

The CBOE S&P 500<sup>®</sup> BuyWrite Index (the BXM<sup>SM</sup>)<sup>1</sup> returned -0.18% from its closing price on Friday, March 17<sup>th</sup> through its index call option expiration on Friday, April 21<sup>st</sup>. The S&P 500<sup>®</sup> Index returned -1.10% over the same period, underperforming the BXM<sup>SM</sup> by 92 basis points (bps).

From March 17<sup>th</sup> through April 13<sup>th</sup>, the S&P 500<sup>®</sup> Index declined 1.95% to a closing price of 2328.95, more than 2% below the strike price of the BXM's<sup>SM</sup> April-expiration index call option. The nearly \$22 premium received by the BXM<sup>SM</sup> when it wrote its April-expiration index call option provided downside protection over this period as the BXM<sup>SM</sup> lost 1.11% and outperformed the S&P 500<sup>®</sup> Index by 84 bps. The equity market advanced over the last week of the expiration cycle. The combination of the market exposure created by the BXM's<sup>SM</sup> out-of-the-money index call option and a small amount of remaining time-premium allowed the BXM<sup>SM</sup> to generate a positive return and outperform the S&P 500<sup>®</sup> Index. From April 13<sup>th</sup> through April 20<sup>th</sup>, the day prior to the expiration of the BXM's<sup>SM</sup> index call option, the BXM<sup>SM</sup> returned 1.19% while the S&P 500<sup>®</sup> Index returned 1.17%.

From March 17<sup>th</sup> through April 20<sup>th</sup>, the close prior to the BXM's<sup>SM</sup> index option roll, the cumulative returns for the BXM<sup>SM</sup> and S&P 500<sup>®</sup> Index were 0.07% and -0.80%, respectively, as the premium received by the BXM<sup>SM</sup> in March more than offset the S&P 500<sup>®</sup> Index's loss.

### April BXM<sup>SM</sup> Roll

On April 21<sup>st</sup>, the BXM<sup>SM</sup> returned -0.25% as it rolled from the expiring April index call option to a new index call option expiring in May. With a SPXSET<sup>2</sup> of 2354.18, the BXM<sup>SM</sup> paid nothing to retire the April index call option with a strike price of 2385. The new May index call option had a strike price of 2355 and a premium of \$25.88 at the time of the roll.

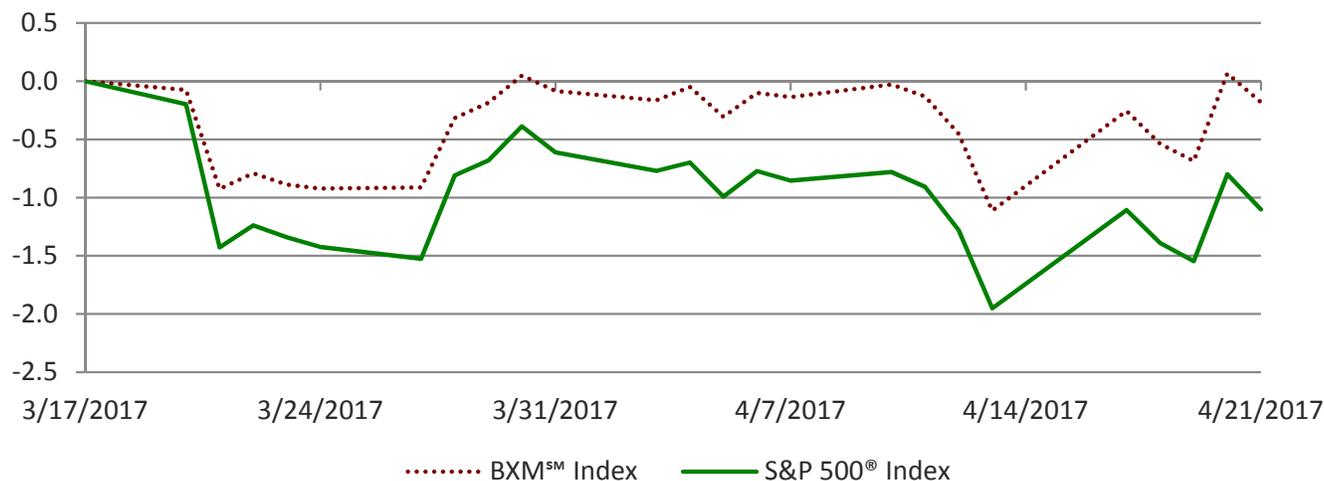
<sup>1</sup> The Chicago Board Options Exchange (CBOE<sup>®</sup>) S&P 500 BuyWrite Index (the BXM<sup>SM</sup>) is a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500<sup>®</sup> Index. The construction methodology of the BXM<sup>SM</sup> includes buying an equity portfolio replicating the holdings of the S&P 500<sup>®</sup> Index and selling a single one-month S&P 500<sup>®</sup> 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 expiration.

<sup>2</sup> SPXSET determines the price at which the BXM<sup>SM</sup> "buys back" the expiring index option as it rolls to a new one. SPXSET is based on the first available price of each company in the S&P 500<sup>®</sup> Index, rather than the opening price of the S&P 500<sup>®</sup> Index itself. Since it is common for a portion of the companies to not trade on the market open, the set price can and frequently does vary from the opening price of the S&P 500<sup>®</sup> Index.

The S&P 500® Index lost 0.30% on the day of the option roll. The timing of the option roll detracted from the BXM's<sup>SM</sup> return. The S&P 500® Index declined approximately 21 bps from its closing value on April 20<sup>th</sup> through the BXM's<sup>SM</sup> unhedged period and the completion of its index option roll by early afternoon on the 21<sup>st</sup>. The S&P 500® Index closed below its volume-weighted average price for the period the BXM<sup>SM</sup> rolled its index call option. Having the index call option in place as the market declined after the completion of the roll helped the BXM<sup>SM</sup> slightly outperform for the day.

The CBOE Volatility Index (the VIX®) fluctuated between 13.85 and 15.33 on April 21<sup>st</sup>. This was higher than the range the VIX® exhibited on the day of the previous BXM<sup>SM</sup> roll. The May index call option premium received equates to 1.10% of the underlying value of the BXM<sup>SM</sup>, for an annualized rate of 14.35%, which is higher than the 9.63% annualized rate of the previous month.

**Cumulative Performance (%)**  
(3/17/17 - 4/21/17)



Datasource: Bloomberg, L.P., Morningstar Direct<sup>SM</sup> and Chicago Board Options Exchange (CBOE®)

**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.**