

# CBOE NASDAQ-100 BUYWRITE INDEX (BXN<sup>SM</sup>)

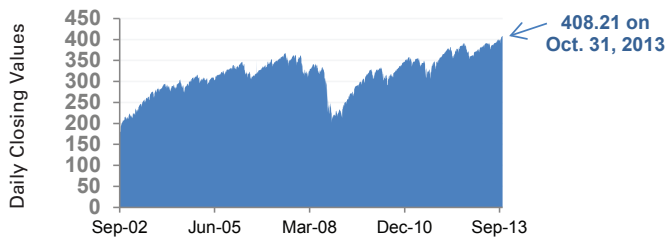
Generating extra income that can serve as a cushion during downside moves in stocks or bonds

The CBOE NASDAQ-100 BuyWrite Index (BXN) is a benchmark index that measures the performance of a theoretical portfolio that owns a basket of the stocks included in the NASDAQ-100 Index®, and “writes” (or sells) NASDAQ-100® Index (NDX) covered call options each month. A buy-write strategy can be used in an attempt to enhance a portfolio’s risk-adjusted returns and reduce its volatility.

## GROWTH IN BXN INDEX

### CBOE NASDAQ-100 Buywrite Index (BXN)

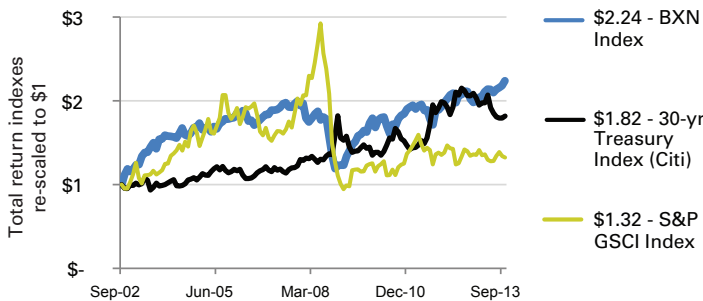
(Sep. 30, 2002 - Oct. 31, 2013)



Sources: Bloomberg and CBOE. [www.cboe.com/BXN](http://www.cboe.com/BXN)

### Three Indexes

(Sep. 30, 2002 - Oct. 31, 2013)



Sources: Bloomberg and CBOE. Past performance is not predictive of future returns

## Returns and Standard Deviations

(Sept. 30, 2002 - Oct. 31, 2013)

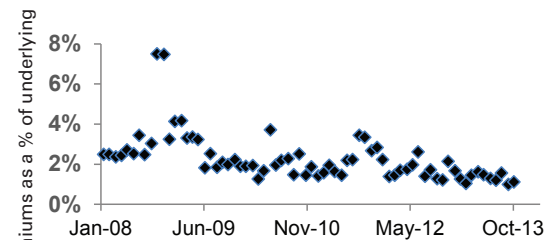
	Annualized Returns	Standard Deviation
BXN Index	7.5%	13.4%
30-Yr. Treasury Index (Citi)	5.5%	14.9%
S&P GSCI Index	2.5%	24.2%

Sources: CBOE and Bloomberg

## OPTION PREMIUM INCOME

### Gross Monthly Premiums\* for BXN Index - Average of 2.3%

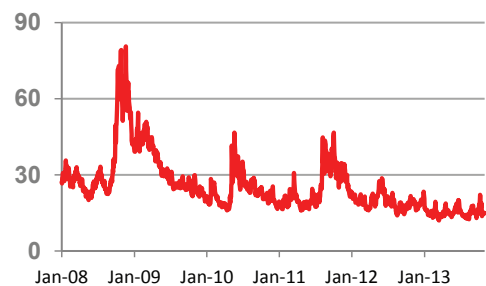
(Jan. 2008 - Oct. 2013)



\* Please note that chart reflects the options premium received, and the net return for BXN can be negative

### CBOE NASDAQ-100 Volatility Index (VXN)

(Jan. 2008 - Oct. 2013)



[www.cboe.com/VXN](http://www.cboe.com/VXN)

## OPTION PREMIUMS AND VOLATILITY

As shown in the charts above, the BXN Index generated gross premiums that averaged about 2.3% per month, and the amount of BXN Index gross premiums can vary with changes in the CBOE NASDAQ-100 Volatility Index<sup>SM</sup> (VXN<sup>SM</sup>).

The BXN Index has the potential to add value to investors in times when the performance of stock indexes is sluggish and low interest rates hamper the potential for traditional bond investments.

## KEY FEATURES

- **Lower Volatility.** Over the 10-year period ending October 2013, the volatility of the BXN Index was about 30% lower than the volatility of the NASDAQ-100 Index.
- **Total Growth** for the BXN Index from its inception in 1994 through October 2013 was more than 300%. Investors should note that stock indexes can outperform buy-write indexes in times of strong bull markets for stocks, but buy-write indexes have the potential to outperform stock indexes in times of bear markets or range-bound stock markets.
- **Monthly Income and a Bond Alternative.** With bond yields at near-historic lows, many investors are concerned because several traditional fixed income investments have the risk of declining in value as they generate paltry income. As shown on the charts on the opposite page, (1) the BXN Index generated gross premiums that averaged about 2.3% per month, and (2) in the first 10 months of 2013, the BXN Index rose 12.2% while the Citigroup 30-Year Treasury Bond Index fell by 10.7%. Bond investors enjoyed a tail wind of declining interest rates over the past three decades, but the outlook for bonds in the near future is more challenging with low interest rates.
- **Liquidity.** The underlying securities and options are traded in deep, publicly listed, SEC-regulated markets.

## METHODOLOGY OF BXN INDEX

The BXN is a passive total return index based on (1) buying a NASDAQ-100 stock index portfolio, and (2) "writing" (or selling) the near-term NASDAQ-100 Index (NDX) "covered" call option, generally on the third Friday of each month. The NDX call written will have about one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The NDX call is held until expiration and cash settled, at which time a new one-month, near-the-money call is written. [www.cboe.com/BXN](http://www.cboe.com/BXN)

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