

Main BuyWrite Strategy

Third quarter 2026 commentary

The BuyWrite strategy (available in ETF format: BUYW) moved higher again in Q3 and remains on track toward its goal of mid-to-high single-digit returns for the calendar year. The S&P 500 continued higher too, though its gain slowed to about 2.3% from Q2's torrid +15%. As a reminder, the BuyWrite is our liquid alternative income strategy with limited duration risk, daily liquidity, and durable income. It continues to be run with an eye towards capital preservation, with a three-year beta of about 0.2 relative to the S&P 500.

The biggest news in Q3 was the Fed rate hike at the September meeting. With the official forecast (median dot of the dot plot) expecting 1 more hike this year and fed funds futures pricing roughly four more by late 2027, bond yields have risen markedly. The 10yr U.S. Treasury yield ended the quarter at 5.29%, its highest close since 2002! It's a similar situation for other government bonds around the globe as more central banks are hiking in response to elevated inflation stemming from the ongoing Iran conflict. The silver lining is that core inflation measures are moderating, as they are mostly insulated from the energy-related price surges. With the run up in yields came a negative return for bonds, which are still in the bear market that began all the way back in 2022! The Bloomberg U.S. Aggregate Bond Index (Agg) dropped -3.5% in Q3 alone as yields jumped, and it's now down -2.9% so far this year. We feel that this environment may be beneficial for an allocation to the BuyWrite rather than traditional fixed income, which responds negatively to rising yields. Over the trailing three years, the BuyWrite has generated annualized returns notably above 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 took less than a year. For investors evaluating complements to traditional fixed income, we think the comparison is worth considering.

We have maintained our calls which expire in December 2026, which may currently provide around 10% of downside cushion, though that cushion is not a guarantee against loss. On the equity side, roughly 50% of the portfolio remains in broad large-cap exposure, complemented by satellite allocations to Energy, Healthcare, Financials, Utilities, and the Nasdaq-100. As was the case in Q2, Q3 again saw the underlying equity positions provide a positive contribution to the total return while the option premiums were a drag.

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%. 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. We continue to look for ways to reduce costs for investors.

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.

Important disclosures

All metrics from Morningstar Direct, Macrobond, and FactSet Financial Data and Analytics.

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Investors should carefully consider the investment objectives, risks, charges and expenses of the Main BuyWrite Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 1-866-383-9778. The prospectus should be read carefully before investing. The Main BuyWrite Fund is distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC. Main Management Fund Advisors, LLC is not affiliated with Northern Lights Distributors, LLC.

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