Firm Overview

Quick Hits |June 2024

About Arin

Founded in 2009, Arin Risk Advisors, LLC is an SEC-registered investment advisor specializing in volatility management and options overlay services.

We partner with fellow fiduciaries (RIAs, family offices, bank trust departments), asset managers and asset owners with diverse objectives, outlooks and risk tolerances. We seek to meet the goals of these clients with strategies that turn volatility into a source of return, rather than simply something that is measured and tolerated.

Our Belief System

The volatility that already resides within investment portfolios is an asset that can become a source of return, rather than simply something that is measured and tolerated.

Standard risk measures and traditional diversification techniques often provide false comfort and leave dangerous blind spots.

Statistical models, while alluring in their perceived precision, do not fully incorporate the changing context that drives security prices.

Improved results can come from "contextual investing", relying more on the context that exists at the time and less on a history that may or may not repeat.

Proactive risk management helps investors stay rational longer, either protecting them from accepting risk when they do not have to or avoiding risks when they demand stability.

Investors need to expand their sources of return to include volatility to keep their portfolios in line with their wealth planning goals.

Arin at a Glance

- Fee-Only SEC Registered Investment Advisor established in 2009
- Focused exclusively on risk controlled, options-based investment strategies
- Actively-managed volatility strategies designed to meet a variety of client objectives and risk tolerances
- Talented investment team with extensive portfolio construction, proprietary trading, market making, and fiduciary risk management experience
- Clients include fellow fiduciaries (private banks, trust companies, RIAs, family offices) and long-biased asset managers
- Strategies accessible through separate accounts, exchange traded funds, and private funds

Our Solutions

Customized Management: Separately managed accounts built for you, around your ideal outcome, and aligned with your risk tolerance and return objectives. The key to success is ongoing communication and transparency.

Concentrated Holdings: Portfolios devoted to a single company can offer inter-generational wealth. However, reliance on a single economic player in a global, fast paced economy may also leave owners subject to unwanted risks. Through collaboration and calibration, Arin can design and adapt risk mitigation strategies to preserve desired elements of the exposure while reducing the angst of such a limited opportunity portfolio. The ability to address concerns relates to Stocks, NQSOs, RSUs, and other types of ownership claims. Fees range from 40 to 60 basis points.

Yield Hawk (Borrow or Lend): Many investors are unaware of the attractive rates offered through the options markets to improve their cash returns and to reduce their margin/securities based lending costs. These trades remove market and volatility risk and target the interest rate implied by the difference in the money paid/received versus the amount to be received or paid. Fee is 25 basis points.

Portfolio and Asset Protection: Markets by their nature are dynamic and generally unable to be forecasted. Investors may shift tolerance for risk. Through a series of option trades, clients can adjust their market risk exposure due to life events, market conditions, cash flow needs, or other sporadic objectives. Portfolio can be secured to meet these concerns through a direct hedge, protection cascade, or volatility convexity. Fee is 80 basis points.

Cash Flow/Return Enhancement: Income-producing strategies that create "synthetic dividends" and other forms of cash flow can be meshed with existing broad-based portfolios or concentrated positions through actively managed volatility harvesting programs. Fee is 40 basis points.

Opportunistic: We actively seek out opportunities to secure returns, focusing on dispersion, correlation, convexity, mergers/spin-offs, and cross-asset arbitrage strategies to potentially achieve "implementation alpha". While we prefer to execute these trades through our "go anywhere" VegaEx, LP portfolio, we may occasionally allocate capital to individual accounts for unique trades. Our fee structure consists of a 150 basis points management fee and a 15% performance fee.

ARIN RISK ADVISORS LLC
Where smart money becomes brilliant.

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ARIN'S GUIDING PRINCIPLES

Arin Risk Advisors, LLC was formed to respond to the investing public's need for honest and time tested investment talent. For way too long, investors have been subject to high fees, conflicts of interests, and the often undisclosed profit motive of their investment advisor. Arin's principals spent years working with big banks, market makers, & asset managers only to be repeatedly discouraged by the lack in interest in the clients' results. Arin's founding partners wanted to deliver accessible investment services and advice at a cost consistent with its inherent value. They knew the best way to do this was to create a firm beholden only to client outcomes.

As evidence of our commitment, Arin is broker and custodian neutral, designed an open architecture trading and reporting technology, and complies by the Code of Ethics created by the CFA Institute. Arin offers a partnership in trading complex markets for complex needs. Arin seeks to earn your trust as our reward for the level of commitment we bring to each client and advisor engagement.

Our Team

Ryan Bailey – Lead Portfolio Manager creates and monitors customized options overlay and volatility management mandates. Ryan focuses on Arin's volatility arbitrage strategies. He designs and implements relative value, dividend recapture, and synthetic exposures trade ideas. He served as a Market Maker and Proprietary Trader with Bullock Capital and Susquehanna International Group across the equities, options and futures markets.
Joe DeSipio, CFA, FRM – Managing Member and Lead Strategist leads strategy design, risk management, and intermediary training sessions. He previously held Strategist and Lead Portfolio Manager positions with SEI Investments, Evergreen Investments, Wachovia and Vector Capital Management. He founded Evergreen Investment's Options Strategy Group in Philadelphia, PA where his team of investment professionals delivered customized position and risk overlay management.
Larry Lempert – Managing Member and Trading Director designs and implements trade ideas for special situations, volatility arbitrage, and index/sector correlation and dispersion. He held positions with Bullock Capital and Susquehanna International Group. During his tenure at both firms, he served as a Proprietary Trader and Market Maker in the equity options and equity index derivatives markets.
Chad Levine – Portfolio Strategist focusing on Opportunistic Trading Strategies. He creates and implements trade ideas for special situations, volatility arbitrage, and index/sector correlation and dispersion. He held positions with Bullock Capital and Susquehanna International Group. During his tenure at both firms, he served as a Proprietary Trader and Market Maker in the equity options and equity index derivatives markets.
Michael Waber – Risk Manager who oversees and monitors all trading and positions for both stand alone products and customized strategies. He was the President and founder of Fairview Trading, Inc., an options market making firm on the Philadelphia Stock Exchange (PHLX). Michael was a founding member of the PHLX, an exchange for which he once served as a Board governor and 2 term Chairman of the Disciplinary Review Committee.
Ralph Tunick – Applications Development Manager who oversees integrating Arin's solutions with various custodians, data vendors, and pricing models to meet our clients' needs. Ralph has extensive experience in software development, analytics, and database design for front-end trading as well as risk management and other back office applications. Prior to joining Arin, Mr. Tunick held similar roles with Bullock Capital and Fairview Trading. His pricing and risk models apply to currencies, equities, fixed income instruments, futures, and options. Mr. Tunick earned a Bachelor of Arts degree in Mathematics from Rice University.

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Disclosures

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Past performance is not necessarily indicative of future results.

Derivatives and options strategies are not suitable for every investor, may involve a high degree of risk, and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. Full details of the terms and conditions, including risk factors, associated with this strategy and instruments are described in the Characteristics and Risks of Standardized Options, which should be read carefully before investing or trading any option contract. The options risk disclosure document can be accessed at the following web address: http://www.optionsclearing.com/about/publications/character-risks.jsp

None of the information contained herein is intended to form the basis for a specific investment decision, and no specific recommendations are intended.

Option transactions may produce tax consequences. Arin Risk Advisors, LLC (Arin) does not render legal, accounting or tax advice and all investors should consult with their advisors regarding the consequences of the transactions described in this presentation and how options and underlying holdings transactions will affect your tax situation. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals, may materially alter the performance and results of an investor's portfolio