

AN IMPROVED MEASURE OF LARGE CAP IMPLIED VOLATILITY

The Nations® Large Cap VolDex® Implied Volatility Index is an improved measure of large cap equity index implied volatility. Nations VolDex Indexes measure implied volatility the way practitioners do, by focusing on at-the-money options. Other measures of implied volatility, notably VIX®, incorporate a huge and variable number of options - including hundreds of deeply out-of-the-money options - which reduces the value of the resulting measure and generates misleading statistical noise created by phenomena like the distance between strike prices, number of strike prices listed, the second by second change in the number of constituent options, and option skew. Nations VolDex is a measure of pure implied volatility.

Nations VolDex Indexes measure the implied volatility of a precisely at-the-money option due to expire in precisely 30 days. The underlying security for the Nations Large Cap VolDex is SPY, the S&P 500 exchange traded fund, the most liquid S&P 500 product in the world, while VIX is based on the much less liquid SPX options. By measuring option cost and implied volatility the way investors and option practitioners do, the Nations Large Cap VolDex Index provides a clearer, more useful measure of option prices, implied volatility and the amount of “fear” among investors.

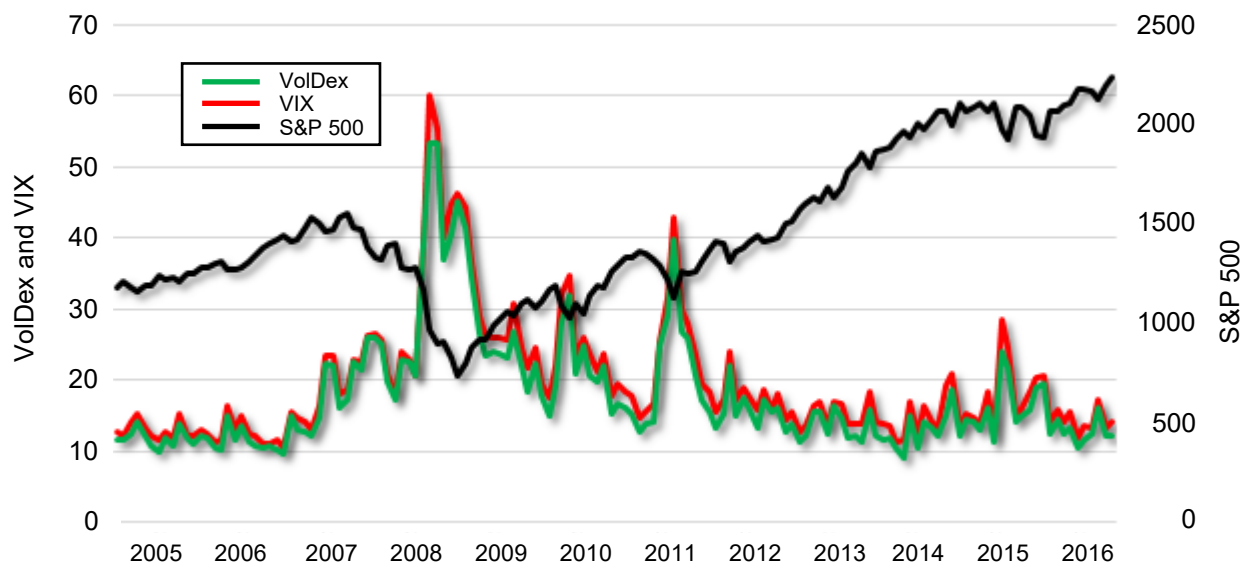
Nations® VolDex®

The Nations Large Cap VolDex Index (VOLI®) is a measure of expectations for market volatility over the next 30 calendar days as expressed by options on SPY, the most liquid options in the world. Since at-the-money options provide the clearest indication of market expectations, VolDex uses these options exclusively and VolDex is calculated directly using a closed-form solution. Nations Large Cap VolDex is calculated and disseminated constantly during the trading day and is available from most data providers.

Ticker Symbol:

VOLI

HISTORICAL COMPARATIVE RESULTS



A SUPERIOR MEASURE

The Nations VolDex Indexes use exclusively at-the-money options, the most liquid options available, and the Nations Large Cap VolDex (ticker symbol VOLI) measures implied volatility using SPY options which trade on more than a dozen different option exchanges. Multiple trading venues means SPY options have disseminated bid/ask spreads that are often 80% narrower, in implied volatility terms, than the publically disseminated bid/ask spreads for the SPX options that make up VIX .

By using fewer options, a fixed number of options, more liquid options and options that are at-the-money, Nations VolDex Indexes provide a superior, more robust, more understandable measure of implied volatility. VolDex also removes noise generated by option skew, a significant factor in VIX. Nations SkewDex[®] Index isolates the impact of skew.

A MORE ACCURATE INDEX

The VolDex methodology results in a more accurate measure of implied volatility regardless of the asset class. This accuracy generates substantial advantages for all users.

ATM SPX Option ¹ Implied Volatility (in percent) ² :	12.18
Nations VolDex Index ² :	11.98 (1.64% error)
CBOE VIX ² :	14.04 (15.27% error)

VolDex IS APPLICABLE TO EVERY ASSET CLASS

NationsShares currently calculates the VolDex index on more than 20 different asset classes including domestic and international equity indexes, fixed income instruments, and precious metals.

The Nations VolDex Indexes are protected by patents pending.

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Performance of an index is not illustrative of any particular investment. Index returns quoted represent past performance, which is no guarantee of future results.

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The Nations Large Cap VolDex Index

The Nations Large Cap VolDex Index (VOLI[®]) measures the cost of a precisely at-the-money SPY (SPDR S&P 500 ETF) option with precisely 30 days to expiration. VolDex is a superior, investable measure of option cost and implied volatility because VolDex Indexes use a limited number of at-the-money options, the most liquid options available, while the VIX uses nearly every SPX option listed in the first two option expiration cycles, often over 300 individual options. VolDex measures implied volatility as option users and theorists measure it, using at-the-money options, and does so with a closed-form solution rather than an iterative solution. VolDex is simpler and yields a more robust, understandable measure of option cost and implied volatility.

Nations Large Cap VolDex Index Results²

Average Monthly Close:	17.786
Median Monthly Close:	15.056
High Monthly Close: (November 2008)	53.329
Low Monthly Close: (June 2014)	9.080
Correlation to S&P	-69.37%
Correlation to VIX:	96.65%
STD of Monthly Change:	24.54%
Beta (vs. VIX)	0.976
R-Squared (vs. VIX)	98.96%

¹ January 20, 2017 2235 put
² As of 12/30/2016