

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

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

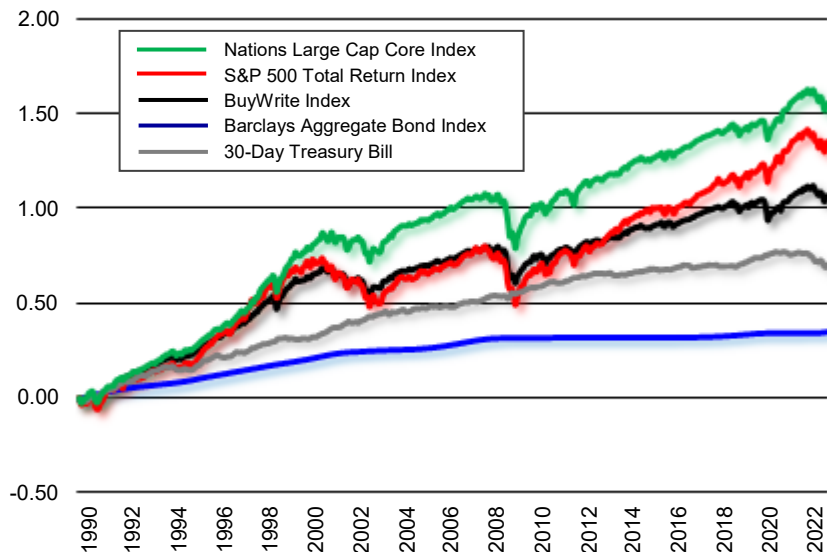
Nations Monthly Premium Generated as % of S&P 2.367%

Nations Percentage of Option Premium Retained 1.236%

BXM Monthly Premium Generated as % of S&P 1.774%

BXM Percentage of Option Premium Retained -4.265%

## 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>					
2022	-16.14%	-18.11%	-11.37%	-13.01%	1.62%
3 Year	6.78%	7.66%	1.26%	-2.71%	0.67%
5 Year	6.94%	9.42%	2.73%	0.02%	1.20%
10 Year	9.70%	12.56%	5.71%	1.06%	0.72%
Since Inception <sup>2</sup>	11.44%	9.75%	7.72%	5.10%	2.53%
<b>Average Annualized Standard Deviation of Monthly Returns</b>					
2022	18.38%	23.00%	14.10%	8.33%	0.41%
3 Year	16.78%	20.00%	14.55%	4.86%	0.19%
5 Year	14.67%	17.64%	12.40%	4.22%	0.15%
10 Year	10.84%	13.28%	8.96%	3.48%	0.09%
Since Inception <sup>2</sup>	11.81%	13.53%	9.19%	3.50%	0.10%
<b>Average Annual Sharpe Ratio</b>					
2022	-0.97	-0.86	-0.92	-1.76	-
3 Year	0.91	0.81	0.58	-0.07	-
5 Year	0.83	0.86	0.61	0.22	-
10 Year	1.68	1.63	1.40	0.56	-
Since Inception <sup>2</sup>	1.50	1.08	1.30	0.99	-

Better Ideas. Better Indexes<sup>®</sup>

## 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>

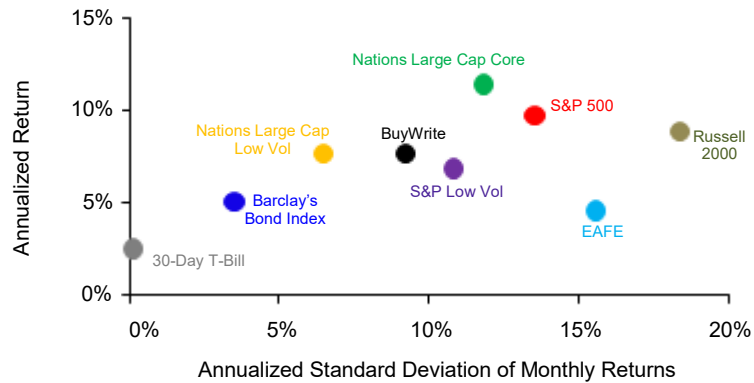
Implied Volatility of Call Option Sold	16.69%
Implied Volatility of Put Option Sold	17.01%
Realized Volatility	15.86%
Monthly Call Option Volatility Premium as % of the S&P	0.094%
Nations Monthly Return From Using Call Premium to Cover Puts	0.113%
BXM Monthly Return From Reinvesting Call Premium In S&P 500	0.023%
R <sup>2</sup> of Number of Options Sold and VIX	0.906

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

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

<sup>3</sup> All as of 12/30/2022

## 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> (1990-2022)	12.57%	11.29%	8.42%	5.26%	2.55%
Median Annual Return <sup>3</sup> (1990-2022)	13.03%	13.69%	7.40%	5.93%	1.86%
Annualized Sortino Ratio	1.073	0.880	0.761	1.151	-
Annualized Stutzer Ratio	0.666	0.525	0.504	0.654	-
Value of \$1 Invested on 12/31/89	\$35.67	\$21.55	\$11.63	\$5.16	\$2.28
Beta	0.82	1.00	0.63	0.04	0.00
Alpha	3.32%	0.00%	1.48%	4.72%	2.53%
Skewness	-0.877	-0.546	-1.303	-0.436	0.421
Kurtosis	2.916	1.009	4.798	1.464	-1.055
R <sup>2</sup> to S&P 500	0.803	-	0.772	0.025	0.000
Up Capture Ratio	87.67	-	63.69	15.33	6.28
Down Capture Ratio	71.61	-	55.30	-6.66	-5.65
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)	-13.01% (2022)	0.00% (2011)
Maximum Drawdown	48.46%	50.95%	35.81%	17.18%	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.

"Nations" is a registered trademark of Bank of America Corporation. The Nations Core™ Index is not sponsored, endorsed, sold or promoted by Bank of America and Bank of America does not make any representation regarding the advisability of investing in any Nations products.