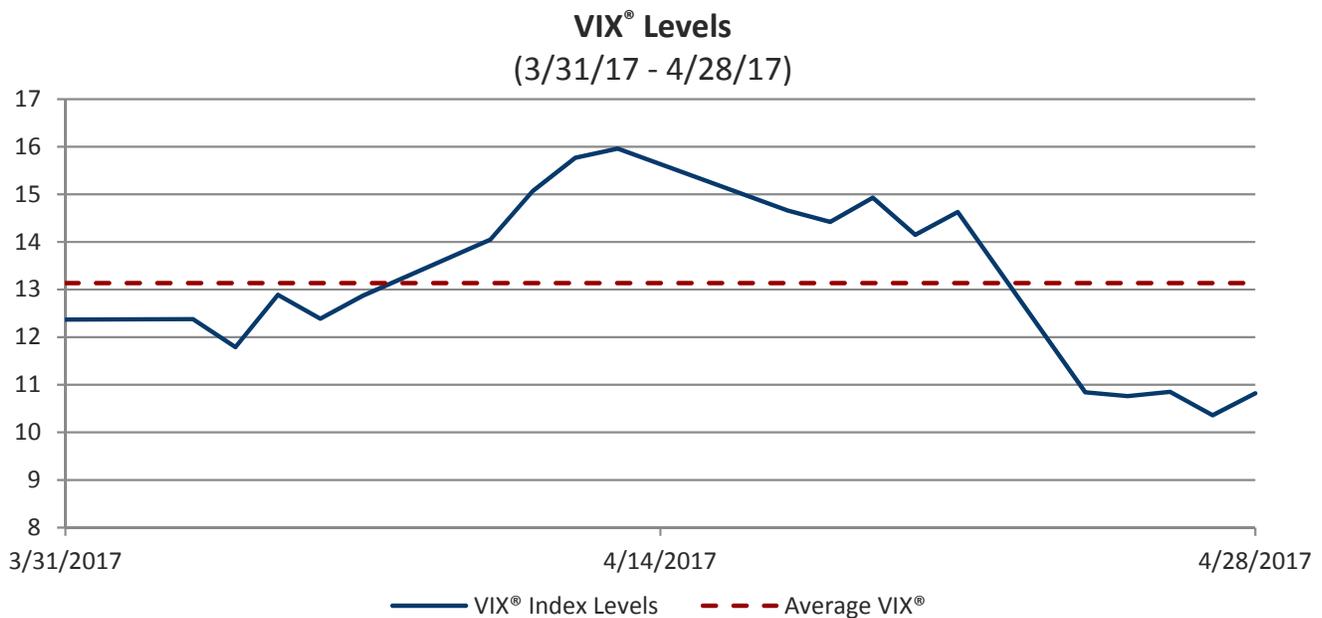


## Equity Markets

The S&P 500® Index advanced 1.03% for April, bringing its year-to-date return to 7.16%. Equities declined over the first half of the month as the market processed the implications of a stalling legislative agenda for the Trump administration and the polling success of anti-EU candidates in advance of the first-round vote in France's presidential election. Geopolitical factors added an ominous backdrop to the market environment as a U.S. cruise missile strike on Syria increased tension between the U.S. and Russia while North Korea engaged in a series of ballistic missile tests and provocative rhetoric. The S&P 500® Index lost 1.35% from the beginning of the month through April 13<sup>th</sup>, resulting in a total loss of 2.58% since the market's year-to-date high on March 1<sup>st</sup>.

The equity market recovered over the last two weeks of the month with the S&P 500® Index advancing a remarkable 2.41% from April 13<sup>th</sup> to month-end. Strong earnings reports and a positive outcome for the first-round presidential vote in France helped move the market higher. French voters selected one centrist, Emmanuel Macron, and only one anti-EU candidate, Marine Le Pen, to advance to the final round of their presidential vote. The French stock market advanced over 4% the day after the first-round vote on the prospects for a Macron victory when the runoff vote is held on May 7<sup>th</sup>. Key U.S. economic data for the month included the initial estimate for first quarter GDP growth. The estimate came in at an annualized rate of 0.70%, which was below consensus expectations.

Implied volatility, as measured by the Chicago Board Options Exchange (CBOE®) Volatility Index (the VIX®), averaged 13.14 for the month with a closing low of 10.36 on April 27<sup>th</sup> and a closing high of 15.96 on April 13<sup>th</sup>, its highest level since November 8<sup>th</sup>, the day of the U.S. presidential election. On April 24<sup>th</sup>, the day after the French vote, the VIX® closed at 10.84, a decline of more than 25% from its previous close and one of its largest-ever one day percentage declines. The VIX® ended the month at 10.82.



Datasource: Bloomberg, L.P.

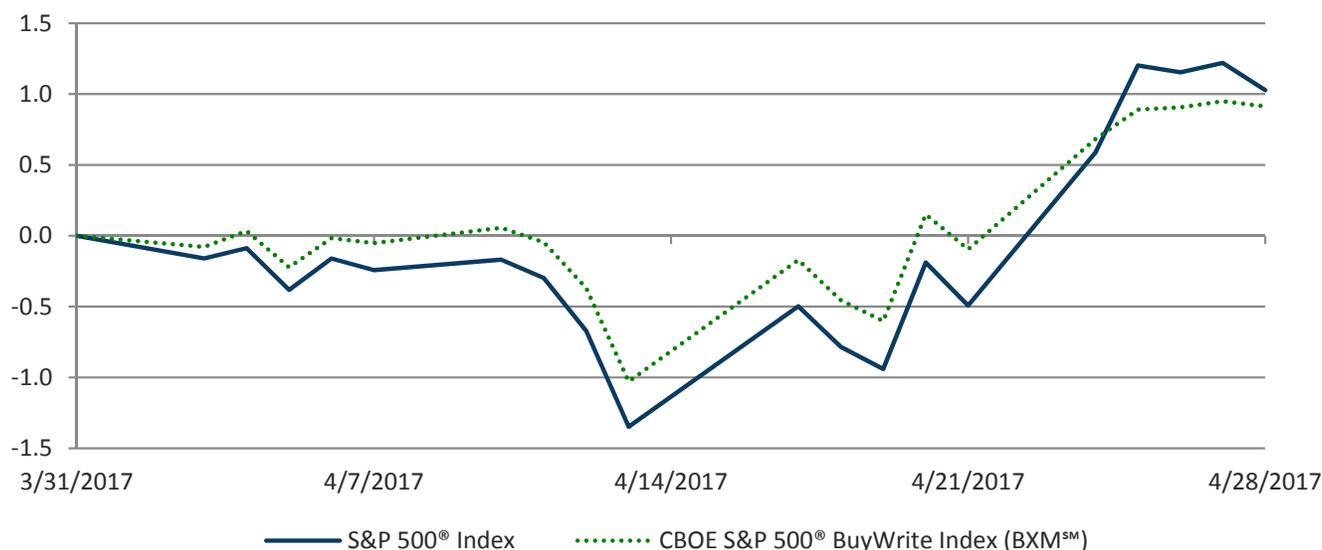
**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.**

The CBOE S&P 500® BuyWrite Index (the BXMSM) had a return of 0.91% for April, bringing its year-to-date return to 4.96%. Despite leading the S&P 500® Index for most of the month from downside protection provided by the premium collected in March when it wrote its April-expiration index call option, the BXM'sSM underperformance in April was primarily due to lagging performance over the final week. The premium collected when it wrote its new May-expiration index call option on April 21<sup>st</sup> was insufficient to keep pace with the market's sharp advance after the French first-round vote. The S&P 500® Index declined 0.49% from the beginning of the month through April 21<sup>st</sup> while the BXMSM declined 0.10%, outperforming by 39 basis points (bps). From April 21<sup>st</sup> through month-end, the S&P 500® Index returned 1.53% and the BXMSM returned 1.01%, underperforming by 52 bps.

<sup>1</sup> The CBOE® S&P 500 BuyWriteSM Index (the BXMSM) 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 BXMSM 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 expiration.

On April 21<sup>st</sup>, the BXMSM returned -0.25% as it rolled from the expiring April index call option to a new index call option expiring in May. The S&P 500<sup>®</sup> Index lost 0.30% on the day of the option roll. With a SPXSET of 2354.18, the BXMSM 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. The timing of the option roll detracted from the BXM's<sup>SM</sup> return. The S&P 500<sup>®</sup> 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 April 21<sup>st</sup>. The S&P 500<sup>®</sup> Index closed below its volume-weighted average price during the period the BXMSM rolled its index call option. Having the index call option in place as the market further declined after the completion of the roll helped the BXMSM slightly outperform for the day.

**Cumulative Performance (%)**  
(3/31/17 - 4/28/17)



*Datasource: Morningstar Direct<sup>SM</sup>.*

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The Bloomberg Barclays U.S. Aggregate Bond Index (the Aggregate) returned 0.77% for April, bringing its year-to-date return to 1.59%. The yield on the 10-year U.S. Treasury generally declined over the course of the month, starting at 2.39% and dropping to a low of 2.17% on April 18<sup>th</sup> before rising slightly to end the month at 2.28%.