

## About the Index

The Cboe S&P 500 Dividend Aristocrats Target Income Index Monthly Series (“SPATI” or “SPATI Index”) is a benchmark index designed to track the performance of a hypothetical partial buy-write strategy on constituents of the S&P 500 Dividend Aristocrats Index.<sup>1</sup> 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 SPATI Index was launched on March 2, 2018.

## Objective: Income and Growth

The SPATI Index is designed with the primary goal of generating an annualized level of income that is approximately 3.0% 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 SPATI Index investment strategy includes (1) buying the stocks contained in the S&P 500 Dividend Aristocrats Index, and (2) partially “writing” (or selling) monthly “covered” call options on each stock, generally on the last trading day of each month. 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 3.0% 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 by design be less than 20% and will be adjusted to maintain the income target of 3.0% over the annual S&P 500 dividend yield.

## Key Highlights

### TARGET OUTCOME RETURNS

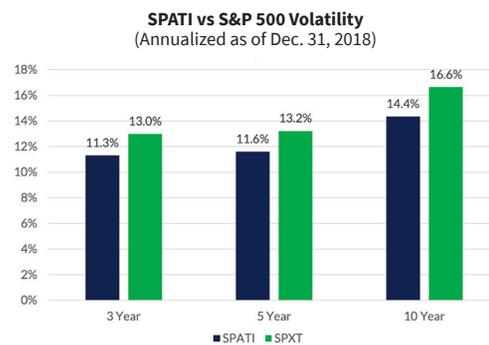
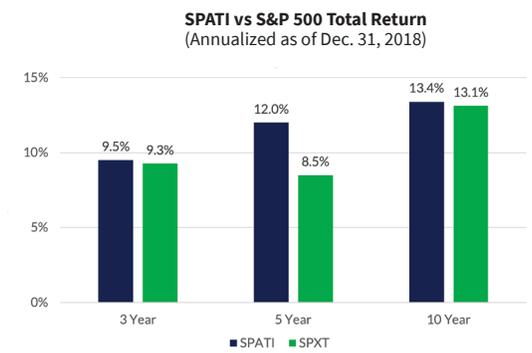
A solutions-based approach that targets a specific outcome to address specific investment needs.

### COMBINES INCOME WITH GROWTH

Seeks 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.

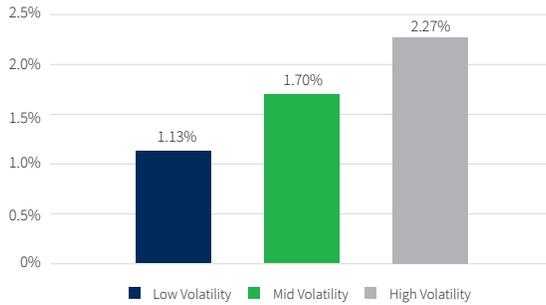


■ SPATI Index ■ S&P 500 Index

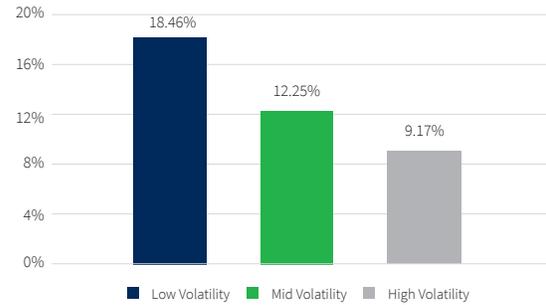
<sup>1</sup>See methodology for the S&P 500 Dividend Aristocrats Index at <http://us.spindices.com/documents/methodologies/methodology-sp-500-dividend-aristocrats.pdf>

## Monthly Option Values and Portfolio Overwrite Levels

Monthly Option Values vs. Volatility



Monthly Option Overwrite Needed to Reach a 3.0% Target Annualized Yield

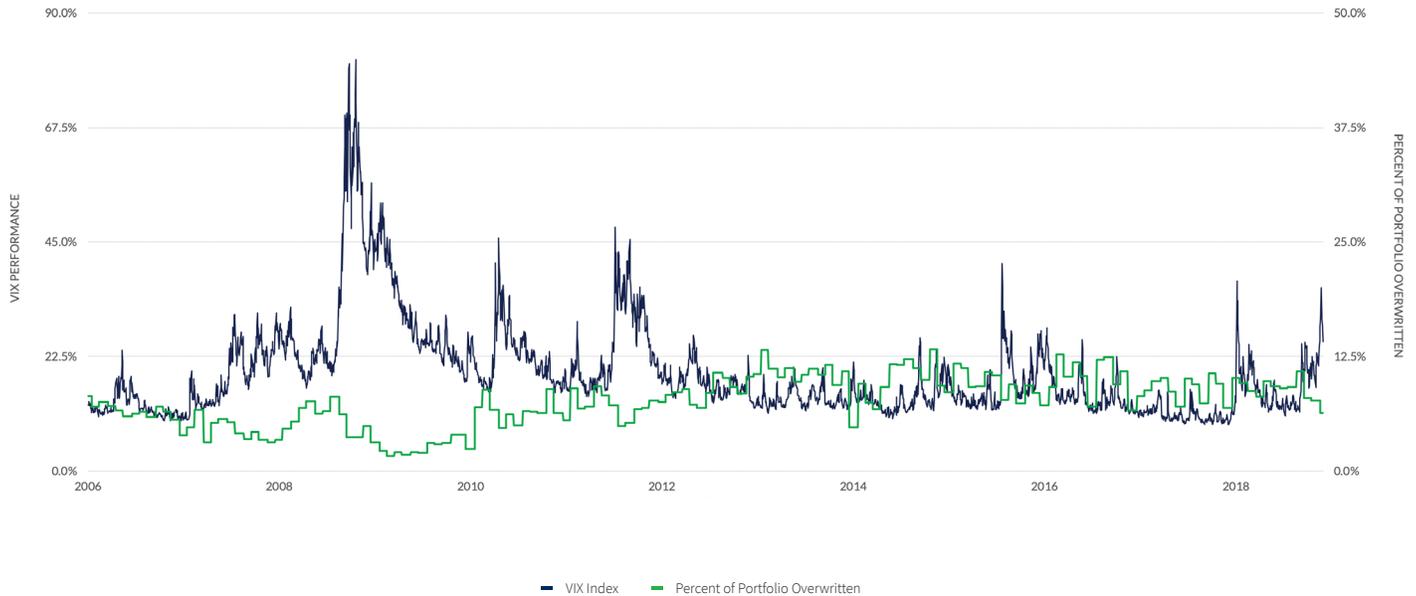


Note: Hypothetical Black-Scholes option calculation, assumes a 2.5% annual dividend yield, 1% annual risk-free rate, and annualized volatility of 10% (low), 15% (mid), and 20% (high).

Selling covered call options each month can provide premium income of 1% or more depending on the volatility conditions in place at the time.

Given a target of a specific level of annualized income from options premiums, the percentage of the stock holdings that are overwritten typically will vary depending on the level of expected volatility priced into the options. By design, the overwrite percentage will be less than 20%.

## Percentage of Portfolio Overwritten vs. VIX® Index\*

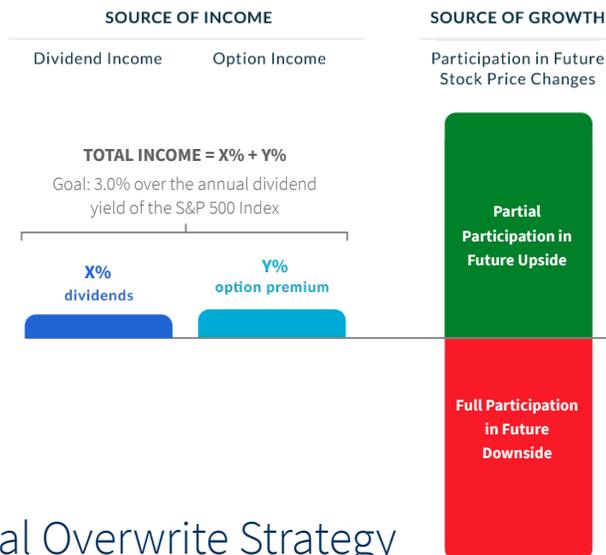


Over time, the percentage of the Dividend Aristocrats stock holdings overwritten to generate the target income has fluctuated with volatility but has remained between 1.63% and 13.33%.

\* VIX is the symbol for the Cboe Volatility Index.

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

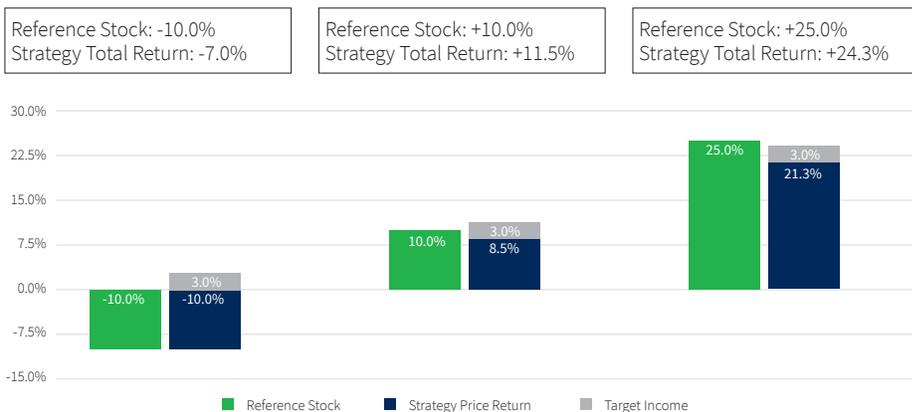
- Income is generated from dividends and option premiums.
- Growth comes from participation in future stock price changes.
- The number of call options overwritten per unit of stock exposure is varied periodically, with the goal of generating a total yield from dividends and call option premiums that is 3.0% 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 Feb. 3, 2006 to December 31, 2018), the overwrite percentage has varied between 1.63% and 13.33%.



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

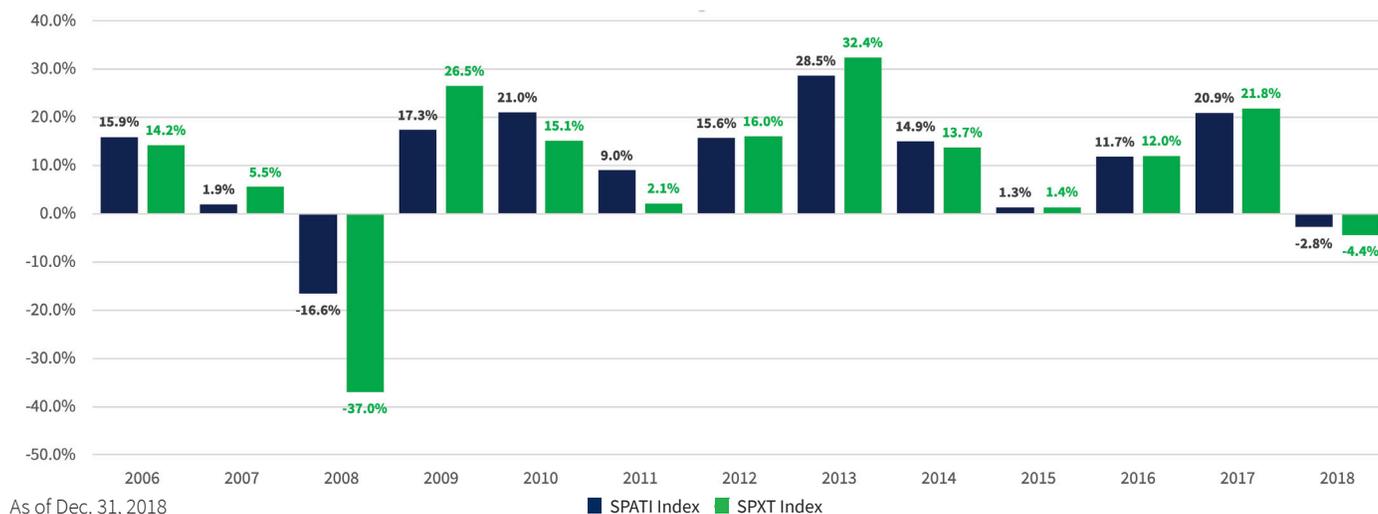
## Hypothetical Scenarios: Illustration of Partial Overwrite Strategy

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 3.0%, which results in an overwrite of 15% from one option roll date to the next (typically one month).



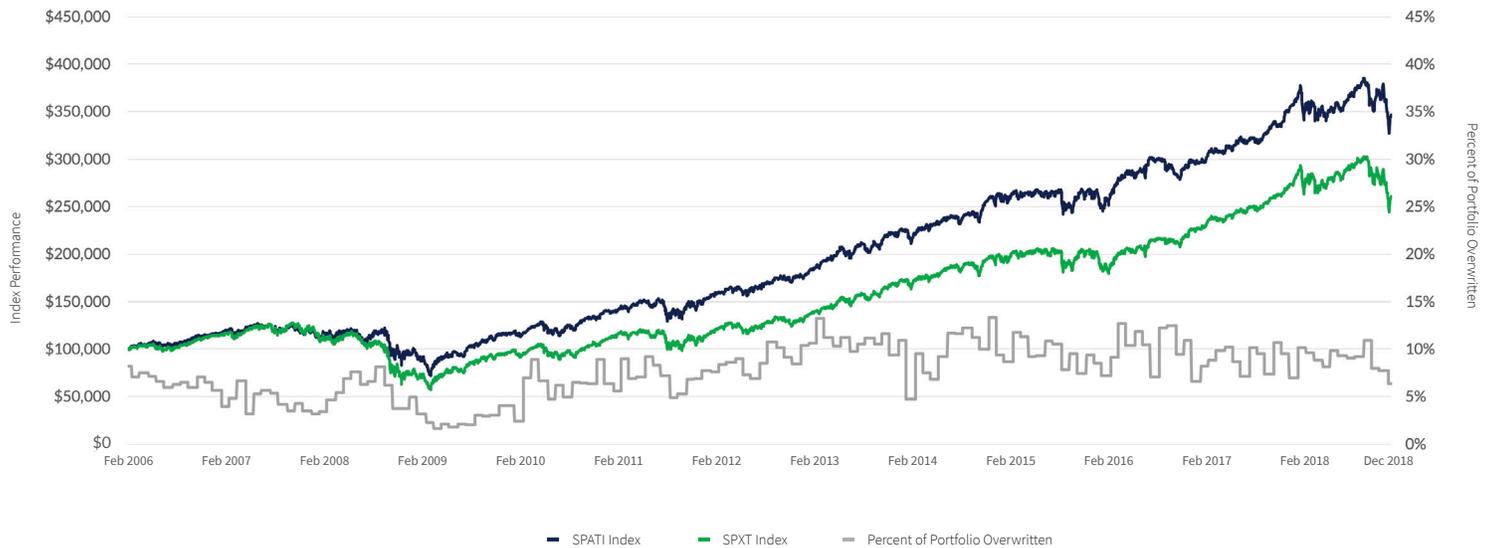
## Index Calendar Returns vs. the S&P 500 Index Total Return

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



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

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



Annualized returns and volatility of the Cboe S&P 500 Dividend Aristocrats Target Income Index Monthly Series (SPATI) and comparison to that of the S&P 500 Index Total Return (SPXT).

	SPATI INDEX			SPXT INDEX		
	Annual Return	Annual Volatility	Return/Volatility	Annual Return	Annual Volatility	Return/Volatility
2018	-2.79%			-4.38%		
1 YEAR	-2.79%	14.42%	-0.19	-4.38%	17.03%	-0.26
3 YEAR	9.50%	11.31%	0.84	9.26%	12.99%	0.71
5 YEAR	11.99%	11.61%	1.03	8.49%	13.23%	0.64
10 YEAR	13.40%	14.35%	0.93	13.12%	16.64%	0.79
SINCE FEB. 3, 2006	10.10%	16.78%	0.60	7.69%	19.29%	0.40

As of Dec. 31, 2018

❖ Please visit [Cboe.com/SPATI](http://Cboe.com/SPATI) for more details.

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