

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

NαTIONS<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>

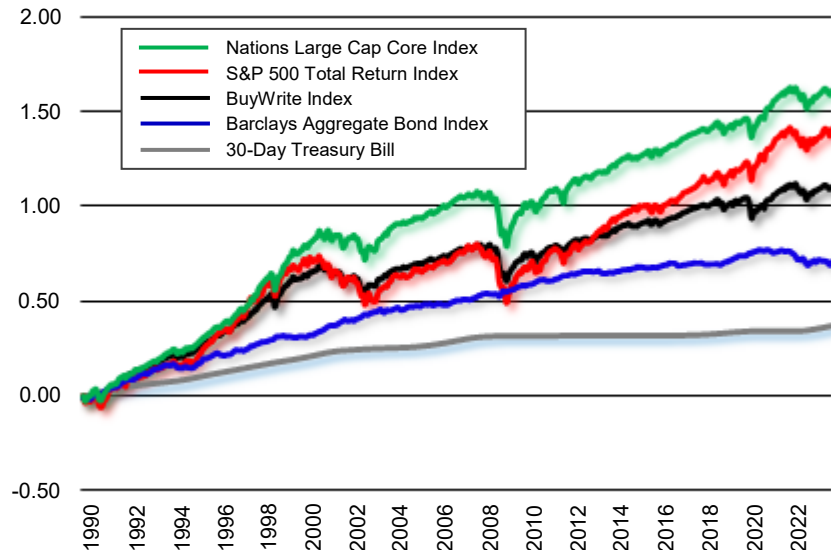
Nations Monthly Premium 2.364%  
Generated as % of S&P

Nations Percentage of Option Premium Retained 0.229%

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

BXM Percentage of Option Premium Retained -5.433%

## Comparative Historical Performance



	Nations Core Index	S&P 500 Total Return	BuyWrite Index	Barclays Aggreg. Bond	30 Day T-Bill
Compound Annual Return					
2023	16.96%	26.29%	11.82%	5.53%	4.93%
3 Year	7.80%	10.00%	6.09%	-3.31%	2.76%
5 Year	11.28%	15.69%	6.08%	1.10%	2.15%
10 Year	9.63%	12.03%	5.58%	1.81%	1.37%
Since Inception <sup>2</sup>	11.60%	10.21%	7.84%	5.11%	2.65%
Average Annualized Standard Deviation of Monthly Returns					
2023	10.45%	14.74%	6.69%	8.49%	0.14%
3 Year	15.19%	18.68%	12.59%	5.77%	0.18%
5 Year	13.97%	17.16%	11.45%	4.94%	0.15%
10 Year	10.81%	13.42%	8.75%	3.94%	0.09%
Since Inception <sup>2</sup>	11.77%	13.56%	9.12%	3.64%	0.11%
Average Annual Sharpe Ratio					
2023	0.98	1.33	0.76	-0.14	-
3 Year	0.92	0.94	0.62	-0.09	-
5 Year	0.86	0.94	0.63	0.16	-
10 Year	1.62	1.61	1.34	0.50	-
Since Inception <sup>2</sup>	1.48	1.09	1.28	0.95	-

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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>

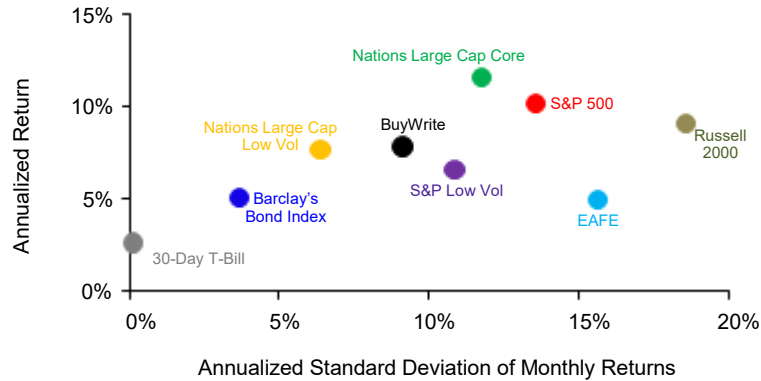
Implied Volatility of Call Option Sold	16.65%
Implied Volatility of Put Option Sold	16.96%
Realized Volatility	15.78%
Monthly Call Option Volatility Premium as % of the S&P	0.099%
Nations Monthly Return From Using Call Premium to Cover Puts	0.113%
BXM Monthly Return From Reinvesting Call Premium In S&P 500	0.024%
R <sup>2</sup> of Number of Options Sold and VIX	0.913

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

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

<sup>3</sup> All as of 12/29/2023

## 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> (1990-2023)	12.70%	11.73%	8.52%	5.26%	2.68%
Median Annual Return <sup>3</sup> (1990-2023)	13.34%	14.38%	7.85%	5.73%	1.99%
Annualized Sortino Ratio	1.080	0.918	0.765	1.127	-
Annualized Stutzer Ratio	0.674	0.548	0.511	0.613	-
Value of \$1 Invested on 12/31/89	\$ 41.72	\$ 27.22	\$ 13.01	\$ 5.44	\$ 2.39
Beta	0.81	1.00	0.62	0.05	0.00
Alpha	3.17%	-0.01%	1.39%	4.59%	2.60%
Skewness	-0.873	-0.532	-1.308	-0.266	0.350
Kurtosis	2.926	0.973	4.879	1.447	-1.137
R <sup>2</sup> to S&P 500	0.803	1.000	0.770	0.038	0.000
Up Capture Ratio	86.99	100.00	63.02	16.18	6.40
Down Capture Ratio	71.75	100.00	55.13	-5.11	-5.86
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.

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