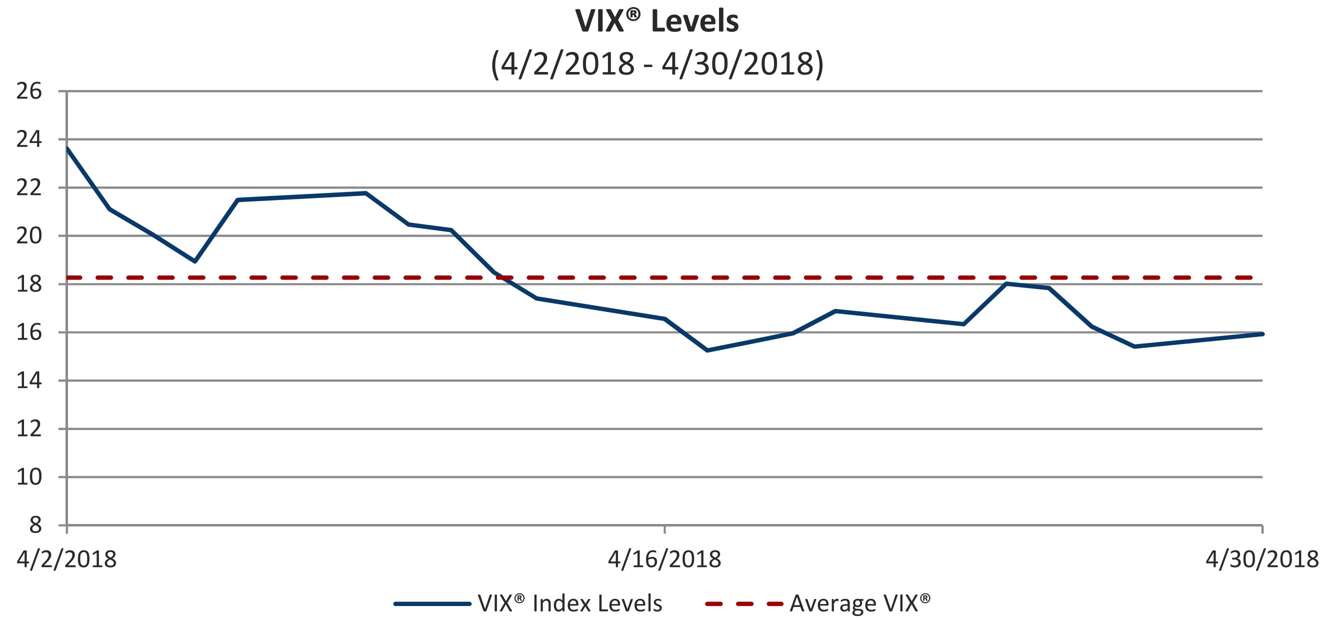
Market Recap

The S&P 500® Index returned 0.38% in April, bringing its year-to-date return to -0.38%. The month began with an advance of 2.65% through April 18th, which brought its year-to-date return back into positive territory after ending the first quarter in the red. Despite the advance, the S&P 500® Index was still 5.68% below its 2018 highwater mark set on January 26th. From its closing values on April 18th and January 26th through month-end, the S&P 500® Index returned -2.21% and -7.37%, respectively.

Despite recent equity market losses and a significant uptick in volatility, data releases suggested the market backdrop of an expanding economy and robust earnings growth remained intact. The recent trend of relatively elevated inflation measures continued as well. The March Consumer Price Index release on April 11th reported a year-over-year change of 2.4%, the seventh consecutive month the reading was above the Federal Reserve's 2% target. On April 27th, the first estimate of Q1 GDP growth came in at 2.3%, which was above consensus expectations. With over half of S&P 500® Index companies reporting results as of April 30th, indications are that first quarter earnings were the strongest in several years. Aggregate quarterly operating earnings are on pace to have grown nearly 7% during Q1, a rate not seen since Q3 2010, and nearly 20% year-over-year, a rate not seen since Q2 2011. In addition, nearly 84% of companies reporting earnings met or beat expectations. Notably, a substantial portion of the strong Q1 earnings reports came during the equity market decline that ended the month. Fifty-eight companies had reported earnings by April 18th and 222 companies reported earnings as the equity market declined from its April peak to month-end.

Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 18.27 for the month of April. The VIX® trended downward over the course of the month, with a closing high of 23.62 on April 2nd and a closing low of 15.25 on April 17th, while ending the month at 15.93. The S&P 500® Index's realized volatility (as measured by its annualized standard deviation of daily returns) was 17.54%. The spread between implied and realized volatility was positive after being negative in February and March.

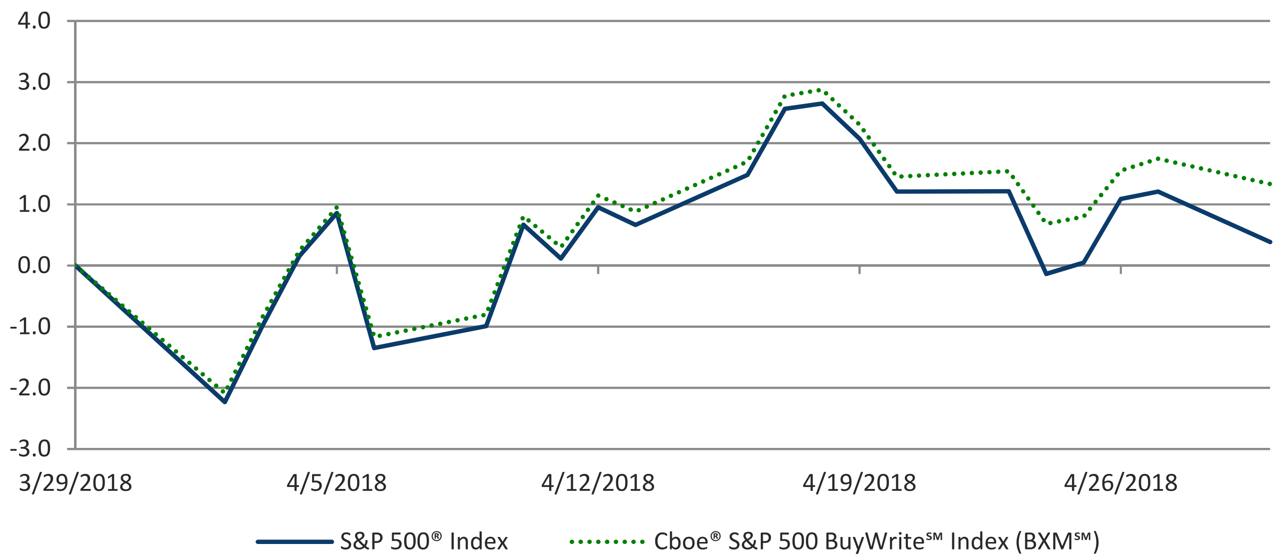


Datasource: Bloomberg, L.P.

The Cboe® S&P 500 BuyWrite℠ Index (the BXM℠)[1] had a return of 1.33% for April, bringing its year-to-date return to -0.25%. The BXM℠ outperformed the S&P 500® Index during the equity market advance that began the month and the market decline that ended the month. From the beginning of the month through April 18th, the BXM℠ returned 2.88%, outperforming the S&P 500® Index by 23 basis points (bps). Outperformance was primarily due to the BXM℠ beginning the month with the strike price of its written index call option significantly out-of-the-money resulting in nearly full market exposure, plus some remaining time premium to earn from writing its option in March. From April 18th through month end, the BXM℠ returned -1.50%, outperforming the S&P 500® Index by 71 bps. Outperformance was primarily due to the decline starting just before the BXM's℠ written index call option was scheduled to expire on April 20th. The premium received by the BXM℠ on April 20th, when it wrote its new index call option with a May expiration, provided downside protection as the equity market declined over the remainder of the month.

[1]The Cboe® S&P 500 BuyWrite℠ Index (the BXM℠) is a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index. The construction methodology of the BXM℠ includes buying an equity portfolio replicating the holdings of the S&P 500® Index and selling a single one-month S&P 500® Index call option with a strike price approximately at-the-money each month on the Friday of the standard index option expiration cycle and holding that position until the next.

Cumulative Performance (%)
(3/29/2018 - 4/30/2018)



Datasource: Bloomberg, L.P. **Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.**

The Bloomberg Barclays U.S. Aggregate Bond Index (the Aggregate) returned -0.74% for April, bringing its year-to-date return to -2.19%. The yield on the 10-year U.S. Treasury rose over the course of the month, beginning at 2.74% and ending at 2.95%, while reaching a high of 3.03% on April 25th, its highest level since December 2013.