



“PIONEERS IN COLLAR INVESTING”™

Manager Profile

Manager: Summit Portfolio Advisors, LLC
Portfolio: Equities Hedged with Collars

Firm Overview

Summit Portfolio Advisors, LLC (“SPA”), a 100% family owned and managed Registered Investment Advisor, commenced business in September 2005. SPA’s officers are Joseph M. Schwab, Chief Executive Officer, Elizabeth M. Uhl, President, and Thomas J. Schwab, Chief Investment Officer.

Collar Investing™

Collar Investing™ is a stock and option strategy that involves buying a stock and “collaring” that stock with the purchase of a put option and the sale of a covered call option. While a stock is wrapped in a collar, any loss or gain is limited by the minimum and maximum price range of the collar, no matter how much the stock actually falls or rises. *Collar Investing™* finds opportunities for price arbitrage between stocks and their derivatives, investing client portfolios in stock/collar combinations which offer an attractive risk/reward proposition.

Major benefits of *Collar Investing™* are:

- Maximum potential losses or gains for a collared stock are clearly defined, so there are no surprises.
- Maximum risk levels can be pre-set. For example, an investor can specify realized losses to be limited to a maximum level. Knowing the worst case scenario ahead of time provides peace of mind.
- In the unlikely event of a general market collapse, stocks shielded with collars will likely retain the bulk of their value. Listed options are backed by the Option Clearing Corporation, rated AAA by Standard & Poors.

Other Collar Strategies

In addition to *Collar Investing™*, where the put and call options are derivatives of the purchased stock and expire on the same date, SPA may occasionally employ other collar strategies. For example, index put or call options may sometimes be substituted for one or both sides of the collar, or the expiration dates of the put and call option may sometimes be different. These other collar strategies can potentially augment returns, but can also increase risk and provide less certainty than with the *Collar Investing™* discipline. New clients can choose if they wish SPA to employ these other collar strategies in their separately managed accounts.

Suitability

SPA’s investment services may suit a broad spectrum of investors:

- Retirees, baby boomers, or nervous investors who are willing to forgo some possible upside return in exchange for protection.
- Pension Plans, Endowments, Foundations, and other long term investors might consider SPA’s approach as a bond alternative.
- Investors who buy protective products such as guaranteed annuities or equity linked notes. SPA’s costs may be less and offer a more favorable risk/reward proposition.

Having a collared stock portfolio as one element in the asset mix might be an effective way to protect at least a portion of an investor’s net worth in the event of economic calamity.

Portfolio Construction

A new client’s separately managed account usually starts with holding only cash or money market funds; in most cases, pre-existing holdings in the account are liquidated before the portfolio construction process begins. SPA will then seek to invest in a diversified mix of stock/collar combinations where the reward to risk is attractive relative to general market conditions.

The portfolio construction process is dynamic. When stocks are hitting new highs, lower risk collars might be selected to defensively skew the portfolio. Conversely, when stocks have plummeted, higher risk (and return) collars might be selected to more aggressively position the portfolio for a market rebound.

There may be times when attractive stock/collar combinations are scarce. For example, when the 2008 credit crisis saw put option premiums rise to historic levels, attractive stock/collar combinations were hard to find. During such periods, the portfolio may remain in cash equivalents until collar opportunities reappear.

Fees and References

Annual account fees are 0.80% (fees prorated quarterly in arrears) with a minimum separately managed account size of \$5 million, which may be negotiable.

Articles discussing SPA include BusinessWeek, Barron’s, Advisor Perspectives, Pensions&Investments, Financial Advisor, NAPFA Advisor, CPA Wealth Provider, and Bob Veres’ Inside Information ([see SPA website for articles](#)).

SPA Composite* Performance						
		Q1	Q2	Q3	Q4	Year
2009	SPA	-1.21%	3.92%	3.21%	2.63%	8.74%
	S&P 500	-11.01%	15.93%	15.61%	6.04%	26.47%
2008	SPA	-1.44%	-1.20%	-2.39%	-1.71%	-6.58%
	S&P 500	-9.45%	-2.73%	-8.37%	-21.94%	-37.00%
2007	SPA	1.18%	2.18%	2.10%	0.74%	6.34%
	S&P 500	0.64%	6.28%	2.03%	-3.33%	5.49%
2006	SPA	1.11%	-0.34%	2.86%	3.86%	7.65%
	S&P 500	4.21%	-1.44%	5.67%	6.70%	15.80%
2005	SPA	n/a	n/a	n/a	1.61%	n/a
	S&P 500				2.08%	
Beta:		0.17				
Correlation (R ²):		0.78				

Summit Portfolio Advisors, LLC
P.O. Box 837, Denver, CO 80201
Tel: 877.817.0979 (toll free) Fax: 303.482.1006
Email: info@summitportfolioadvisors.com
www.summitportfolioadvisors.com
© 2010 Summit Portfolio Advisors, LLC

*Collar Investing uses listed equity options which may be subject to special tax rules and other relevant factors that may effect your decision to invest. You should consult with your investment, tax, and accounting advisors before investing. Performance notes: *Composite performance is calculated monthly and consists of SPAs Regular accounts, size-weighted by beginning of the month asset values, and net of all fees and commissions. The composite performance has been calculated in compliance with GIPS standards and there are no alterations of the composite returns as presented. The benchmark is the S&P 500 Index. This is not a sales solicitation, but a profile of our investment management approach. Past performance is never a guarantee of future results. Investing in securities involves risk and investors may incur a loss.