

# Div Optic Strategy

A PROFESSIONALLY MANAGED COVERED  
CALL STRATEGY OVERLAYING SELECT  
DIVIDEND-PRODUCING EQUITIES

February 29, 2024

Optic Asset Management, a division of Watts Gwilliam & Company, LLC

## Objective

Div Optic seeks to:

- Generate premium income through the sale of covered calls on dividend-producing equities.
- Benefit from dividend income.
- Provide limited capital appreciation.
- Experience lower volatility than a long-only ownership position in the underlying stocks.

## Active Option Management

- Optic utilizes technical analysis to determine optimal quantities and timing to sell in and out of call positions.
- This highly tactical approach is more agile and responsive to the market than most rules-based covered-call strategies.
- Optic also actively seeks to capture much of the upside appreciation of the underlying holdings.

## Portfolio Manager

Brad Gwilliam, a principal and founder, brings nearly 25 years of active options trading experience to Optic Asset Management and oversees the daily trade management of Div Optic.

## About Optic

Optic Asset Management empowers investors and their advisors to unlock the potential of their portfolios through proven option overlay strategies.

This Fact Sheet must be reviewed with the IMPORTANT DISCLOSURES on the following page.

Historical Performance			
As of FEB 2024	YTD	1 Year	Inception*
<b>Div Optic (Net of Fees)</b>	<b>5.66%</b>	<b>-2.58%</b>	<b>4.12%</b>
BXM (CBOE S&P 500 BuyWrite IndexSM)	3.73%	11.51%	1.29%

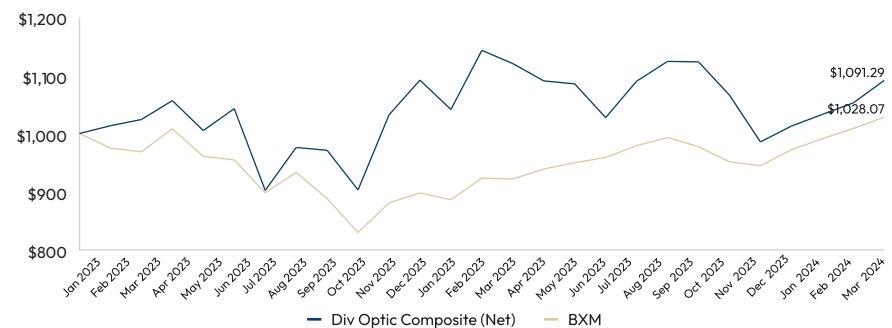
\*Inception is January 1, 2022

Note: Inception and YTD performance are not annualized. See the accompanying disclosures on the next page for important information on composite construction, performance calculation methodology, and the differences between Div Optic and the index.

	1 year		Since Inception	
	Div Optic	BXM	Div Optic	BXM
Standard Deviation	<b>14.54%</b>	5.82%	<b>20.71%</b>	11.41%
Beta Coefficient	<b>0.81</b>	0.39	<b>0.86</b>	0.53
Upside Capture Ratio	<b>0.29</b>	0.45	<b>0.79</b>	0.52
Downside Capture Ratio	<b>1.51</b>	0.58	<b>0.79</b>	0.57

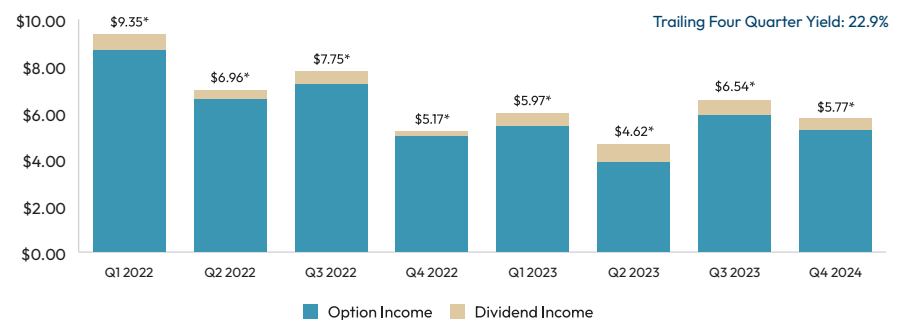
Note: Please see Important Disclosures on the next page for a definition of terms.

## Growth of a \$1,000 Portfolio



Note: Div Optic performance is net of fees and transaction costs; it is not possible to invest in an index and advisory fees and trading costs do not apply to indices. See Important Disclosures on next page.

## Div Optic Quarterly Income per \$100 Invested (Net)



\*Totals depicted include option premiums and dividend income.

Note: Income for each quarter is calculated by dividing the net income of each category by the total value of the composite at the beginning of the quarter. Trailing Four-Quarter Yield sums the quarterly yield for each of the previous four completed quarters. No amount of income is guaranteed, and some periods may provide little or no income.

Div Optic begins with an ownership position in a basket of dividend-producing stocks.

Proprietary modeling software and analysis determine opportune option windows

Covered call options are sold on a tactical basis and include active management of the option positions



Optic Asset Management is a division of Watts Gwilliam & Company, LLC, a registered investment advisor.

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Product Contact Ben Cooper

Incentive Fee No  
Min. Account Size \$100,000  
Min Annual Fee \$1,000

## Important Disclosures and Definitions

This information reflects the performance of Optic Asset Management's "Div Optic" Strategy. Optic Asset Management is a division of Watts Gwilliam & Company, a registered investment advisor. Div Optic is a covered call writing strategy applied to client portfolios holding a basket of stocks selected by Optic Asset Management which have historically produced dividend income for investors. Stocks may be divested and replaced at any time.

The performance shown reflects actual client portfolios assigned to Div Optic during the full periods shown. To be included, portfolios must be managed on a fully discretionary basis, and with an asset value of \$60,000 or greater. Portfolios must be managed using Div Optic for a full month before inclusion in performance results. The performance shown is net of fees and transaction costs. We apply the actual average weighted fee paid by the portfolios included in Div Optic to the results. The average weighted fee varies over time but is approximately 80 basis points. This is less than the firm's maximum fee of 1.25% but similar to fees paid by the majority of clients, including those whose portfolios make up Div Optic. An increase in advisory fees will reduce performance; higher fees can have a meaningful negative impact on performance over time. Option transaction costs can be significant, and vary by the custodian or broker used. The actual impact of these costs experienced by our portfolios is reflected in the performance shown.

Past performance is not a guarantee of future results. No investment strategy can ensure a profit or ensure the investor will avoid loss. Since Div Optic's inception in January 2022, equity markets have exhibited significant volatility and uncertainty, including the effects of rising interest rates. While Optic Asset Management intends the Div Optic Strategy to add value to investment portfolios, especially in flat or down markets, portfolios might underperform in rising markets. The performance presentation shown does not reflect the effect of taxes, which may be a significant consideration for taxable accounts. Investors using covered call strategies should be aware of tax implications as profits/losses are treated as capital gains. Tax treatment varies based on factors like holding period, dividends, and assignment. Seek professional tax advice for personalized guidance on navigating tax complexities and ensuring compliance with current IRS regulations.

Options trading involves risks. Prior to executing option trades, investors will receive from the custodian a copy of Characteristics and Risks of Standardized Options, also known as the Options Disclosure Document, which can be found at [www.theocc.com](http://www.theocc.com). Clients must be approved for options trading by the custodian prior to Optic Asset Management being able to implement Div Optic.

## Index Descriptions

**BXM Index:** The CBOE S&P 500 BuyWrite Index<sup>SM</sup> ("BXM") is a benchmark index designed to track the performance a hypothetical buy-write strategy on the S&P 500 Index<sup>®</sup>. BXM is a total return index rebalanced monthly. Dividends paid on the component stocks and dollar value of option premium deemed received from the sold call options are functionally re-invested in the covered portfolio.

Index comparisons are provided for informational purposes and index performance is not intended to represent the performance of any Optic Asset Management portfolio. There are substantial differences between indices and client portfolios, including that indices are unmanaged and are not subject to advisory fees or transaction costs, including the often-material costs associated with option trades. It is not possible to invest directly in an index. Likewise, the Div Optic strategy differs substantially from the indexes in terms of equity holdings and investment tactics. Where the BXM is a traditional, rules-based buy-write strategy on the S&P 500 Index<sup>®</sup>, Div Optic's buy-write strategy uses active, tactical options trading limited to the equities selected by the manager.

## Definitions

**Standard deviation:** Standard deviation is a statistical measurement used to indicate relative volatility of an investment or strategy. The greater the standard deviation of securities, the greater the variance between each price and the average (mean). Generally, a more volatile stock has a higher standard deviation.

**Beta Coefficient:** The Beta coefficient is a measure of the volatility of a fund relative to the overall market.

**Upside/downside capture ratios:** These measure an investment strategy's performance in up or down markets relative to the S&P 500 index. For upside capture, values over 1.0 indicate the strategy outperformed the benchmark during periods of positive returns for the benchmark. For downside capture, values of less than 1.0 indicate the strategy lost less than its benchmark during periods of negative returns for the benchmark.

An actively  
managed  
option strategy  
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professionals  
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