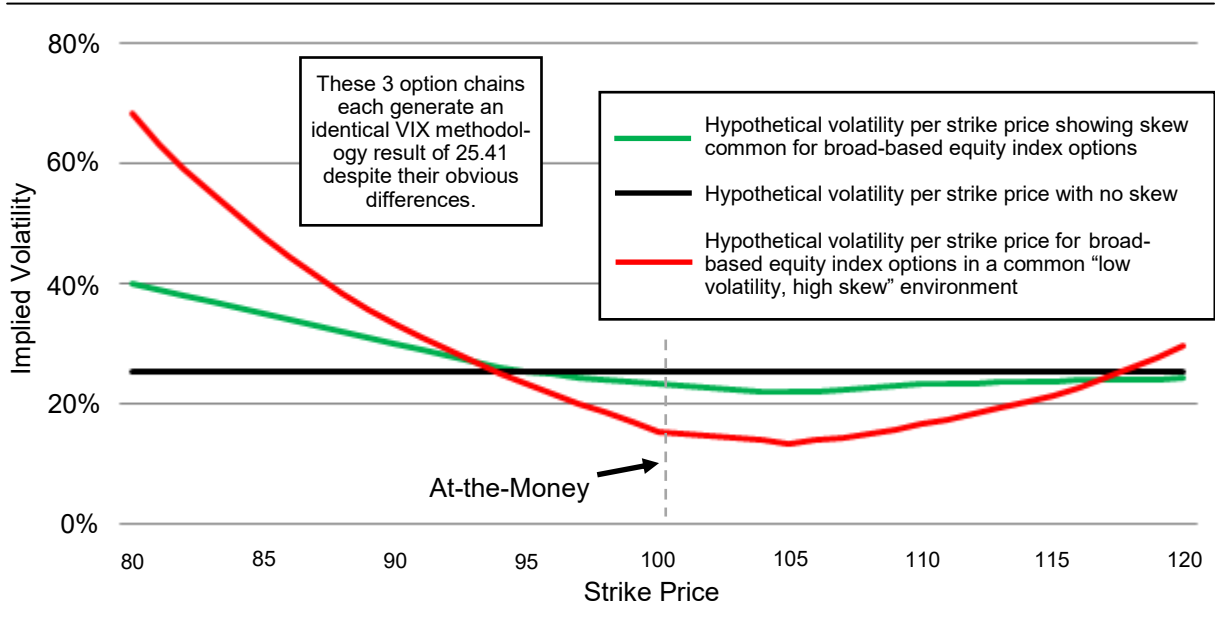


Why At-the-Money Volatility is the Critical Measure

Option users need to understand the complete picture to optimize their strategy. Nations® volatility indexes provides the complete picture to help practitioners select the most efficient strategy.

Nations® VolDex® Index measures 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 SPDR® S&P 500® exchange traded fund, the most liquid S&P 500 product in the world. VolDex focuses on what traders and investors consider first, the at-the-money option.



The option chain in green, which shows skew common to broad-based equity markets, generates a VIX-methodology result of 25.41 but that obviously doesn't tell the whole story since the option chain in black, which shows no skew - every strike price shares a common implied volatility - generates an identical VIX-methodology result of 25.41 and the option chain in red, representing low at-the-money volatility but substantial skew, tells another story despite also generating a VIX-methodology result of 25.41. The VIX methodology conflates implied volatility and volatility skew, reducing its value. VolDex provides the clearest picture allowing asset managers to select the best volatility strategy.

Traditional Option Market With Implied Volatility Skew

VIX: 25.41
VolDex: 23.42

Option Market With No Implied Volatility Skew

VIX: 25.41
VolDex: 25.39

Option Market With Low Implied Volatility and High Skew

VIX: 25.41
VolDex: 15.39