



# S-Network Option Income Closed-End Fund Index

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Q2 2019

**S%NET**  
CLOSED-END FUND  
INDEXES

# Index Overview

## ❑ A Portfolio of Closed-End Funds

- ❑ Those with Option Income as their Stated Objective

## ❑ Targets Yield

## ❑ All US-Registered

## ❑ Modified Net Assets-Weighted

## ❑ Multiple Qualitative Screens

- Discount
- Expense Ratio

## ❑ Screened for Liquidity

## ❑ Designed to Take Advantage of Inefficiencies in the Closed-End Fund Market

**CEFOIX Provides Diversified Exposure to a Broad Range of High Quality Closed-End Funds.**

# Closed-End Fund Overview – Key Features

- ❑ **Diversification**
- ❑ **Professional Management**
- ❑ **Efficient Portfolio Management**
- ❑ **Periodic Distributions**
- ❑ **Pass Through Taxation**
- ❑ **Opportunity to Buy at a Discount**
- ❑ **Leverage Potential**
- ❑ **Lower Expense Ratios**



**Closed-End Funds – a \$275 Billion Investment Class – Offer Investors a Number of Key Benefits That Are Incorporated into CEFOIX.**

## ❑ Option Income Funds

- Invest in portfolios of common Funds and write-call options on those Funds or comparable indexes
- Attractive to investors seeking higher income and lower volatility
- Actively managed to produce favorable taxation

**CEFOIX Includes Closed-End Funds that Provide Diversification, Yield, Discount, and Some Tax Advantages.**

# Index Rationale

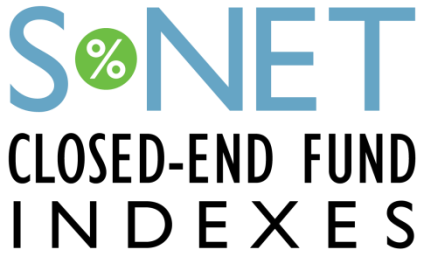
- ❑ **Diversification by Asset Class**
- ❑ **Diversification by Investment Strategy**
- ❑ **Diversification by Manager**
- ❑ **High Current Yield**
- ❑ **High Current Discount to NAV**



**CEFOIX Substantially Diminishes the Risks Implied in Owning a Single Closed-End Fund, While Providing High Current Yields and Discounts.**



# Index Constituents and Performance



# Historical Performance vs. Benchmarks

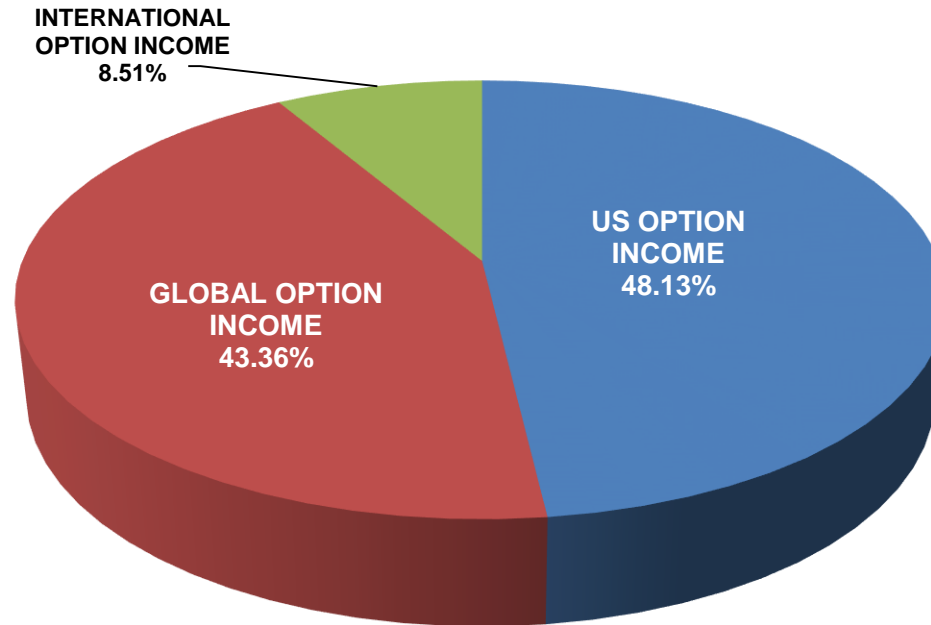
**S-Network Option Income Closed-End Fund TR Index vs. Barclays U.S. Aggregate TR Index**  
(12/31/2006–6/30/2019)



Source: Bloomberg, as of 6/30/2019



## S-Network CEF Option Income Index

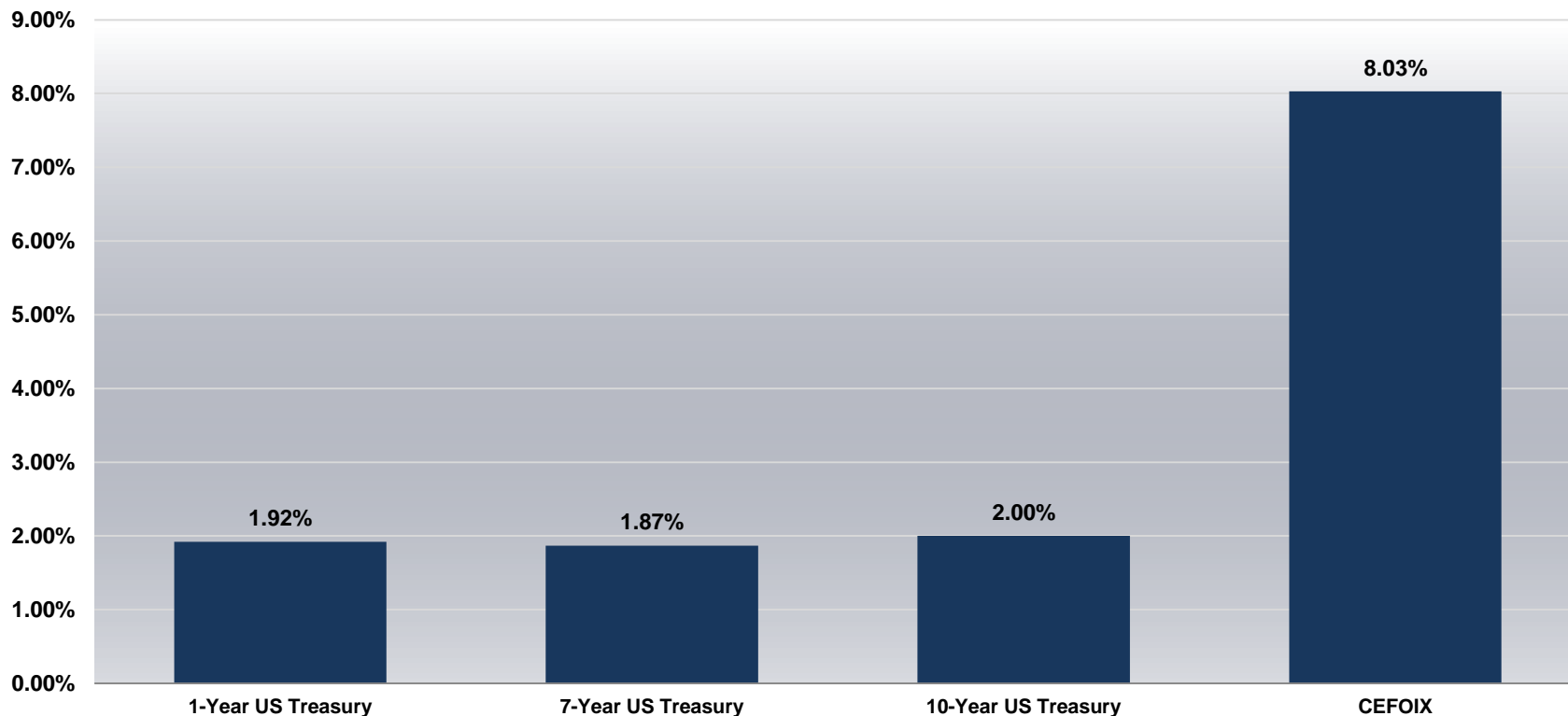


Source: Bloomberg as of 6/30/2019

**CEFOIX Diversifies Risk by Including Closed-End Funds that Hold Differing Asset Classes and Employ Differing Investment Strategies.**



## Current Yields



Source: Bloomberg, as of 6/30/2019



With a Current Yield of 8.03%, CEFOIX Indicates a Higher Yield than Most Other Classes of Fixed Income Investments, Including Government and Corporate Bonds.



# Index Construction



# Index Construction – Eligibility

- ❑ **Must Be Registered in the United States**
- ❑ **Must Have a Stated Objective of Option Income**
- ❑ **Minimum Market Capitalization for Inclusion = \$100 Million**
- ❑ **Fund Must Be Listed on a Regulated North American Exchange (No OTCs)**
- ❑ **Funds Representing 95% of Index Weight Must Have 3-month ADTV >\$500,000 Per Day (SEC Requirement for ETFs)**
- ❑ **Must Have a Total Expense Ratio < 2%**
- ❑ **Funds Trading at Premiums > 20% Eliminated**
- ❑ **Current Constituents Must Maintain 3-Month ADTV > \$300,000**
- ❑ **New Constituents Must Have 3-Month ADTV > \$500,000**

**CEFOIX is Rules Based, Providing a Fair and Accurate Measure of the Yield-Oriented Closed-End Fund Sector.**

# Index Construction – Weighting

- ❑ **Weights Based on Net Assets**
- ❑ **Net Assets Adjusted for Premium/Discount**
  - ❑ **Increases in Fund Net Assets for Funds Trading at a Discount\***
    - Discount > 6% = 30% Increase in Net Assets
    - Discount > 3% and < 6% = 20% Increase in Net Assets
    - Discount > 0% and < 3% = 10% Increase in Net Assets
  - ❑ **Decreases in Fund Net Assets for Funds Trading at a Premium\***
    - Premium > 6% = 30% Decrease in Net Assets
    - Premium > 3% and < 6% = 20% Decrease in Net Assets
    - Premium > 0% and < 3% = 10% Decrease
- ❑ **Funds Capped at 8% Index Weight**
- ❑ **Combined Weight of Funds with Weights over 5% Capped at 45%**



**CEFOIX's Unique Weighting Methodology Accords Higher Weights to Closed-End Funds that Trade at Discounts.**

# Top Ten Holdings


Fund Name	Ticker	Weight	AUM
Eaton Vance Tax-Managed Global Diversified Equity Income Fund	EXG US	8.06%	2.50 Billion USD
Allianzgi Nfj Dividend Interest & Premium Strategy Fund	NFJ US	8.05%	1.18 Billion USD
Blackrock Enhanced Equity Dividend Trust	BDJ US	8.01%	1.66 Billion USD
Eaton Vance Tax-Managed Diversified Equity Income Fund	ETY US	6.83%	1.79 Billion USD
Blackrock Resources & Commodities Strategy Trust	BCX US	5.43%	764.69 Million USD
Nuveen S&P 500 Buy-Write Income Fund	BXMX US	5.30%	1.38 Billion USD
Eaton Vance Tax Managed Global Buy Write Opportunities Fund	ETW US	4.77%	1.05 Billion USD
Blackrock Global Opportunities Equity Trust	BOE US	4.63%	721.43 Million USD
Blackrock International Growth And Income Trust	BGY US	3.88%	604.30 Million USD
Eaton Vance Tax-Managed Buy-Write Opportunities Fund	ETV US	3.70%	1.17 Billion USD

Source: S-Network, as of 6/30/2019

**CEFOIX Includes Many of the Largest Closed-End Funds on the Market Today.**

S-Network Option Income Closed-End Fund Index: Market Capitalization Profile	
<i>Number of Constituents</i>	35
<b>TOTAL MARKET CAPITALIZATION</b>	22.83 Billion USD
<b>LARGEST MARKET CAPITALIZATION</b>	2.51 Billion USD
<b>SMALLEST MARKET CAPITALIZATION</b>	91.67 Million USD
<b>AVERAGE MARKET CAPITALIZATION</b>	652.20 Million USD
<b>MEDIAN MARKET CAPITALIZATION</b>	587.67 Million USD

Source: S-Network, as of 6/30/2019

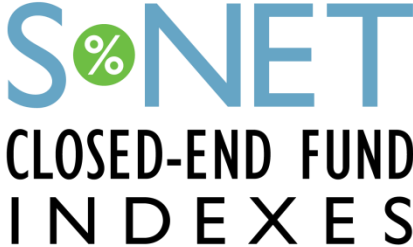


With an Average Market Capitalization of Approximately \$652.20 Million, CEFOIX Offers a Broad Spectrum of Fund Sizes.





# Statistical Profiles





Total Return Appreciation		
	CEFOIXTR	LBUSTRUU
Since Inception	85.48%	68.13%
10 Year	141.22%	46.56%
5 Year	36.26%	15.64%
3 Year	36.09%	7.10%
1 Year	1.76%	7.87%

Compound Annual Growth Rate		
	CEFOIXTR	LBUSTRUU
Since Inception	5.07%	4.24%
10 Year	9.20%	3.90%
5 Year	6.38%	2.95%
3 Year	10.82%	2.31%
1 Year	1.76%	7.87%

Source: S-Network as of 6/30/2019

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Annualized Standard Deviation		
	CEFOIXTR	LBUSTRUU
Since Inception	15.38%	3.20%
10 Year	12.90%	2.89%
5 Year	12.75%	2.94%
3 Year	12.99%	3.03%
1 Year	20.96%	3.28%

Sharpe Ratio		
	CEFOIXTR	LBUSTRUU
10 Year	0.3424	1.0393
5 Year	0.7111	1.1666
3 Year	0.4790	0.6968
1 Year	0.7478	0.2954

Source: S-Network as of 6/30/2019

**CEFOIX Includes Many of the Largest Closed-End Funds on the Market Today.**

# S-Network Indexes – Company History

## ■ S-Network Global Indexes

S-Network Global Indexes, Inc. is a publisher and developer of proprietary and custom indexes. S-Network began publishing indexes in 2006 and currently publishes over 300 indexes, which serve as the underlying portfolios for financial products with approximately USD 7 billion in assets under management. S-Network indexes, which are supported by a state-of-the-art technology platform, are known for their transparency and efficiency.

S-Network is a leader in socially responsible investment, publishing best-practice benchmark indexes in collaboration with Thomson Reuters. S-Network published the first global alternative energy and water indexes, which today serve as the recognized benchmarks for those sectors worldwide. In addition to publishing socially responsible indexes, S-Network produces proprietary environmental, social and governance ratings on nearly 5,000 public companies worldwide.

S-Network publishes a comprehensive suite of benchmark indexes covering US, European, Pacific Basin and emerging markets companies and mirroring the performance characteristics of the most popular indexes. The benchmark series offers detailed historical data, including daily constituent level data, from December 31, 1999 to the present. S-Network benchmarks serve as starting universes for smart beta indexes, as institutional-quality performance benchmarks, and as bases for Separately Managed Accounts.

S-Network is a prominent provider of smart beta indexes that incorporate both standard market statistics, as well as unique and highly specialized proprietary data sets derived from non-traditional sources. Smart beta indexes developed by S-Network embrace powerful single-factor models as well as complex multi-factor models that incorporate over 200 discrete factors. All indexes developed by S-Network address and resolve issues such as liquidity, investability and index turnover characteristics.

For more information please visit <http://www.snetglobalindexes.com/>

## ■ Paul Mazzilli

Paul most recently served as an Executive Director at Morgan Stanley, which he joined in 1975. From 1997 to 2008, Paul was Director of Morgan Stanley's ETF Research team covering index-linked ETFs and actively managed closed-end Fund companies. Paul also spent five years in Equity Capital Markets Services. Paul's team was the first to provide research coverage on index-linked ETFs and won many awards, including the Most Useful ETF Research in the U.S. Every Year Since Inception in 2004 at the annual ETF Global Awards Conference and the Best Research Team for Exchange-Traded Funds in 2007 at the 7<sup>th</sup> Annual Capital Link Forum on Closed-End Funds and ETFs in April 2008.

**CEFOIX Was Developed by S-Network, a Leading Provider of Thematic Indexes and Paul Mazzilli, One of America's Leading Closed-End Fund Analysts.**

# Data Sources and Availability

- ❑ Rule Book Available at: [www.closedendFundindex.com](http://www.closedendFundindex.com)
- ❑ Historic Data and Portfolio Snapshots at: [www.closedendFundindex.com](http://www.closedendFundindex.com) and various data vendors
- ❑ Constituent Data Available at: [www.closedendFundindex.com](http://www.closedendFundindex.com) and various data vendors
- ❑ Back Test Data from December 31, 2007
- ❑ Live Data from August 11, 2014
- ❑ Real Time Price Index Values in USD (TICKER: CEFOIX)
- ❑ EOD Total Return Index Values in USD (TICKER: CEFOIXTR)

Extensive and Detailed Data Will be Available on CEFOIX to Support Analysis and Investment.