

# Nations<sup>®</sup> Large Cap Core Index

NATIONS<sup>®</sup>

INDEXES

## Index Description

The Nations Core Index maximizes the benefits of large cap equity ownership by harvesting alternative risk premia in a mainstream product that should be a core holding for many investors. The Index measures the return of an Enhanced Covered Call methodology applied to the S&P 500. By combining the S&P 500 and covered options in a unique way, the Nations Core<sup>™</sup> Index seeks to generate returns superior to the S&P 500 Total Return Index with less risk.

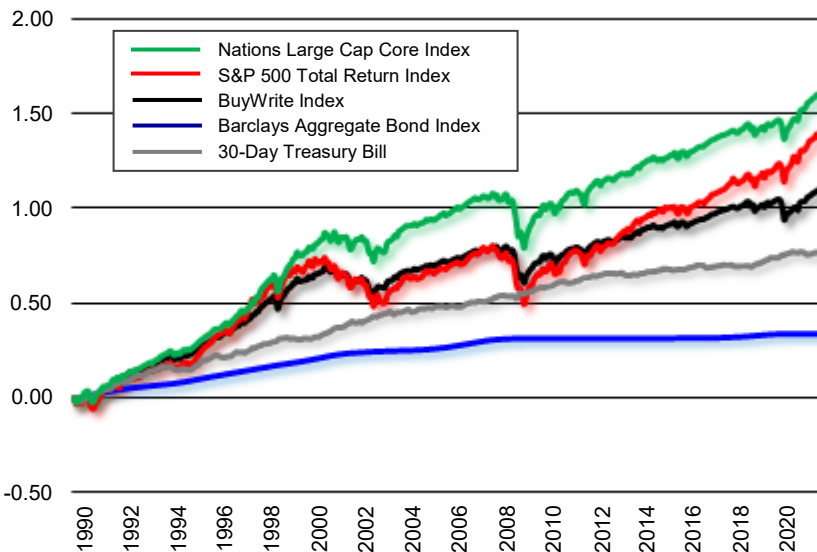
The Index is a significant improvement over existing S&P 500 vehicles. Nations Core Index superiority relies on the advantage of alternative risk premia which are economically robust with persistent excess return. It is completely rules-based and attractive over a range of market return regimes.

Both annual return and Sharpe ratio are superior to that of the S&P 500 Total Return Index.

## Option Premium Data<sup>1</sup>

Nations Monthly Premium Generated as % of S&P	2.328%
Nations Percentage of Option Premium Retained	1.087%
BXM Monthly Premium Generated as % of S&P	1.749%
BXM Percentage of Option Premium Retained	-5.070%

## Comparative Historical Performance



	Nations Core Index	S&P 500 Total Return	BuyWrite Index	Barclays Aggreg. Bond	30 Day T-Bill
<b>Compound Annual Return</b>					
2021	27.73%	28.71%	20.47%	-1.54%	0.04%
3 Year	20.28%	26.07%	10.66%	4.79%	0.83%
5 Year	14.01%	18.47%	7.84%	3.57%	1.04%
10 Year	12.64%	16.55%	7.54%	2.90%	0.58%
Since Inception <sup>2</sup>	12.43%	10.76%	8.38%	5.72%	2.55%
<b>Average Annualized Standard Deviation of Monthly Returns</b>					
2021	8.90%	11.04%	7.33%	2.84%	0.01%
3 Year	13.78%	16.63%	12.22%	3.23%	0.09%
5 Year	11.46%	13.83%	10.01%	2.86%	0.09%
10 Year	9.89%	12.04%	8.24%	2.85%	0.05%
Since Inception <sup>2</sup>	11.61%	13.23%	9.04%	3.35%	0.09%
<b>Average Annual Sharpe Ratio</b>					
2021	3.112	2.595	2.787	-0.558	-
3 Year	1.859	1.856	1.518	1.155	-
5 Year	2.294	2.099	1.920	0.931	-
10 Year	1.879	1.870	1.564	0.939	-
Since Inception <sup>2</sup>	1.578	1.143	1.371	1.077	-

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## Sources of Superiority

Nations Core Index returns are superior to those of the S&P 500 Total Return Index and the BuyWrite Index (BXM) for several reasons including:

- Option Volatility Premium - Over time, prices received by option sellers (implied volatility) are greater than the subsequent value of those options (realized volatility). The Nations Core Index captures this source of additional return - the S&P captures none of it - and captures more than BXM;
- Options vs. Underlying Index - Returns from selling additional covered options are, over time, greater than returns from reinvesting call proceeds in the S&P 500;
- Option Quantity Modulation - The Nations Core Index sells more options when options are expensive and fewer options when options are cheap.

## Nations Core Option Data<sup>1</sup>

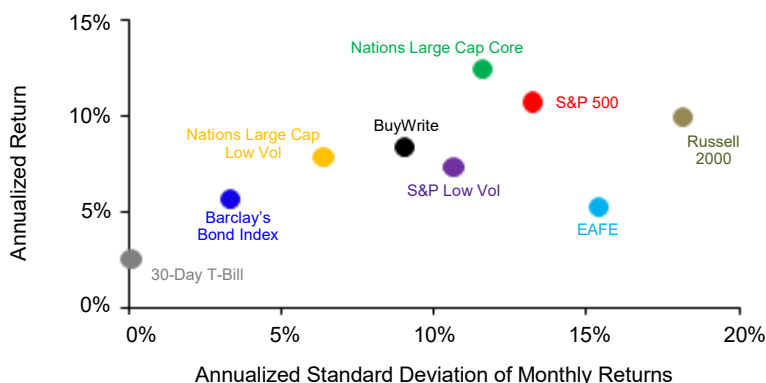
Implied Volatility of Call Option Sold	16.50%
Implied Volatility of Put Option Sold	16.84%
Realized Volatility	15.61%
Monthly Call Option Volatility Premium as % of the S&P	0.102%
Nations Monthly Return From Using Call Premium to Cover Puts	0.124%
BXM Monthly Return From Reinvesting Call Premium In S&P 500	0.024%
R <sup>2</sup> of Number of Options Sold and VIX	0.914%

<sup>1</sup> Monthly averages since inception

<sup>2</sup> Inception, 12/31/1989

<sup>3</sup> All as of 12/31/2021

## Risk vs. Reward



## Historical Return Data

	Nations Core Index	S&P 500 Total Return	BuyWrite Index	Barclays Aggreg. Bond	30 Day T-Bill
Avg. Annual Return <sup>3</sup> (1990-2021)	13.47%	12.21%	9.04%	5.83%	2.57%
Median Annual Return <sup>3</sup> (1990-2021)	13.34%	14.38%	7.85%	5.95%	1.98%
Annualized Sortino Ratio	1.191	1.001	0.848	1.669	-
Annualized Stutzer Ratio	0.735	0.593	0.561	0.876	-
Value of \$1 Invested on 12/31/89	\$42.54	\$26.32	\$13.12	\$5.93	\$2.24
Beta	0.82	1.00	0.63	0.02	0.00
Alpha	3.44%	0.00%	1.47%	5.53%	2.56%
Skewness	-0.919	-0.577	-1.391	-0.153	0.401
Kurtosis	3.349	1.267	5.405	0.659	-1.087
R <sup>2</sup> to S&P 500	0.799	-	0.770	0.008	0.000
Up Capture Ratio	88.34	-	64.27	15.52	6.39
Down Capture Ratio	71.11	-	55.53	-10.79	-6.01
Best Year Return	38.77% (1997)	37.58% (1995)	26.64% (1997)	18.47% (1995)	7.80% (1990)
Worst Year Return	-35.95% (2008)	-37.00% (2008)	-28.65% (2008)	-2.92% (1994)	0.00% (2011)
Maximum Drawdown	48.86%	50.95%	35.81%	5.15%	0.00%

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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