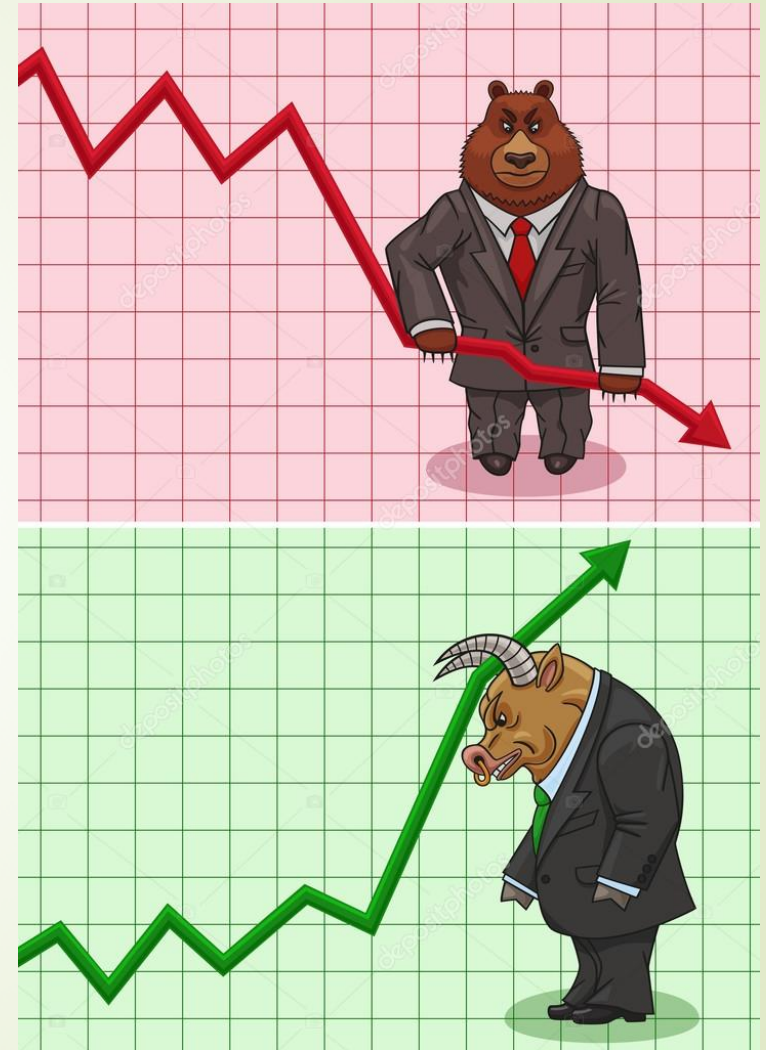


# Trading Strategies for After the Bull Market



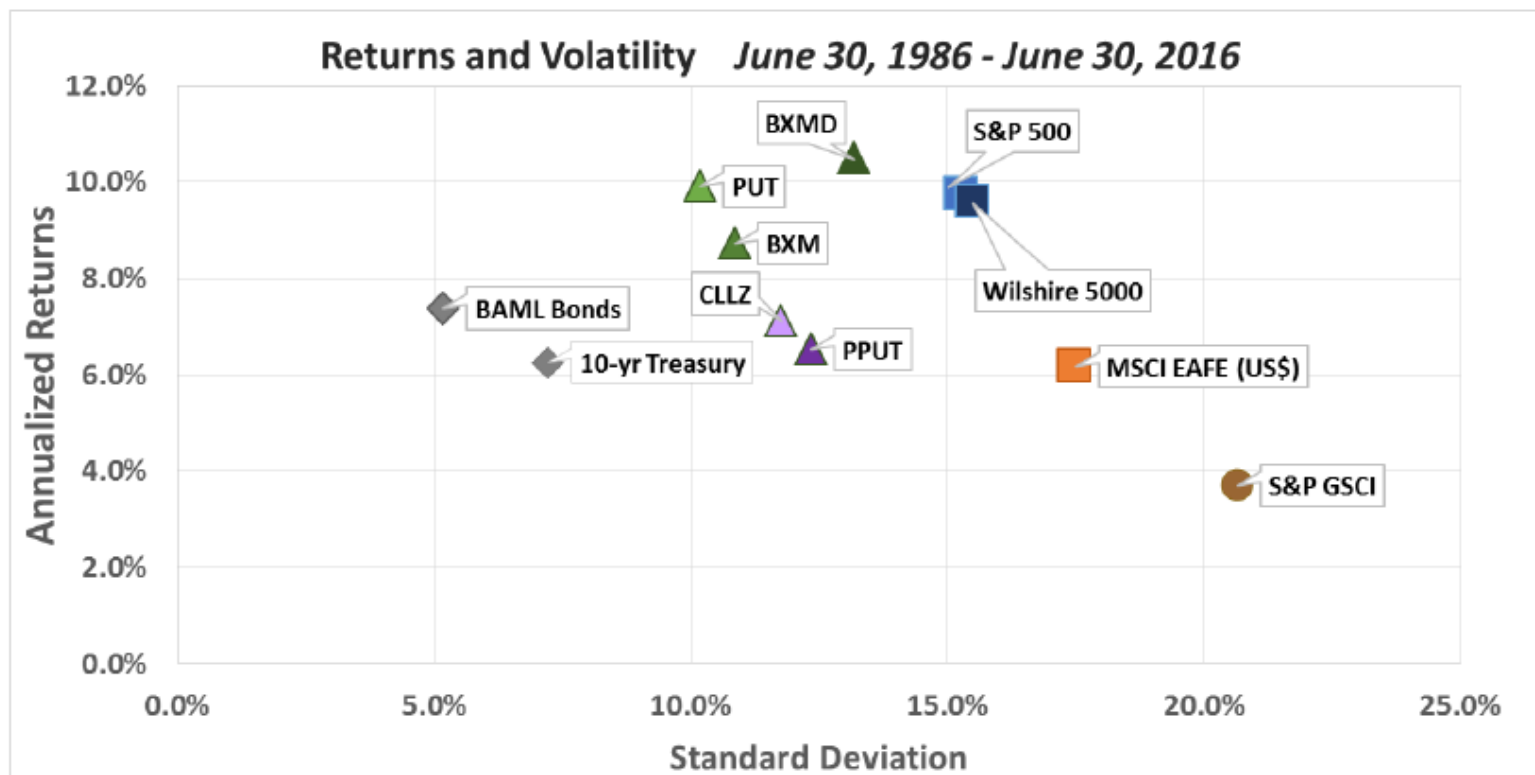
# Asset Class Relative Performance

Exhibit 3

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CBOE S&P 500 BuyWrite (BXM)	-10.9%	-7.6%	19.4%	8.3%	4.2%	13.3%	6.6%	-28.7%	25.9%	5.9%	5.7%	5.2%	13.3%	5.6%	5.2%
CBOE S&P 500 30-Delta BuyWrite (BXMD)	-8.9%	-13.2%	25.9%	10.4%	5.0%	17.8%	6.2%	-31.3%	32.1%	11.2%	7.3%	11.0%	19.1%	6.2%	4.0%
CBOE S&P 500 PutWrite (PUT)	-10.6%	-8.6%	21.8%	9.5%	6.7%	15.2%	9.5%	-26.8%	31.5%	9.0%	6.2%	8.1%	12.3%	6.4%	6.4%
CBOE S&P 500 Zero-Cost Put Spread Collar (CLLZ)	-10.1%	-16.0%	18.0%	6.2%	3.0%	13.9%	4.4%	-31.7%	24.7%	6.7%	3.1%	11.1%	16.4%	4.2%	2.0%
CBOE S&P 500 5% Put Protection (PPUT)	-2.1%	-17.6%	19.3%	6.0%	2.3%	12.3%	-0.5%	-20.1%	8.7%	11.7%	-1.4%	10.0%	27.1%	11.2%	-5.1%
S&P 500	-11.9%	-22.1%	28.7%	10.9%	4.9%	15.8%	5.5%	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%
MSCI EAFE (US\$ Net)	-21.4%	-15.9%	38.6%	20.2%	13.5%	26.3%	11.2%	-43.4%	31.8%	7.8%	-12.1%	17.3%	22.8%	-4.9%	-0.8%
BAML Invest. Grade Corporate Bonds	8.4%	10.0%	9.1%	5.1%	4.6%	0.9%	5.8%	-7.6%	21.8%	7.6%	9.6%	7.2%	1.0%	8.5%	-2.9%
S&P GSCI	-31.9%	32.1%	20.7%	17.3%	25.6%	-15.1%	32.7%	-46.5%	13.5%	9.0%	-1.2%	0.1%	-1.2%	-33.1%	-32.9%

# Efficient Frontier

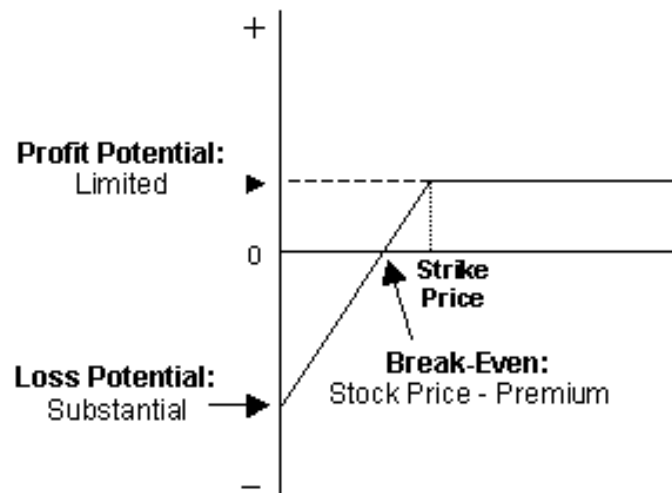
Exhibit 6



**BXMD** - CBOE S&P 500 30-Delta BuyWrite Index  
**BXM** - CBOE S&P 500 BuyWrite Index  
**PUT** - CBOE S&P 500 PutWrite Index

**CLLZ** - CBOE S&P 500 Zero-Cost Put Spread Collar  
**PPUT** - CBOE S&P 500 5% Put Protection Index

All three strategies involve selling options....



**Volatility:**  
Increase = Negative Effect  
Decrease = Positive Effect

**Time Decay:**  
Positive Effect



All three strategies involve selling index options....

- No early exercise
- Cash settlement
- Liquid
- No mismatches in expiry date allowed
- Subject to mark-to-market rules for tax purposes



## What about following the same concepts with stock options?

- ▶ Receive dividends in the case of covered call
- ▶ Requires good stock selection – limit risk of large drawdown
- ▶ No dividends in the case of put writing
- ▶ Price action prior to dividends can be unpredictable.

# ETFs for implementing these on stocks

## Eaton Vance Enhanced Equity Income Fund (EOI)

NYSE - NYSE Delayed Price. Currency in USD

**15.19** +0.23 (+1.54%)

At close: 4:02PM EDT

Buy

Annual Dividend/Yield

\$1.04/6.93%

Ex-dividend

05/23/18

Summary

Chart

Conversations

Statistics

Profile

Financials

Options


Holders

Historical Data

Analysis

Susta

Previous Close	14.96	Market Cap	595.038M
Open	14.93	Beta	N/A
Bid	14.36 x 1700	PE Ratio (TTM)	7.87
Ask	15.38 x 500	EPS (TTM)	N/A
Day's Range	14.93 - 15.20	Earnings Date	N/A
52 Week Range	12.94 - 15.20	Forward Dividend & Yield	N/A (N/A)
Volume	124,403	Ex-Dividend Date	N/A
Avg. Volume	157,545	1y Target Est	N/A

1D 5D 1M 6M YTD 1Y 5Y Max  [Full screen](#)



# What about buying puts?

## Asset Class Relative Performance

*Exhibit 3*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
CBOE S&P 500 BuyWrite (BXM)	-10.9%	-7.6%	19.4%	8.3%	4.2%	13.3%	6.6%	-28.7%	25.9%	5.9%	5.7%	5.2%	13.3%	5.6%	5.2%
CBOE S&P 500 30-Delta BuyWrite (BXMD)	-8.9%	-13.2%	25.9%	10.4%	5.0%	17.8%	6.2%	-31.3%	32.1%	11.2%	7.3%	11.0%	19.1%	6.2%	4.0%
CBOE S&P 500 PutWrite (PUT)	-10.6%	-8.6%	21.8%	9.5%	6.7%	15.2%	9.5%	-26.8%	31.5%	9.0%	6.2%	8.1%	12.3%	6.4%	6.4%
CBOE S&P 500 Zero-Cost Put Spread Collar (CLLZ)	-10.1%	-16.0%	18.0%	6.2%	3.0%	13.9%	4.4%	-31.7%	24.7%	6.7%	3.1%	11.1%	16.4%	4.2%	2.0%
CBOE S&P 500 5% Put Protection (PPUT)	-2.1%	-17.6%	19.3%	6.0%	2.3%	12.3%	-0.5%	-20.1%	8.7%	11.7%	-1.4%	10.0%	27.1%	11.2%	-5.1%
S&P 500	-11.9%	-22.1%	28.7%	10.9%	4.9%	15.8%	5.5%	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%



# Risk & Return Metrics

June 30, 1986 - June 30, 2016

	CBOE S&P 500 BuyWrite (BXM)	CBOE S&P 500 30-Delta BuyWrite (BXMD)	CBOE S&P 500 PutWrite (PUT)	CBOE S&P 500 Zero- Cost Put Spread Collar (CLLZ)	CBOE S&P 500 5% Put Protection (PPUT)	S&P 500
Annualized Return	8.82%	10.60%	10.03%	7.17%	6.55%	9.82%
Standard Deviation	10.81%	13.11%	10.13%	11.71%	12.32%	15.24%
Auto-correlation	0.09	0.05	0.13	0.05	-0.04	0.04
Max. Drawdown	-35.81%	-42.73%	-32.66%	-43.02%	-38.92%	-50.95%
Skew	-1.54	-1.09	-2.10	-1.10	-0.25	-0.79
Kurtosis	6.24	3.76	9.70	3.75	0.47	2.42
# of Up months	253	237	272	231	216	232
# of Down months	106	123	88	129	144	128
(Jensen's) Ann. Alpha	1.16%	1.71%	2.74%	-1.05%	-1.61%	-
Leland's Annual Alpha	0.90%	1.58%	2.30%	-1.12%	-1.21%	-
Beta	0.63	0.82	0.56	0.74	0.74	-
Leland's Beta	0.66	0.84	0.61	0.75	0.68	1.00
Sharpe Ratio	0.48	0.53	0.63	0.31	0.24	0.40
Sortino Ratio	0.75	0.89	0.91	0.55	0.51	0.75
Correl. to S&P 500	0.89	0.95	0.84	0.96	0.92	1.00