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Q2 2026 – MAIN MANAGEMENT BUYWRITE STRATEGY

The BuyWrite strategy (available in ETF format: BUYW) moved higher in Q2, benefiting from a decline in volatility and geopolitical uncertainty as the Iran war progressed and an agreement was signed in June. Following a flat Q1, the BuyWrite is now roughly halfway toward its objective of mid-to-high single digits for the full calendar year. The BuyWrite strategy has historically delivered on this goal over the past 20 years. The S&P 500 rebounded from its negative Q1, rising roughly +15% in Q2, as the Tech sector roared back with a +32% return. We'd like to remind investors that during the first quarter selloff; the S&P was down roughly -9% peak-to-trough while the BuyWrite drawdown was far less. Seeking to dampen volatility is a core objective of the strategy's design and we think it once again proved its mettle with the performance in the first half of 2026.

We feel that the BuyWrite can fit in multiple spaces within traditional asset allocation as it sits between equities and investment-grade fixed income. Fixed income did not keep pace with the equity rebound in Q2, as the surprisingly hawkish FOMC tone helped push rates higher and resulted in the Bloomberg US Aggregate Bond Index (Agg) posting a meager return after a flat Q1. We would like to point out that over the trailing 3 years, the BuyWrite has generated annualized returns that notably exceeded those of the Agg. As we've noted before, it's also worth remembering that the Agg still remains below its 2020 peak, which was over five years ago, while the BuyWrite's last drawdown recovery during the same period took less than a year. For investors evaluating complements to traditional fixed income, we think the comparison is worth considering.

During Q2, we rolled our calls out to December 2026 expirations in order to extend option duration and refresh premium collection. On the equity side, not much changed in Q2 as roughly 50% of the portfolio remains in broad large-cap exposure, complemented by satellite allocations to Energy, Healthcare, Financials, and the Nasdaq-100. The one change we did make was swapping Communications Services for Utilities. In Q2, the underlying equity positions were broadly positive while the option premiums were a drag, which tends to be the case in up markets.

The BUYW ETF that runs this strategy has continued to deliver a monthly distribution of approximately 0.50%, for a 12-month distribution yield of about 6%, firmly above the Agg at around 4.3%. That monthly distribution has historically been accompanied by NAV growth over time, which we believe may present an appealing profile for income-oriented investors. As has been the case since the strategy's inception in 2004, we run the BuyWrite in both a tax-aware and fee-sensitive manner. In 2025, we reduced the BUYW Net Expense Ratio to 0.99% with plans to continue reducing it going forward.

Attached, please find the updated fact sheet with a comparison to the HFRI Equity Hedge benchmark and Bloomberg US Aggregate Bond Index. We encourage our current and prospective investors to contact us with any questions.

Sincerely,

Kim David Arthur
CEO and Portfolio Manager