

About the Index

The Cboe S&P 500 Dividend Aristocrats Target Income Index (“SPAI” or “SPAI Index”) is a benchmark designed to track the performance of a hypothetical partial buy-write strategy on constituents of the S&P 500 Dividend Aristocrats Index.¹ The S&P 500 Dividend Aristocrats Index, constructed and maintained by S&P Dow Jones Indices LLC, targets companies that are currently members of the S&P 500, have increased dividend payments each year for at least 25 years, and meet certain market capitalization and liquidity requirements. The SPAI Index was launched on August 15, 2017.

Objective: Income and Growth

The SPAI Index is designed with the primary goal of generating an annualized level of income that is approximately 3.5% over the annual dividend yield of the S&P 500 Index, and a secondary goal of generating price returns that are proportional to the price appreciation of the S&P 500 Index.

Strategy

The SPAI Index investment strategy includes (1) buying the stocks contained in the S&P 500 Dividend Aristocrats Index, and (2) partially “writing” (or selling) weekly “covered” call options on each stock, generally on the last trading day of each week. The number of call options overwritten per unit of stock exposure is varied periodically, with the goal of generating a total yield from dividends and call option premiums that is 3.5% per annum higher than the yield from dividends of the S&P 500 Index. The percentage of each stock that is overwritten with call options will be adjusted to maintain the income target of 3.5% over the annual S&P 500 dividend yield.

Key Highlights

TARGET OUTCOME RETURNS

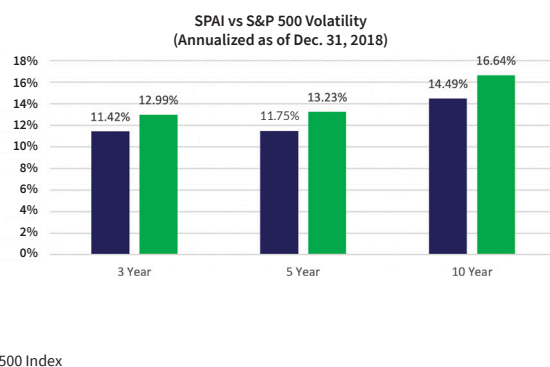
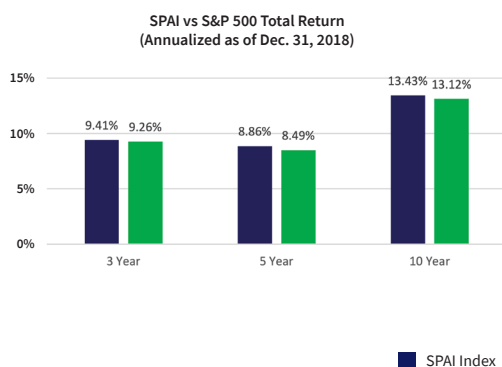
A solutions-based approach that targets a specific outcome to address specific investment needs.

COMBINES INCOME WITH GROWTH

Seek to add a level of targeted income to dividend growers by trading some of the uncertain future growth opportunity of the stocks for current income.

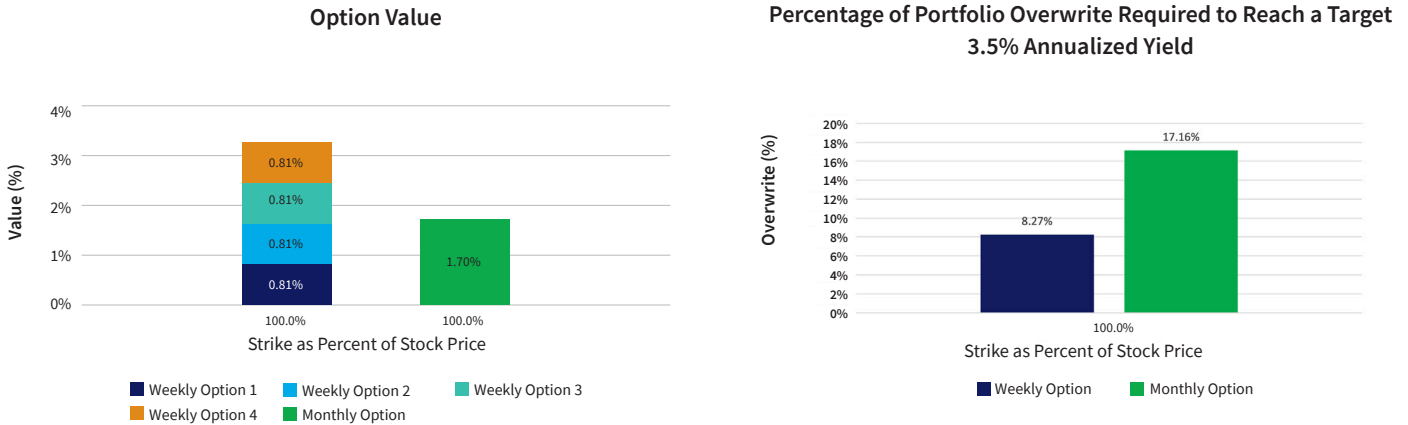
POTENTIAL FOR BETTER RISK-ADJUSTED RETURNS

Potential for better long-term performance with higher income and lower risk.



¹See methodology for the S&P 500 Dividend Aristocrats Index at <http://us.spindices.com/documents/methodologies/methodology-sp-500-dividend-aristocrats.pdf>

Weekly vs. Monthly Option-Writing



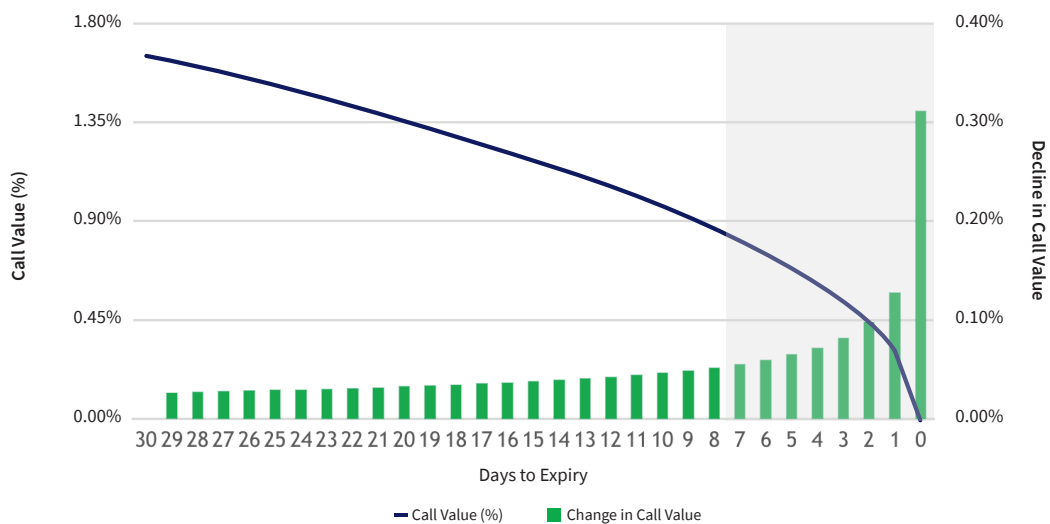
Note: Hypothetical Black-Scholes option calculation, assumes a 2.5% annual dividend yield, 1% annual risk-free rate and 15% annualized volatility.

The potential to collect premiums from weekly options four times per month can add up to more than the premium of monthly options.

The larger premiums from weekly options allow a smaller percentage of the portfolio to be overwriten to achieve the same targeted yield as monthly options.

At-the-Money (ATM) Call Option Values by Days to Expiration²

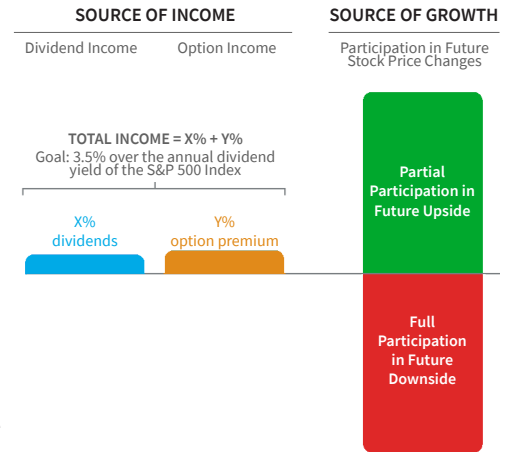
Time decay accelerates as expiry approaches, with approximately half of the time-value decaying in the last seven days, so weekly options investors capture approximately half the time value of the monthly option four times as frequently. All else being equal, this gives investors twice the time value of the monthly option.



²Hypothetical calculation of European call option value assumes a 2.5% annual dividend yield, 1% annual risk-free rate and 15% annualized volatility.

Dividend Aristocrats Target Income Strategy: An Illustration of How It Works

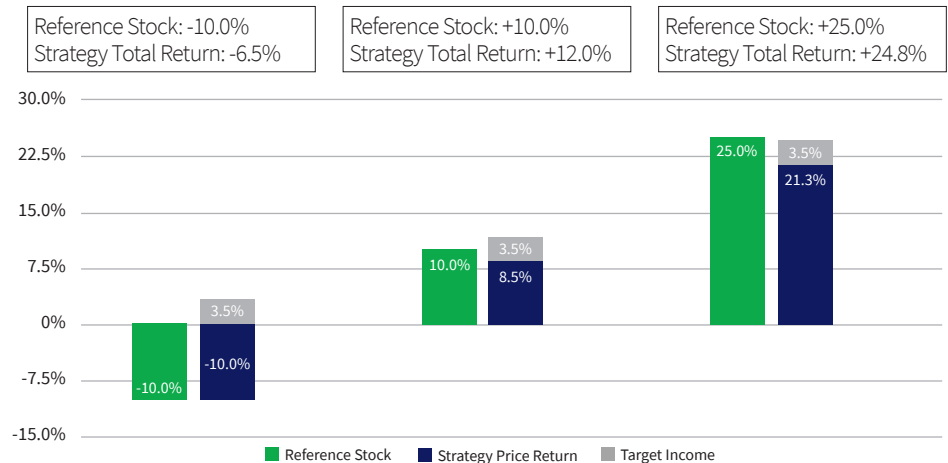
- Income is generated from dividends and option premiums.
- Growth comes from participation in future stock price changes.
- The number of call options overwritten per unit of stock exposure is varied periodically, with the goal of generating a total yield from dividends and call option premiums that is 3.5% per annum higher than the yield from dividends of the S&P 500 Index.
- As the percentage of each stock overwritten increases, the percentage of participation in future upside decreases.
- Historically (from 2/3/2006 to 12/31/2018), the overwrite percentage has varied between 1.05% and 9.06%.



Note: This is a hypothetical illustration of the Index methodology. This is not an indication of the performance of the Index.

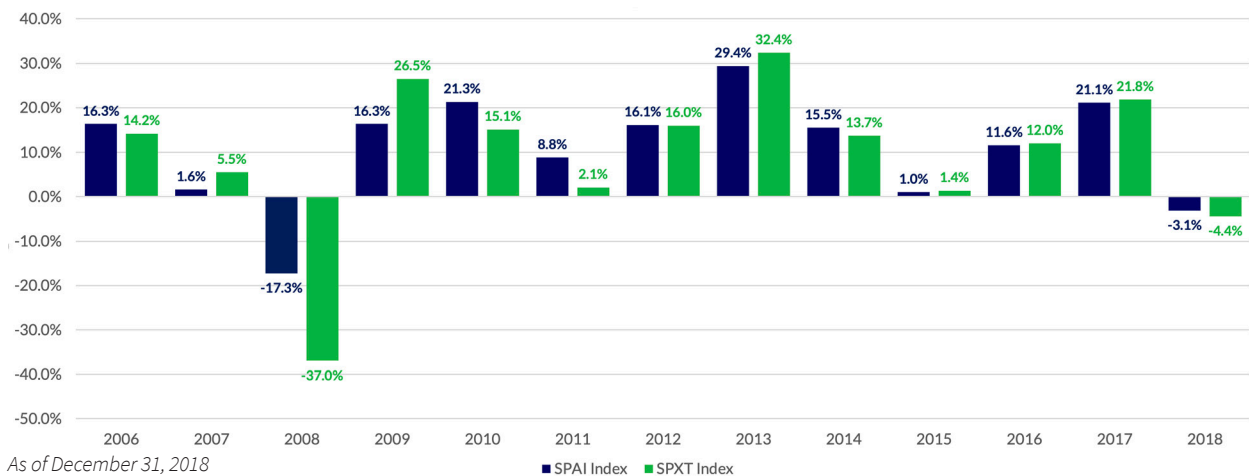
Hypothetical Scenarios: Index Performance

Here's an example of how a partial overwrite strategy on a reference stock would perform under different scenarios for returns of the reference stock with a target income of 3.5%, which results in an overwrite of 15% from one option roll date to the next (typically one week).



Index Calendar Returns Against the S&P 500 Index Total Return

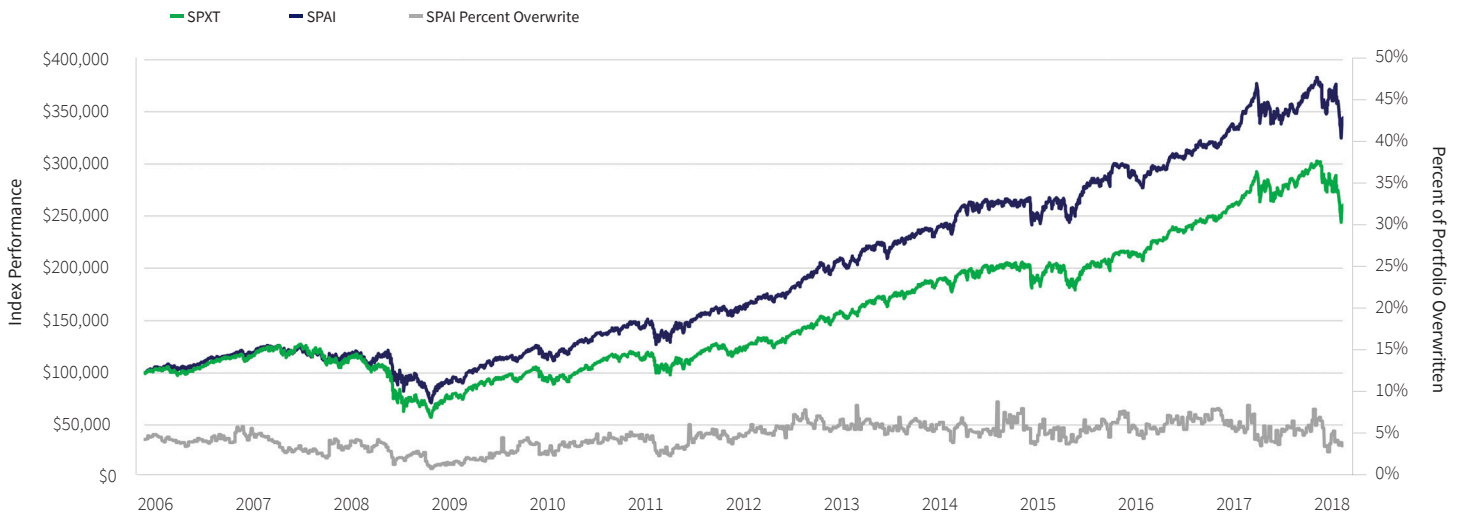
(Feb. 3, 2006 - Dec. 31, 2018)



As of December 31, 2018
Source: Bloomberg

Index Performance and Percent Overwrite (Feb. 3, 2006 - Dec. 31, 2018)

Cboe S&P 500 Dividend Aristocrats Target Income Index (SPAI) performance and comparison to the S&P 500 Index Total Return (SPXT), along with the percentage of each stock overwritten in the SPAI Index.



Annualized returns and historical volatility of the Cboe S&P 500 Dividend Aristocrats Target Income Index and comparison to the S&P 500 Index Total Return and annualized historical volatility.

	SPAI INDEX			SPXT INDEX		
	Annual Return	Historical Volatility	Return/Risk	Annual Return	Historical Volatility	Return/Risk
2018	-3.12%			-4.38%		
1 YEAR	-3.12%	14.47%	-0.22	-4.38%	17.03%	-0.26
3 YEAR	9.41%	11.42%	0.82	9.26%	12.99%	0.71
5 YEAR	8.86%	11.75%	0.75	8.49%	13.23%	0.64
10 YEAR	13.43%	14.49%	0.93	13.12%	16.64%	0.79
SINCE 2/3/2006	10.05%	16.88%	0.60	7.69%	19.29%	0.40

As of Dec. 31, 2018

Please visit Cboe.com/Index for more details.

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