

OPTIONS ON THE DOW: A CLOSER LOOK.

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Web Site: www.cboe.com



“We use options to control risk and improve risk-adjusted returns. The new options on the Dow Jones Industrial AverageSM will help us manage exposure in our large-cap equity portfolios by enabling us to purchase protective puts on the most visible index there is. To the average investor, the equity market is The Dow.SM”

Greg McMurrin
Chief Investment Officer
Analytic-TSA Global Asset Management
Los Angeles, CA

An Expert Looks at His Options.

Greg McMurrin is no stranger to options. His firm, Analytic-TSA Global Asset Management, is a pioneer in U.S. and global tactical asset allocation, quantitative equity and volatility arbitrage strategies.

“We manage more than \$1.5 billion in assets for mutual funds, pension funds, trust companies, foundations, endowments and individual investors,” he says. “Our performance results comprise the longest continuous published track record for option-enhanced strategies within the investment management community.”

McMurrin emphasizes that his strategies are driven purely by objective, quantitative models. There’s no allowance for subjective

biases in the decision-making process.

Protection for Downside Risk.

“Options are an extremely efficient tool,” says McMurrin. “Since their inception, we’ve used hundreds of listed option products for risk management purposes.”

When institutional clients want to protect against large amounts of equity risk, there’s no tool like options. They enable you to target return expectations by effectively managing downside risk.

Opening New Doors of Opportunity.

With Options on the Dow Jones Industrial Average, traded exclusively at The Chicago Board Options Exchange (CBOE), you can put to work your knowledge of the most reported,

analyzed and forecasted index in the world.

Plus The CBOE has a complete line of other major index options. McMurrin states, “Among The CBOE products we use are options on the S&P 500[®] (SPX), S&P 100[®] (OEX), Russell 2000[®] (RUT), Nasdaq 100[®] (NDX), and on individual equities.” In

fact, 92% of all index options trades on U.S. exchanges take place at The CBOE, the world’s largest options market.

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Be A Better Investor.

Options involve risk and are not suitable for all investors. Prior to buying and selling options, a person must receive a copy of *Characteristics and Risks of Standardized Options* which is available from The Options Clearing Corporation (OCC) by calling 1-800-OPTIONS or by writing to The OCC at 440 S. LaSalle St. 24th floor, Chicago, IL 60605. “Options on The DowSM” is a service mark of Dow Jones & Company, Inc. and has been licensed for certain purposes by The CBOE. CBOE’s options based on the Dow Jones Averages are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such products. S&P 100[®] and S&P 500[®] are registered trademarks of the McGraw-Hill Companies, Inc. and are licensed for use by The CBOE. The Nasdaq 100[®] is a registered mark of The Nasdaq Stock Market, Inc. This mark is licensed for use by The CBOE in connection with the trading of options. Such options have not been passed on by Nasdaq as to their legality or suitability, and such options are not issued, endorsed, sold or promoted by Nasdaq. Nasdaq makes no warranties and bears no liability with respect to such options. The Russell 2000[®] Index is a registered trademark of Frank Russell Company. © 2001 Chicago Board Options Exchange. All Rights Reserved.