

**S&P Daily Fixed Coverage
Covered Call Indices
*Methodology***

December 2024

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Introduction

Index Objective

The S&P Daily Fixed Coverage Covered Call Indices measure the performance of a long position in an underlying index and a short position in daily call options. The indices determine the call option amount to short using a fixed coverage ratio.

Index Family

S&P 500 Covered Call 1% OTM Daily Index. The index measures the performance of a long position in the S&P 500 Total Return Index and a short position in an S&P 500 out-of-the-money (OTM) call option with one-day maturity.

S&P 500 10% Daily Fixed Covered Call Index. The index measures the performance of a long position in the S&P 500 Total Return Index and a short position in an S&P 500 at-the-money (ATM) call option with one-day maturity using a 10% fixed coverage ratio to determine the call option amount to short.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Options Indices Policies and Practices Methodology	Options Indices Policies & Practices Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Index Construction

S&P 500 Covered Call 1% OTM Daily Index

The short position in the call option initiates on every business day that corresponds to a listed option expiry date. Select the nearest contract with a strike price at or immediately above the 1% OTM level based on S&P 500 TWAP on day t . Using the $t - 1$ level of the index, calculate the notional amount of the short call targeting full coverage.

The call option settles to the closing level of the S&P 500 index on maturity, and a new call option is sold at the close on the same day.¹ The net cash from the option payout and the received premium reinvest immediately into equity.

Total Return Index Calculation

On any business day t , the index comprises a long equity position and a short call position.

$$Index_t = \max(0, Equity_t - Call_t)$$

$$Call_t = N_t \times Mid_t$$

where:

$Equity_t$ = value of the position in S&P 500 Total Return Index (SPTR)

$Call_t$ = value of the short call position

Mid_t = mid price of the call option

If t is a Roll Day

Calculate a TWAP of the S&P 500 index (SPX). If the market closes early, the index calculates a TWAP of SPX during the 11:00-11:10 ET window.

Select a call option expiring on $t + 1$ (or the nearest following date) by calculating the minimum strike K_t such that:

$$K_t \geq 1.01 * SPX_{twap,t}$$

Determine the options quantity N_t using the $t - 1$ level of the index, as follows:

$$N_t = \frac{Index_{t-1}}{SPX_{twap,t}}$$

Calculate the value of the long equity position by accounting for the price change in the equity component, the payout from the expiring call option, and the premium from the new call option:

$$Equity_t = Equity_{t-1} \times \frac{SPTR_t}{SPTR_{t-1}} - N_{t-1} \times \max(0, SPX_t - K_{t-1}) + N_t \times Bid_t$$

Note that the premium from writing the new call immediately reinvests into equity (SPTR) with no separate cash position.

¹ For history prior to 05/06/2022, for back test purposes, the index used the option expiring on the nearest following date when daily expiring options were not available.

If t is not a Roll Day

The options quantity and strike remain the same:

$$K_t = K_{t-1}$$

$$N_t = N_{t-1}$$

The long equity position calculates as follows:

$$Equity_t = Equity_{t-1} \times \frac{SPTR_t}{SPTR_{t-1}}$$

Calculation Windows

The TWAP calculation windows are:

TWAP Window for Strike Selection	Start time	End Time	Time Zone
Regular trading day	14:00:00	14:10:00	New York Time
Scheduled early market closure day	11:00:00	11:10:00	New York Time

If there is a market disruption during the designated TWAP window, then the TWAP calculates over the first 10-minute window following resumption of activity on the same day (rounded to the nearest 10-minute boundary).

Regular Trading Day. If a disruption occurs on a regular trading day, the index attempts to use 14:10-14:20 ET, 14:20-14:30 ET, 14:30-14:40 ET, 14:40-14:50 ET, or 14:50-15:00 ET as time windows.

If none of these windows can be used – i.e., if the disruption extends past 14:50 ET – the index postpones the roll to the next business day.

Early Market Close Day. If a disruption occurs on an early market close day, the index attempts to use 11:10-11:20 ET, 11:20-11:30 ET, 11:30-11:40 ET, 11:40-11:50 ET, or 11:50-12:00 ET as time windows.

If none of these windows can be used – i.e., if the disruption extends past 11:50 ET – the index postpones the roll to the next business day.

Market Disruptions

If there is a market disruption that prevents strike selection on the roll day, the equity position updates to account for the price change and the payout from the expiring option, as follows:

$$Equity_t = Equity_{t-1} \times \frac{SPTR_t}{SPTR_{t-1}} - N_{t-1} \times \max(0, SPX_t - K_{t-1})$$

Since there is no option position at the end of the disrupted day, the index matches the value of the equity position:

$$Index_t = \max(0, Equity_t)$$

S&P 500 10% Daily Fixed Covered Call Index

The short position in the call option initiates on every business day that corresponds to a listed option expiry date. Select the nearest contract with a strike price at or immediately above the closing index level of the S&P 500 as of day $t - 1$. Using the $t - 1$ level of the index, calculate the notional amount of the short call targeting a fixed 10% coverage.

The call option settles to the closing level of the S&P 500 on maturity and a new call option is sold at the close on the same day.² The net cash from the option payout and the received premium reinvest immediately into equity.

Total Return Index Calculation

On any business day t , the index is floored at zero and calculates as follows:

$$Index_t = \text{Max}(0, Equity_t - Call_t) \quad (1)$$

where:

$Equity_t$ = Value of the position in S&P 500 Total Return Index (SPTR)

$Call_t$ = Value of the short call position

If t is a Roll Day

The value of the equity, and short call positions calculate as follows:

$$Equity_t = Equity_{t-1} \times \frac{SPTR_t}{SPTR_{t-1}} - N_{t-1} \times \max(0, SPX_t - K_{t-1}) + N_t \times Bid_t \quad (2)$$

$$Call_t = N_t \times Mid_t \quad (3)$$

where:

SPX_t = The closing level of the S&P 500 Index as of day t

N_t = The number of option units traded on day t

Bid_t = The bid price of the call option sold at the end of day t

Mid_t = The mid-price of the call option sold at the end of day t

The number of option units calculates as follows:

$$N_t = 0.10 \times \frac{Index_{t-1}}{SPX_{t-1}} \quad (4)$$

If t is not a Roll Day

The options quantity and strike remain the same:

$$N_t = N_{t-1}$$

$$K_t = K_{t-1}$$

The value of the equity and call calculate as:

$$Equity_t = Equity_{t-1} \times \frac{SPTR_t}{SPTR_{t-1}} \quad (5)$$

$$Call_t = N_t \times Mid_t$$

² For history prior to 05/13/2022, the index used the option expiring on the nearest following date when daily expiring options were not available.

Index Maintenance

Pricing

Options prices are provided via vendor feed after market close.

For further information on pricing, please refer to S&P Dow Jones Indices' Options Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to [S&P DJI Methodology & Regulatory Status Database](#).

For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spglobal.com/spdji/.

Base Date and History Availability

The index history availability, base date, and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P 500 Covered Call 1% OTM Daily Index (USD) TR	10/04/2024	08/19/2016	08/19/2016	100
S&P 500 10% Daily Fixed Covered Call Index (USD) TR	11/27/2024	08/12/2016	08/12/2016	100

Index Governance

Index Committee

An Index Committee maintains the index. All Committee members are full-time professional members of S&P Dow Jones Indices staff. The Index Committee meets regularly. At each meeting, the Index Committee reviews any significant market events. In addition, the Index Committee may revise index policy for timing of rebalancing or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology and/or Options Indices Policies & Practices Methodology.

Index Policy

Announcements

Announcements of the daily index values are made after the market close each day.

Holiday Schedule

Each index is calculated daily when the underlying equity index is calculated.

A complete holiday schedule for the year is available at www.spglobal.com/spdji/.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology and Options Indices Policies & Practices Methodology for the underlying indices, respectively.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices and Options Indices Policies & Practices Methodology documents for the underlying indices, respectively.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices Web site at www.spglobal.com/spdji/, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	BBG	RIC
S&P 500 Covered Call 1% OTM Daily Index (USD) TR	SPCCD1OM	.SPCCD1OM
S&P 500 10% Daily Fixed Covered Call Index (USD) TR	SPCC10DF	.SPCC10DF

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spglobal.com/spdji/en/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices Web site at www.spglobal.com/spdji/.

Appendix A

Historical Back-Test Rule Deviations

For history prior to 05/13/2022, there were no options expiring on every business day of the week³, so indices included options that expired on Mondays, Wednesdays, and Fridays and rebalanced only on option expiry dates. On the rebalance date, the indices entered the option with the nearest following expiry date. For example, on Monday, the index selected the option expiring on Wednesday; on Wednesday, the index selected the option expiring on Friday; and on Friday, the index selected the option expiring on the following Monday.

Prior to May 2017, there were no PM-settled S&P 500 WeeklysSM options expiring on the third Friday of each month. Therefore, the index selected an AM-settled S&P 500 option that would expire on the third Friday of any month prior.

AM-settled options use a different settlement value than PM-settled options. If index calculation day t is a listed option expiry date and the option expiring on that date is an AM-settled S&P 500 option, the value of the equity calculates as follows:

$$Equity_t = Equity_{t-1} \times \frac{SPTR_t}{SPTR_{t-1}} - N_{t-1} \times \max(0, SOQ_t - K_{t-1}) + N_t \times Bid_t$$

where:

SOQ_t = The Special Opening Quotation as of index calculation day t

³ S&P 500 WeeklysSM options expiring on Thursdays were launched on 05/11/2022, with the first expiry of such options on 05/19/2022.

Appendix B

ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY⁴		
1.	Name of the benchmark administrator.	S&P Dow Jones Indices LLC.
2.	Underlying asset class of the ESG benchmark.⁵	N/A
3.	Name of the S&P Dow Jones Indices benchmark or family of benchmarks.	S&P DJI Options Indices Benchmark Statement
4.	Do any of the indices maintained by this methodology take into account ESG factors?	No
Appendix latest update:		October 2024
Appendix first publication:		October 2024

⁴ The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].

⁵ The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

Disclaimer

Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history

will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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ESG Indices Disclaimer

S&P DJI provides indices that seek to select, exclude, and/or weight index constituents based on, but not limited to, certain environmental, social or governance (ESG) indicators, or a combination of those indicators, including the following: environmental indicators (including the efficient use of natural resources, the production of waste, greenhouse gas emissions, or impact on biodiversity); social indicators (such as, inequality and investment in human capital); governance indicators (such as sound management structures, employee relations, remuneration of staff, tax compliance, respect for human rights, anti-corruption and anti-bribery matters), specific sustainability or values-related company involvement indicators (for example, production/distribution of controversial weapons, tobacco products, or thermal coal), or controversies monitoring (including research of media outlets to identify companies involved in ESG-related incidents).

S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

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