

\*\*Not available. Morningstar does not assign ratings to commodity or currency based ETFs

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