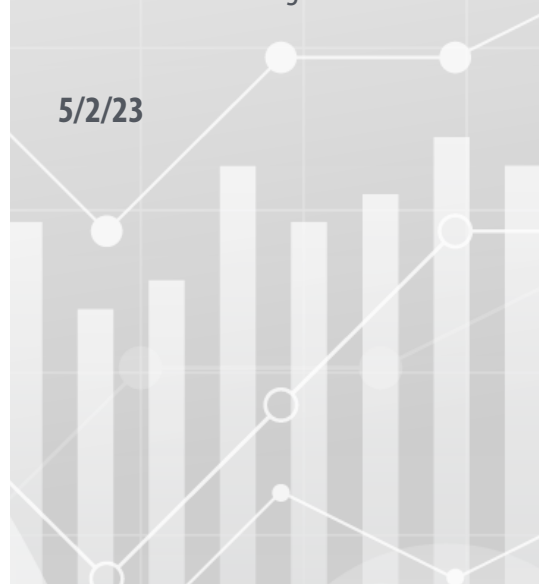


Cash Flow and Carey



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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The CBOE S&P 500 BuyWrite Index (BXM) is designed to track a hypothetical buy-write strategy on the S&P 500. It is a passive total return index based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPXSM) "covered" call option.

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An Update On Covered Call Returns

S&P 500 Index vs. CBOE S&P 500 BuyWrite Index (Annual Total Returns)

Year	S&P 500 Index	CBOE S&P 500 BuyWrite Index	Winner
2023 (YTD thru 4/28)	9.16%	7.17%	TBD
2022	-18.13%	-11.37%	BuyWrite
2021	28.71%	20.47%	S&P 500
2020	18.40%	-2.75%	S&P 500
2019	31.49%	15.68%	S&P 500
2018	-4.38%	-4.77%	S&P 500
2017	21.83%	13.00%	S&P 500
2016	11.96%	7.07%	S&P 500
2015	1.38%	5.24%	BuyWrite
2014	13.69%	5.64%	S&P 500
2013	32.39%	13.26%	S&P 500
2012	16.00%	5.20%	S&P 500
2011	2.11%	5.72%	BuyWrite
2010	15.06%	5.86%	S&P 500
2009	26.46%	25.91%	S&P 500
2008	-37.00%	-28.65%	BuyWrite
2007	5.49%	6.59%	BuyWrite
2006	15.79%	13.33%	S&P 500
2005	4.91%	4.25%	S&P 500
2004	10.88%	8.30%	S&P 500

Source: Bloomberg. Past Performance is no guarantee of future results.

View from the Observation Deck

Covered call strategies tend to be most beneficial when the stock market posts negative returns, or when returns range from 0%-10%.

The S&P 500 Index posted negative total returns just three times in the table above. The CBOE BuyWrite Index outperformed the S&P 500 Index in two of those three years (missing the hat trick 3/3 by 0.39 percentage points in 2018). For comparison, there are four years in the table where the S&P 500 Index posted returns between 0% and 10%. During those time periods, the CBOE BuyWrite Index outperformed the S&P 500 Index in three of the four years (missing the fourth year by 0.66 percentage points in 2005). Year-to-date through 4/28, the S&P 500 Index has outperformed the CBOE BuyWrite Index by 1.99 percentage points.

Covered call options can generate an attractive income stream, but they can also cap the potential for capital appreciation.

There were 12 years in the table where the S&P 500 Index posted total returns of 10% or more. The CBOE BuyWrite Index underperformed the S&P 500 in every one of them.

Takeaway

Covered call strategies offer a unique alternative to the S&P 500 Index. The income they provide has generally led to outperformance during negative or moderately positive periods. This income comes at a potential cost, however, as returns can be capped during periods where the market is performing exceedingly well. As the table shows, the CBOE BuyWrite Index outperformed the S&P 500 Index in five of the seven periods where the S&P 500 Index posted annualized total returns of 10% or less. For comparison, the CBOE BuyWrite Index underperformed the S&P 500 Index in all 12 of the years where the S&P 500 Index posted returns of more than 10%.