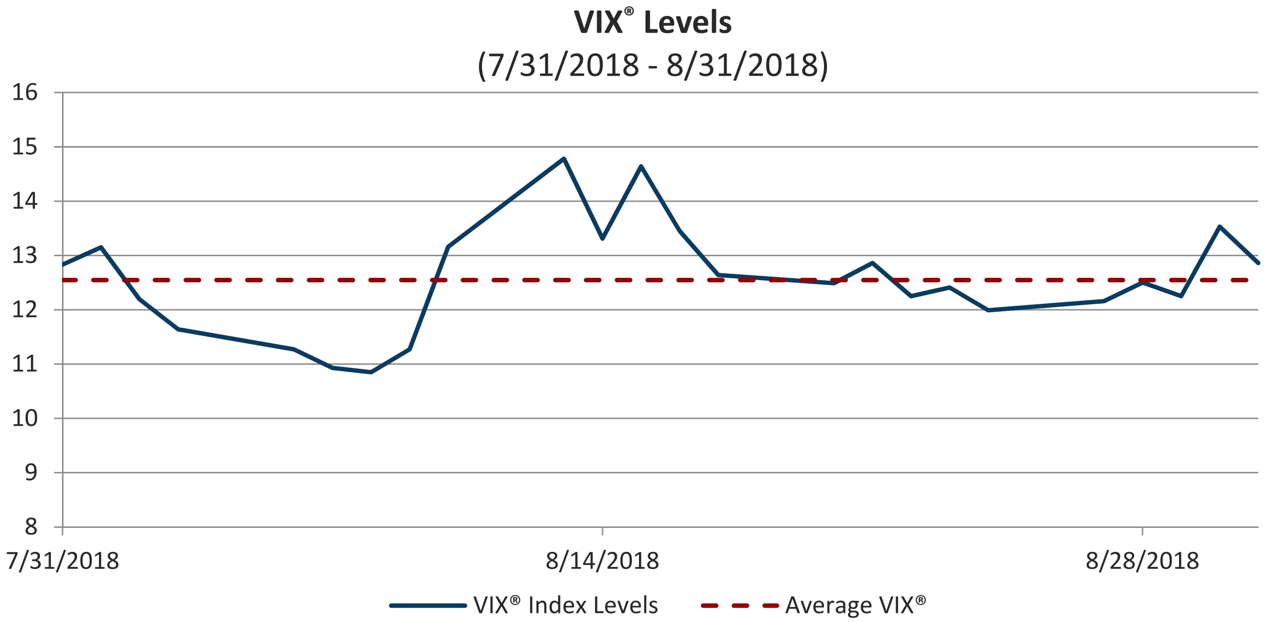
Market Recap

The S&P 500® Index returned 3.26% in August, bringing its year-to-date return to 9.94%. The equity market vacillated over the first two weeks of August as it was held back by ongoing trade tensions and concern about the potential negative impact that a plummeting Turkish lira could have on the health of European bank balance sheets. As a result, nearly all of the market's return for the month came after August 15th. From its closing value on August 15th through month-end, the S&P 500® Index returned 3.06%. Strong economic data and corporate earnings growth, along with encouraging developments on trade negotiations, combined to help propel the market higher.

The July employment report released on August 3rd showed slightly lower than expected growth in non-farm payrolls, while unemployment ticked down to 3.9%. The July Consumer Price Index released on August 10th reported a 2.4% increase in core inflation year-over-year, a number consistent with consensus expectations and the highest level in nearly 10 years. At the end of the month, Q2 GDP growth was revised slightly upward to an annualized rate of 4.2%, versus the first estimate of 4.1%. The second estimate was consistent with consensus expectations and the fastest reported growth since Q3 2014. With nearly all S&P 500® Index companies reporting results as of August 31st, aggregate quarterly operating earnings grew 6.2% during Q2 and over 21% year-over-year. In addition, nearly 85% of companies reporting earnings met or beat expectations.

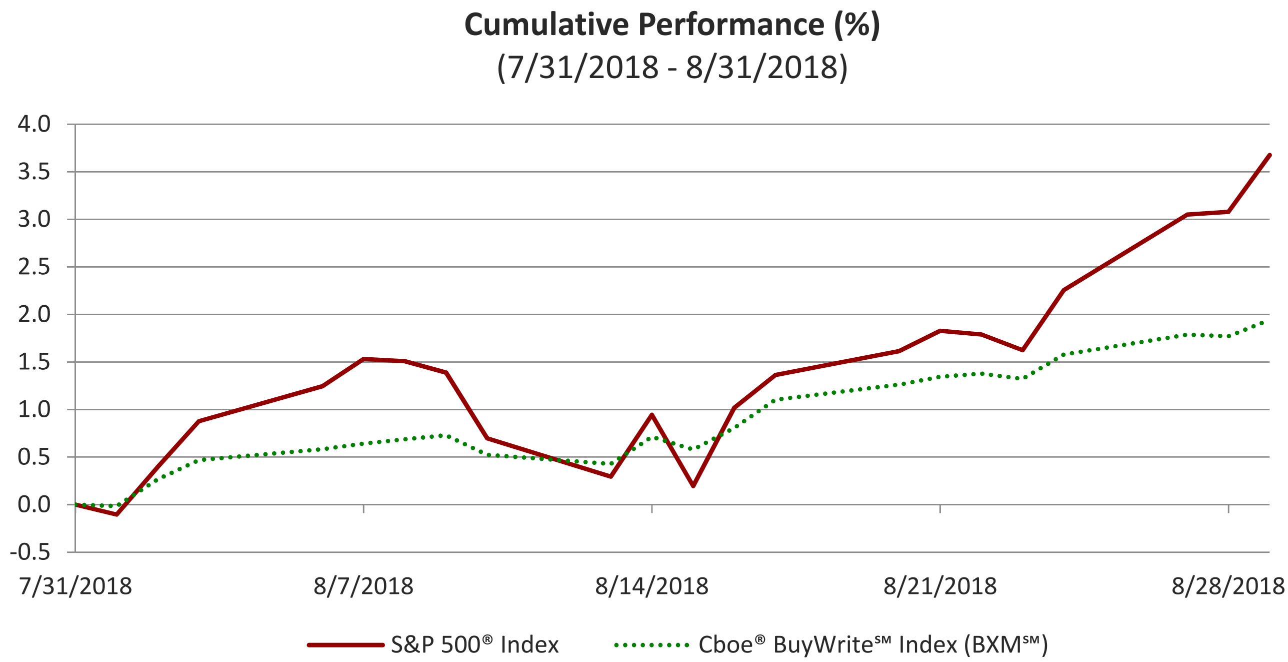
Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 12.55 for the month of August. The VIX® began August on a downtrend, reaching its low for the month of 10.85 on August 8th. Concerns related to the Turkish lira drove the VIX® to 14.78 on August 13th, its high for the month, and it ended the month at 12.86. The S&P 500® Index's realized volatility (as measured by its annualized standard deviation of daily returns) was 7.12%. The 5.43-point spread between implied and realized volatility for the month was above the long-term average spread between the two statistics.



Datasource: Bloomberg, L.P.

The Cboe® S&P 500 BuyWrite℠ Index (the BXM℠) had a return of 1.90% for August, underperforming the S&P 500® Index by 136 basis points (bps) and bringing its year-to-date return to 6.74%. The BXM's℠ lagging performance relative to the S&P 500® Index for the month was primarily due to the relatively low return potential from the premium received on August 18th when the BXM℠ wrote its index call option with a September expiration. The below-average volatility environment of August resulted in a small premium received relative to the equity market advance over the last two weeks of the month. From August 18th through month-end, the BXM℠ returned 0.78%, underperforming the 1.87% return of the S&P 500® Index by 109 bps. Conversely, the premium collected by the BXM℠ in July when it wrote its index call option with an August expiration helped it nearly keep pace with the relatively low return of the S&P 500® Index over the first two weeks of August. Specifically, from the beginning of the month through August 17th, the BXM℠ returned 1.10%, underperforming the 1.36% return of the S&P 500® Index by 26 bps.

[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.



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 0.64% for August, bringing its year-to-date return to -0.96%. The yield on the 10-year U.S. Treasury declined over the course of the month, beginning at 2.96% and ending at 2.86%.