



Investment Advisory Firm



Overall Morningstar Rating™

Rating out of 40 Options-based SMAs as of 3.31.2020

Capital Wealth Planning, LLC

2020 1st Quarter Enhanced Dividend Income Portfolio Overview

Kevin Simpson
Founder & Chief Investment Officer

Josh Smith, CFA
Vice President & Lead Portfolio Manager

Our Product & Service Focus



Fee-Based Management

CWP is an independent, fee-only investment advisory firm registered with the Securities and Exchange Commission. CWP provides sub-advisory investment services to advisors with high net worth clients, pensions, profit sharing plans, trusts, estates, charitable organizations, and corporations.



SMA Strategies

CWP realizes that as markets and environments change, the ability to adapt is crucial. CWP is at the forefront of implementing covered call strategies on our proprietary ETF Hedged Covered Call Portfolio and Enhanced Dividend Income Portfolio, as well as concentrated equity holdings.



Tactical Transition Overlay

CWP specializes in the tactical transition of concentrated equity holdings. This process can be spread out over several years for tax-sensitive investors. Concentrated positions have calls written against the shares that the investor is willing to sell and recognize taxes on.

“A teammate like relationship allows our firm to establish highly personalized sub-advisory relationships”

- Kevin Simpson, Founder and Chief Investment Officer



Investment Advisory Firm

A Portfolio Management Team Exclusively Focused on Your Advisor & Client Needs

Our High Net Worth Partners Are Why We Go To Work Every Day....

At Capital Wealth Planning (CWP) our focus is delivering competitive results for our Advisor partners and their High Net Worth clients by providing specialized proprietary investment management products and services. We offer conservative strategies using covered call writing designed to enhance income and overall total return.

Our Flagship Portfolio Strategies

- Enhanced Dividend Income Portfolio (EDIP)
- Hedged ETF Covered Call Portfolio

Our Complementary Portfolio Strategies

- ESG Enhanced Dividend Income Portfolio
- Concentrated Stock Transition Overlay Strategy

Our Portfolio Management Team



Kevin Simpson

Founder & CIO

Kevin Simpson has been the President and Chief Investment Officer of Capital Wealth Planning, LLC since establishing the firm in 2005. Originally from Philadelphia, Pennsylvania, Kevin has been investing in options since he began his career at W.H. Newbold's Son & Co. in 1992. After his time at W.H. Newbold's Son & Co Kevin spent 7 years with Wheat First Butcher Singer (Subsequently Wells Fargo) where he helped institutions and high-net worth individuals plan and work toward their financial goals through option centered strategies. Following his time at Wheat First Butcher Singer Kevin spent several years at Sterling Financial before establishing Capital Wealth Planning.

Over the years, Kevin has shifted Capital Wealth Planning away from a financial planning orientation to an established investment management firm, offering separately managed ETF and Equity portfolios that are complemented with a yield enhancing covered call strategy.

A graduate of The George Washington University majoring in Finance, Kevin applies institutional investment management strategies to diversified equity and option portfolios.



Josh Smith, CFA

Vice President & Lead Portfolio Manager

Josh is responsible for the oversight and management of the trading of the firm's investment strategy. Prior to joining CWP Josh spent 6 years with First Financial Capital Advisors, the internal asset management arm of First Financial Bank. While at First Financial Capital Advisors Josh oversaw roughly \$500M in assets as the lead portfolio manager for the International Global Focused SMA and the Pure Equity SMA, both strategies employed covered call programs to enhance yield and cover fees.

Josh also served as co-portfolio manager of the Large Cap Core Mutual Fund. During a portion of his college experience and career in finance Josh served in the U.S. Army National Guard for 8 years with deployment to the Middle East and received an honorable discharge.

Josh received his B.S. in Finance from Miami University of Ohio. He is a CFA charter holder, as well as, a member of the CFA Institute and CFA Society of Cincinnati.



Ryland Mathews, CFA

Portfolio Associate Trader

Ryland Mathews is an Associate Trader at Capital Wealth Planning, LLC with responsibility over trade execution, analytics, and reconciliation. He comes with 7 years' experience in quantitative and rules-based trading.

Prior to joining CWP, Ryland worked as a trader for a systematic commodity pool in Windermere, FL where he was responsible for trade execution and modeling. Ryland attended the University of Florida where he obtained a B.S. degree in Finance. In his spare time, you can catch Ryland programming or "writing a script" in python!

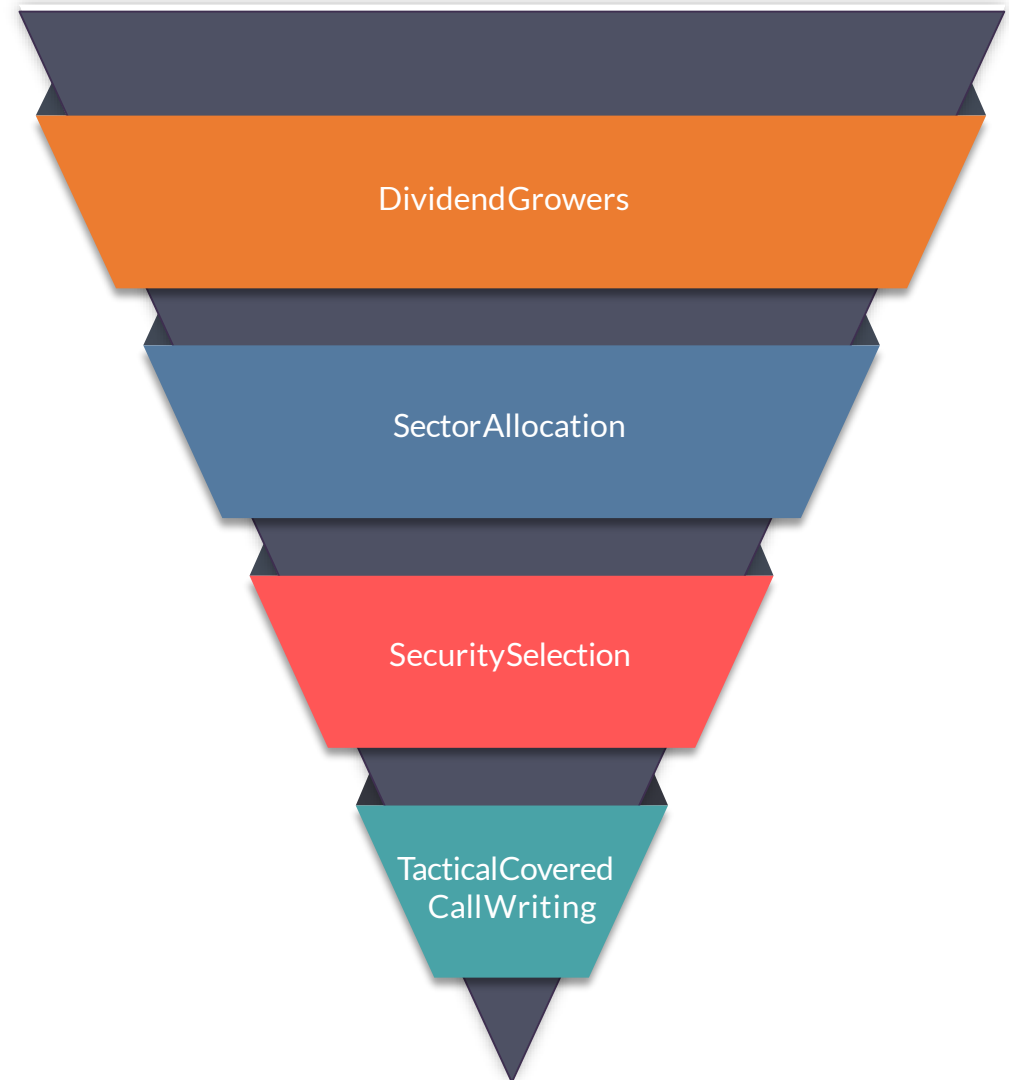
EDIP Investment Process

Dividend Growers - The Enhanced Dividend Income SMA is managed with a strong emphasis on owning blue-chip DOW 30 and S&P 100 components with historical dividend and earnings growth. We have observed that companies that are able to grow their dividend have historically outperformed the rest of the market, with significantly less volatility.

Sector Allocation - We have designed the portfolio with the objective of achieving competitive returns when compared to broad market indices, while reducing volatility. This is accomplished by constructing an asset allocation that is relatively balanced among the traditional 10 S&P sectors so that we maintain sector neutrality.

Security Selection - The process starts by filtering the universe down by qualitative factors to find suitable candidates within each of the traditional S&P 500 sectors. Once we have reached a grouping of roughly 40-60 candidates, we approach the list with both fundamental and technical analysis to determine which candidates offer attractive risk to return over a 6-12 month period.

Tactical Covered Call Writing - The Enhanced Dividend Income SMA deploys a relatively conservative, tactical, covered call overlay that is not obligated to continuously cover each individual equity position. When one of the underlying stocks demonstrate strength or an increase in implied volatility, CWP managers identify that opportunity and sell call options tactically, rather than keeping all positions covered and limiting potential upside.



EDIP Allocation

As of 3/31/2020

Sector	Position	Dividend Yield (%)	5 YR Dividend Growth Avg (%)
Communication Services	Verizon Communications	4.50%	2.43%
	Walt Disney Co	1.87%	15.40%
Consumer Discretionary	Home Depot Inc	3.36%	23.68%
	McDonald's Corporation	3.12%	7.60%
	Nike Inc Class B	1.24%	13.09%
Consumer Staples	Mondelez Intl Inc	2.24%	13.45%
	Pepsico Incorporated	3.07%	8.41%
	Procter & Gamble Co	2.59%	3.43%
	Wal-Mart Inc	1.81%	2.00%
Energy	Chevron Corp	6.87%	2.49%
Financial Services	Goldman Sachs Group Inc	3.40%	13.02%
	Intercontinental Exchange Inc	1.48%	16.17%
	JPMorgan Chase & Co.	4.28%	16.56%
	Visa Inc	0.79%	20.11%
Healthcare	Abbott Laboratories	1.81%	7.78%
	Johnson & Johnson	2.83%	6.32%
	Merck & Co Inc	3.20%	5.01%
	UnitedHealth Group Inc	1.88%	24.13%
Industrials	Raytheon Technologies Corp	5.89%	4.49%
Information Technology	Apple Inc	1.28%	10.62%
	Microsoft Corp	1.33%	10.96%
Utilities	Duke Energy Corp	4.97%	3.52%

Source : Morningstar. Information presented is based on the current dividend yield and stock price at the specified date. Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

EDIP Estimated Income Analysis

As of 3/31/2020

Annualized Payout Analysis

The Enhanced Dividend Income Portfolio has been designed for HNWI, UHNWI individuals and perpetual funds such as Foundations & Endowments that have income needs or spending policies in the range of 5-7% annualized.

With the use of out-of-the-money staggered covered call writing techniques, each position within the portfolio maintains a level of market exposure that allows for some additional capital appreciation in each of the underlying holdings.

Sample Account Value	\$1,000,000
Average Position Size	\$42,300
Cash	\$70,300
Portfolio Dividend Cash Flow	\$27,305
Estimated Option Cash Flow	\$25,079
Estimated Annualized Cash Flow	\$52,384
Portfolio Annualized Dividend Yield	2.73%
Estimated Annualized Option Premium	2.51%
Estimated Annualized Yield	5.24%

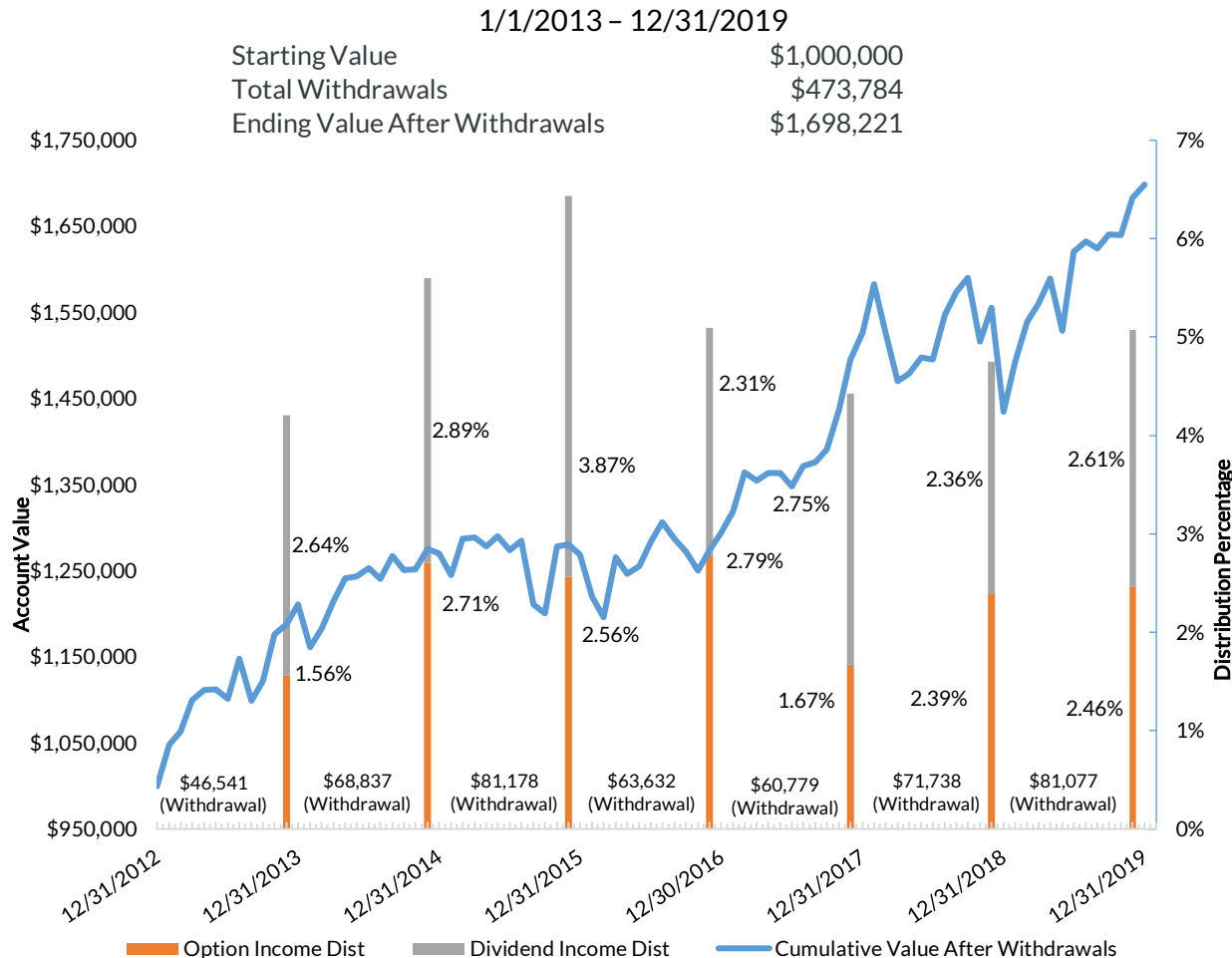
* Information presented is based on the current dividend yield and stock price at the specified date. The estimated annual option premium is a forward-looking estimate and assumes that the option expires unexercised and another round of options are sold at the same price. This portfolio is a hypothetical representation and actual results may vary.

EDIP Historical Income Illustration

Capital Wealth Planning a Naples, Florida based investment manager, constructs an equity portfolio of mega-cap, high-quality, blue-chip stocks that is diversified across the traditional 10 S&P sectors and then strategically sells short-term covered calls to generate additional income.

INCOME GENERATION WITH CAPITAL APPRECIATION:

- ▶ As illustrated, an investment of \$1MM in the Enhanced Dividend Income portfolio produced an average combined dividend and option income of 5.08% per year.
- ▶ Allowing for withdrawals of approximately \$470,000 over a 7-year period, beginning January 1, 2013.
- ▶ After deducting the dividend and option income for the 7-year period ending 12/31/19, the portfolio still grew at an annualized rate of 7.86% (gross returns).



Covered call writing can potentially help you generate income for your portfolio. Talk to your financial advisor for more information.

Total Return (%)	2019	2018	2017	2016	2015	2014	2013
CWP EDIP (Gross)	24.48	-1.50	23.30	7.28	6.44	10.86	26.26
CWP EDIP (Net)	22.74	-2.89	21.41	5.51	4.97	9.19	24.40
DJIA Total Return	25.34	-3.48	28.09	16.10	.21	10.04	29.65

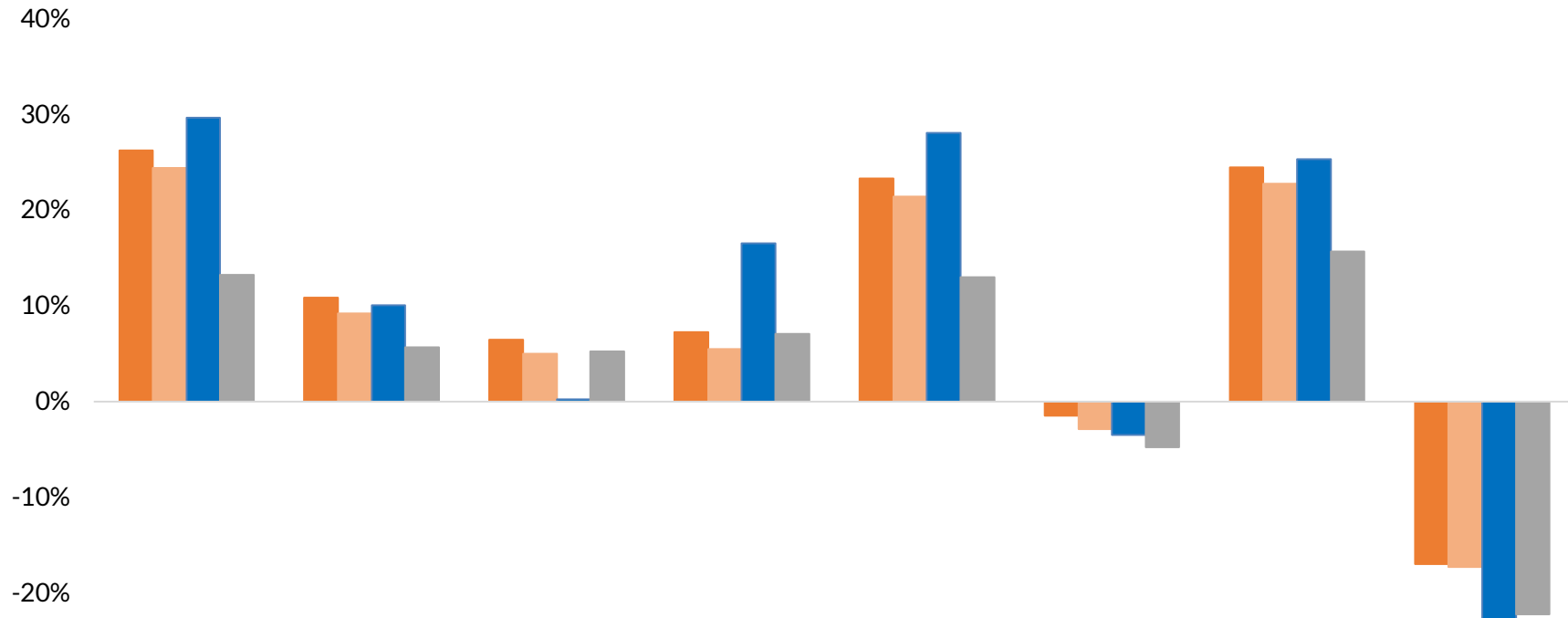
Growth of a \$500K for periods ended 12/31/19	Inception Date	Since Inception
CWP After Withdrawals (Gross)	1/1/2013	\$1,698,221
CWP After Withdrawals (Net)	1/1/2013	\$1,493,751

Annualized Return (%) for period ended 12/31/19	Inception Date	Since Inception
CWP After Withdrawals (Gross)	1/1/2013	7.86
CWP After Withdrawals (Net)	1/1/2013	5.90

Source: Callan. The chart above represents a hypothetical scenario in which a dollar amount representing the dividends and option income received each month is distributed, however composite performance is still based on their reinvestment. In an actual client account, dividend and option income would not be reinvested but would remain in cash until month end distribution. This could result in performance dispersion between a client account where income was reinvested versus a client account where it was not. Historically, reinvestment of dividends and option income generally results in better returns. The illustration above does not account for actual trading that would have occurred to produce these funds for distribution. Reported composite performance was not duplicated by any individual account, resulting in a different return for any particular investor. Past performance does not guarantee future results. Dividends are not guaranteed and a company's future ability to pay dividends may be limited. An investor cannot invest directly in an index. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns. The annualized returns cited might be achieved only if the parameters described can be duplicated and that there is no certainty of doing so. Please refer to the disclosure section for information on the formula used to calculate annualized rates of return.

EDIP Annual Returns

1/1/2013 - 3/31/2020

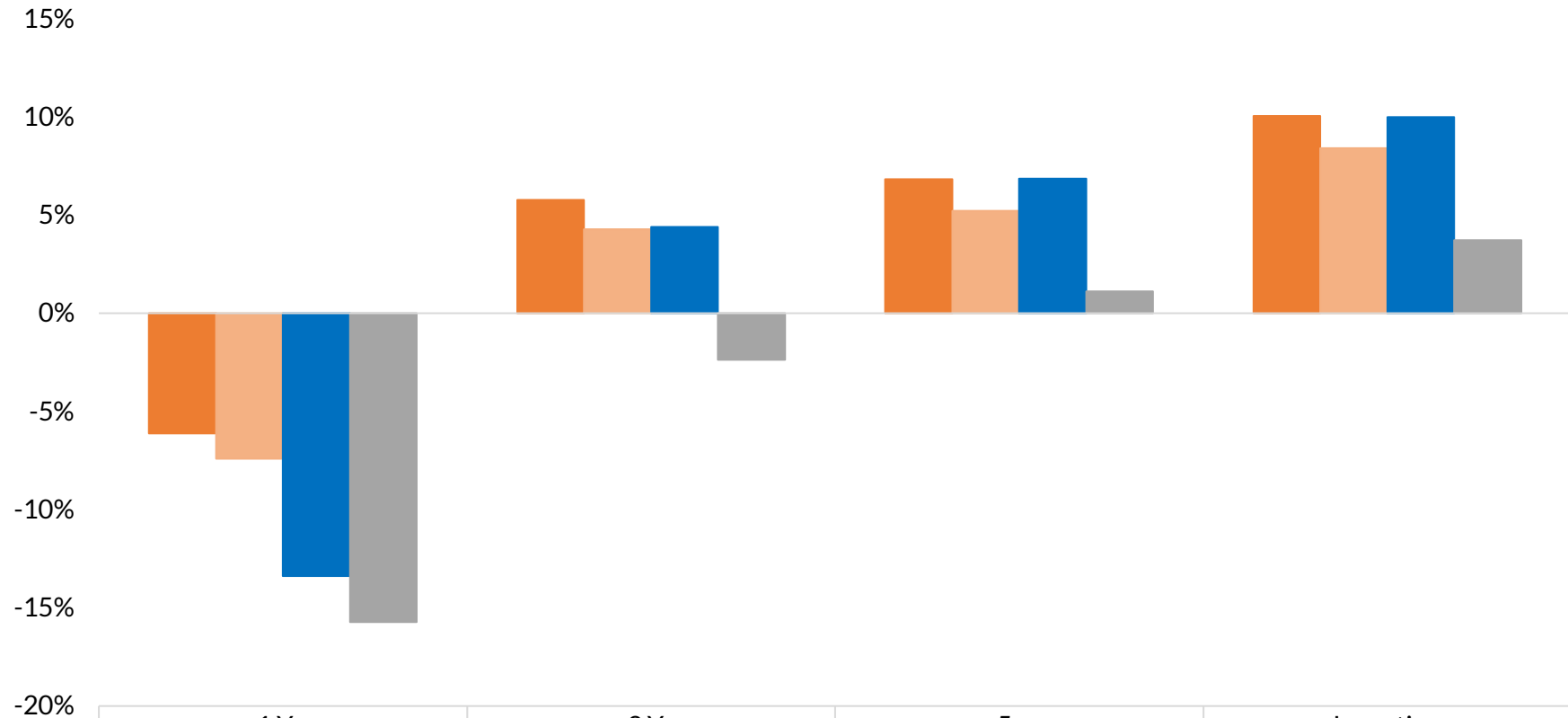


	2013	2014	2015	2016	2017	2018	2019	2020 YTD
■ CWP EDIP Gross	26.26%	10.86%	6.44%	7.28%	23.30%	-1.50%	24.47%	-17.02%
■ CWP EDIP Net	24.40%	9.19%	4.97%	5.51%	21.41%	-2.89%	22.74%	-17.30%
■ DJIA TR	29.63%	10.04%	0.21%	16.51%	28.09%	-3.48%	25.34%	-22.73%
■ BXM	13.26%	5.64%	5.24%	7.07%	13.00%	-4.77%	15.68%	-22.22%

Returns for DJIA and CWP EDIP are adjusted for dividends, splits and calculated on a total-return basis gross of management fees. Raw data was provided by djaverages.com and Bloomberg. Inception date for EDIP WRAP is 1/1/2013. Past performance does not guarantee future results. The model portfolio contains equity stocks that are managed with a view towards capital appreciation and income. An investor cannot invest directly in an index. CWP's EDIP and the DJIA have similar volatility and the index acts as an appropriate benchmark for this strategy.

EDIP Trailing Returns

1/1/2013 – 3/31/2020

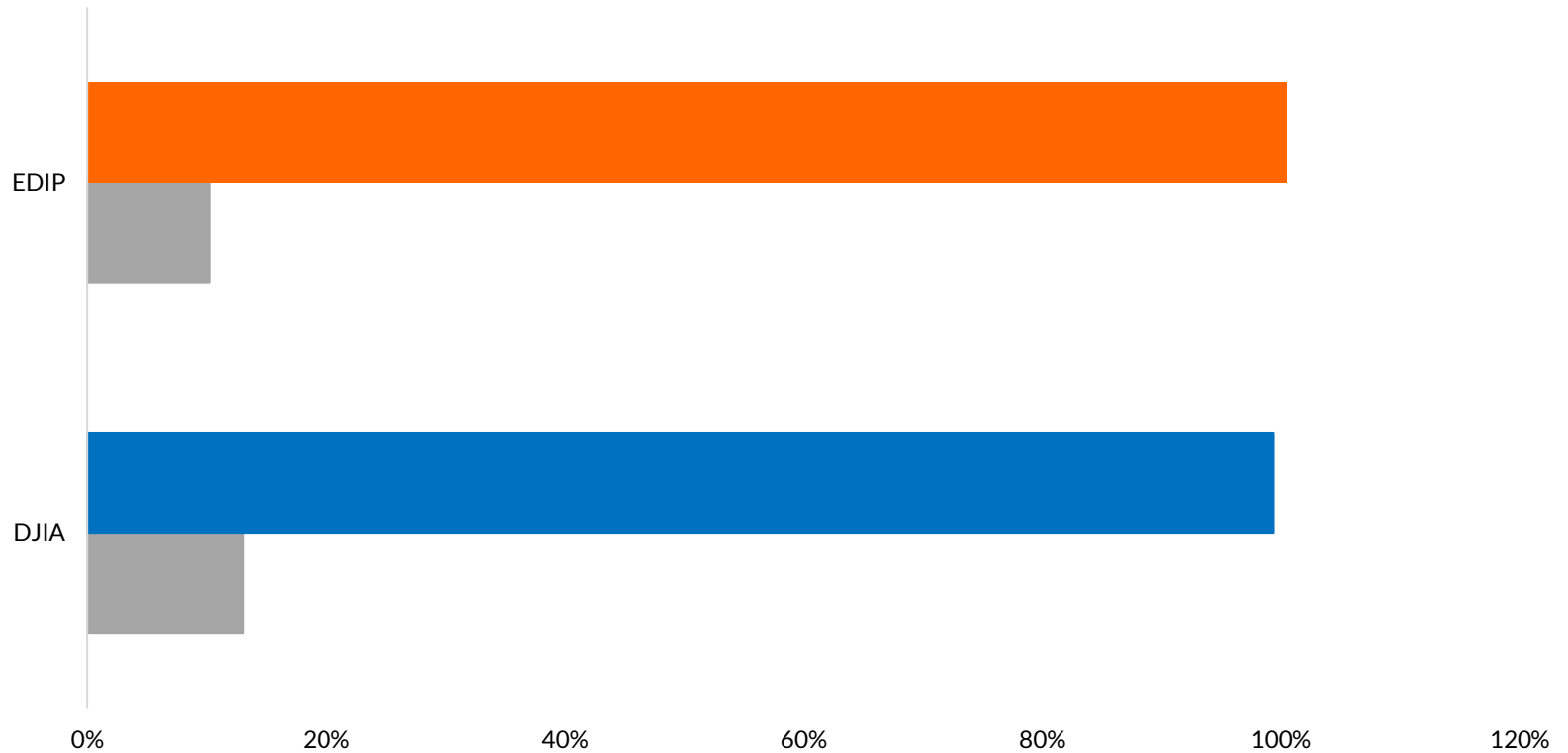


	1 Yr	3 Yr	5 yr	Inception
■ CWP Gross	-6.10%	5.79%	6.82%	10.07%
■ CWP Net	-7.39%	4.28%	5.23%	8.43%
■ DJIA TR	-13.38%	4.41%	6.86%	9.99%
■ BXM	-15.72%	-2.36%	1.13%	3.74%

Returns for DJIA and CWP EDIP are adjusted for dividends, splits and calculated on a total-return basis gross and net of management fees. Raw data was provided by djaverages.com and Bloomberg. Inception date for EDIP WRAP is 1/1/2013. Past performance does not guarantee future results. The model portfolio contains equity stocks that are managed with a view towards capital appreciation and income. An investor cannot invest directly in an index. CWP's EDIP and the DJIA have similar volatility and the index acts as an appropriate benchmark for this strategy.

EDIP Cumulative Total Return - Gross of Fees vs. Std. Deviation

1/1/2013 - 3/31/2020



	DJIA	EDIP
■ Cumulative Return	99.41%	100.50%
■ STD DEV Annualized	13.10%	10.21%

Returns for DJIA and CWP EDIP are adjusted for dividends, splits and calculated on a total-return basis gross of management fees. Raw data was provided by djaverages.com and Bloomberg. Inception date for EDIP WRAP is 1/1/2013. Past performance does not guarantee future results. The model portfolio contains equity stocks that are managed with a view towards capital appreciation and income. An investor cannot invest directly in an index. Standard deviation reflects a portfolio's total-return volatility, which is based on a minimum of 36 monthly returns. The larger the portfolio's standard deviation, the greater the portfolio's volatility. CWP's EDIP and the DJIA have similar volatility and the index acts as an appropriate benchmark for this strategy.

EDIP Disclosures

Year End	Total Firm Assets	Composite Assets (USD)	Number of Accounts	% of Wrap Assets	Net	DJIA (Dow 30) TR	Composite Dispersion	Composite 3 -Yr St Dev	Benchmark 3 -Yr St Dev
2020 YTD	\$1,570,626,923.85	\$1,165,179,940.37	2335	100.00%	-17.30%	-22.73%	N.A.1	11.85%	15.63%
2019	\$1,752,673,565.91	\$1,195,417,825.27	2319	100.00%	22.74%	25.34%	0.59%	9.41%	12.05%
2018	\$1,064,853,586.03	\$597,072,218.96	1244	100.00%	-2.89%	-3.48%	0.66%	9.16%	11.15%
2017	\$922,565,730.02	\$491,301,683.72	1052	100.00%	21.41%	28.09%	0.42%	8.30%	10.62%
2016	\$604,208,588.25	\$262,054,493.40	585	100.00%	5.45%	16.51%	0.44%	8.74%	11.29%
2015	\$296,653,299.88	\$58,167,839.96	100	100.00%	4.83%	0.21%	0.42%	8.82%	10.78%
2014	\$381,957,330.00	\$53,885,232.51	98	100.00%	9.20%	10.04%	0.52%	N.A.2	N.A.2
2013	\$382,454,110.52	\$18,641,910.81	34	100.00%	24.38%	29.65%	N.A.1	N.A.2	N.A.2

Capital Wealth Planning, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Capital Wealth Planning, LLC has been independently verified for the periods Jan 2010 thru Sept 2019. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The verification and performance examination reports are available upon request. *Composite and benchmark performance are for the period 1/1/2013 through 3/31/2020. N.A.1 - Information is not shown because less than six portfolios were in the composite for the full annual period. N.A.2 - Information is not shown because there is less than 36 months of returns available.

Enhanced Dividend-Wrap Composite includes all portfolios that invest in large cap dividend paying equities with covered call sales to generate additional income and for comparison purposes is measured against the Dow Jones Industrial Average (Dow 30). The Dow Jones Industrial Average Index is a hypothetical index that tracks both capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index. The minimum account size for this composite is \$250,000. Anything below that at the end of each reporting period (monthly) is not included in the composite. The Enhanced Dividend-Wrap Composite was created January 1st 2013. A complete list of the firm's composite is available upon request. Also, the policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented net of the entire actual wrap fees and include the reinvestment of all income. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions this fee includes investment management, portfolio monitoring, and in some cases, custodial services. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. The annual internal composite dispersion is presented with returns net of actual wrap fees and for the accounts in the composite the entire year. Also, an equally-weighted standard deviation is calculated net of actual wrap fees. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The custodial wrap fee schedule for separately managed clients is typically between 100 to 175 bps depending on the actual account size. Actual investment advisory fees incurred by clients may vary.

Capital Wealth Planning, LLC is an independent, fee-only registered investment advisor that was established in 2007. Capital Wealth Planning, LLC is a growth and income portfolio investment manager that invests solely in U.S.-based securities.

The Enhanced Dividend-Wrap Composite does not employ the use of leverage, but does use derivatives to enhance income. The type of derivatives used are covered calls. They are used consistently throughout the calendar year, but generally make up no more than 5% of the market value of an account.

Disclosures

IMPORTANT NOTE: Capital Wealth Planning, LLC, (CWP) is a registered investment advisor with the U.S. Securities and Exchange Commission (SEC). Registration with the SEC does not imply that CWP or any individual providing investment advisory services on behalf of CWP possess a certain level of skill or training. Capital Wealth Planning may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements. Individualized responses that involve actual or contemplated securities transactions or the rendering of personal investment advice for compensation will not be made absent compliance with all applicable investment adviser regulation requirements. Please contact the sender if there are any questions

Capital Wealth Planning and its representatives are in compliance with the current registration requirements imposed upon registered investment advisors by those states in which it maintains clients. The results achieved by individual clients will vary and will depend on a number of factors including the particular underlying investments and their dividend yield, option market liquidity, interest rate levels, implied volatilities, and the client's expressed return and risk parameters at the time the service is initiated and during the term. Past performance is not a guarantee of future returns. Investing in options involves risk that must be considered and reviewed with a professional prior to investing. This marketing piece is not intended for the giving of investment advice to any single investor or group of investors and no investor should rely upon or make any investment decisions based solely upon contents of the marketing piece.

Capital Wealth Planning, LLC is an independent, fee-only registered investment advisor that was established in 2007. Capital Wealth Planning, LLC is a growth and income portfolio investment manager that invests solely in U.S.-based securities and derivatives in those securities. Covered call option cash flow for any portfolio will vary depending on actual portfolio positions, option premiums received, individual ETF price volatility, and general stock market volatility. Positions covered by call options may be called away, creating realized capital gains or losses. Cash flow is not guaranteed over any period. More information may be found in CWP's Form ADV. Option trading is not suitable for all investors. The booklet "Characteristics and Risks of Standardized Options" can be found at: <http://www.cboe.com/Resources/Intro.aspx>. Copies of this document may be obtained by your financial advisor or the Option Clearing Corporation, 1 N. Wacker Dr., Ste. 500, Chicago, IL 60606. 1-888-678-4667.

Risks to Consider:

The performance reflected herein represents composite data for the Capital Wealth Planning ETF Model Portfolio. Actual advisor fees are deducted quarterly. Transaction costs and account maintenance fees could be charged and may vary across custodial platforms.

While CWP takes considerable care in reducing the possibility of having shares called away, there can be no guarantee that the owner of the call option will not exercise the option prior to CWP's repurchase of the sold option. Covered Call writing can provide limited downside protection. It does not, however, eliminate downside risks. Options involve risk and are not suitable for all investors. Prior to opening an account with Capital Wealth Planning, clients are required to understand the risks associated with the purchase or sale of options by receiving the Options Clearing Corporation.

Performance history is available. All income has been reinvested when possible. The results are calculated using simple monthly returns, ending value divided by beginning value adjusted for contributions to and distributions from the accounts, if any. Monthly results are then compounded to produce period return statistics. Clients should consult their account statements for information about how their actual performance compares to that of the model portfolios. Asset allocation does not ensure a profit or guarantee against a loss. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

5-year rating out of 40 Options-based SMAs as of March 31st 2020. © 2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. The Morningstar Rating™ for separate accounts, commonly called the star rating, is a measure of a separate account's risk-adjusted return, relative to other separate accounts in the same Morningstar Category. Separate accounts are rated from 1 to 5 stars, with the best performers receiving 5 stars and the worst performers receiving 1 star. Separate accounts are rated for up to three periods (three, five, and 10 years), and ratings are recalculated each quarter. The Morningstar Rating for separate accounts uses an enhanced risk-adjusted return measure, which accounts for all variations in a separate account's monthly performance, with more emphasis on downward variation. Separate accounts are ranked against others in the same category and stars are assigned as follows: Top 10% 5 stars, Next 22.5% 4 stars, Middle 35% 3 stars, Next 22.5% 2 stars, Bottom 10% 1 star.

Definitions

Negative Correlation Few asset classes exist which provide negative correlation. It is intuitive to option practitioners, but rarely observed by market participants that, the sale of a covered call, or purchase of a put will create a position that has negative correlation to an underlying asset. Covered calls have a payoff when their underlying asset declines in value or does not rise above a specified strike price. This inverse payoff with the underlying asset is negative correlation and provides Negative Beta to a portfolio. We encourage you to look, but unfortunately there is a lack of publications and acknowledgment by academia and industry practitioners on the existence of negative correlation between certain option strategies and their underlying assets. Our belief that options are an orphaned asset class is further supported because the lack of acknowledgment of negative correlation within certain option strategies.

True Diversification, Correlation Integrity & Correlation Independence Market participants need only to look back at the most recent financial crisis to acknowledge that numerous asset classes had correlations that fell apart leaving portfolios un-diversified at the moment when diversification was needed most. In hindsight the failure of asset classes to diversify portfolios during the most recent financial crisis was the result of Naive Diversification. Over the past decade asset allocation decisions claimed to further the diversification of a portfolio by incorporating Real Estate, MLP's, High Yield, Private Equity and select alternative strategies. However, the justification of achieving greater diversification with the addition of these asset class was shown to be inadequate as these asset classes proved to have significant levels of equity market risk embedded in them. The performance of these asset classes correlated heavily to the equity markets during and after the financial crisis showing that few of these asset classes had real correlation independence. Portfolios can benefit from an asset allocation that incorporates covered calls because covered calls have reliable correlations. The asset class maintains correlation integrity during good and bad markets. Covered calls can add true diversification to a portfolio because the asset class brings negative correlation to an asset allocation or an underlying asset. Adding covered calls to a underlying asset diversifies the asset by combining the underlying asset with an instrument that has negative correlation and an inverse payoff. Real Estate, MLP's, High Yield and Private equity and a number of other asset classes have weak correlations (frail correlations!). These asset classes lack correlation independence because they trend with the equity markets in good and bad times. Options - Covered Calls have strong Correlation Independence because they are contractually forced to maintain correlation integrity as Covered calls have reliable correlations that do not fall apart at the moment when diversification is needed most.

Directional Independence Equity investors are completely dependent on a stocks upward direction to produce positive returns. Adding Covered calls to an underlying asset reduce the directional dependence of an equity investor creating true diversification.

Implied vs. Realized Volatility Implied volatility is the current estimate of future volatility. Realized volatility is the actual volatility experienced. Historically there has been a persistent overpricing of index options from implied volatility vs realized volatility. This overpricing is a potential alpha advantage.

The Best Fit Index is selected from published indices based on historical returns correlation and consistency with the discipline's investment process and/or holdings. Strategies that cross asset classes or strategies may be shown with a blended benchmark using a combination of indices felt to be representative of the elements of the discipline. These indices are not available for direct investment. Any product which attempts to mimic the performance an index will incur expenses such as management fees and transaction costs that reduce returns.

Dow Jones Industrial Average Total Return The Dow Jones Industrial Average is a composite of 30 stocks spread among a wide variety of industries, such as financial services, industrials, consumer services, technology, health care, oil & gas, consumer goods, telecommunications, and basic materials. The index represents approximately 23.8% of the U.S. market, and is price weighted (component weightings are affected by changes in the stocks' prices). Maintained by the Averages Committee, components are added and deleted on an as-needed basis.

S&P 500 Representing approximately 80% of the investable U.S. equity market, the S&P 500 measures changes in stock market conditions based on the average performance of 500 widely held common stocks. It is a market-weighted index calculated on a total return basis with dividend reinvested.

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Definitions (continued)

S&P 100 The S&P 100 Index, a sub-set of the S&P 500®, measures the performance of large cap companies in the United States. The Index comprises 100 major, blue chip companies across multiple industry groups. Individual stock options are listed for each index constituent.

CBOE S&P 500 BuyWrite Index The CBOE S&P 500 BuyWrite Index (BXM) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. It is a passive total return index based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPX) "covered" call option, generally on the third Friday of each month. The SPX call written will have about one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The SPX call is held until expiration and cash settled, at which time a new one-month, near-the-money call is written.

Option An agreement that gives an investor the right (but not the obligation) to buy a stock, bond, commodity, or other instrument at a specified price within a specific time period.

Covered Call either the simultaneous purchase of stock and the sale of a call option, or the sale of a call option covered by underlying shares currently held by an investor. Generally, one call option is written for every 100 shares of stock owned. The writer receives cash for selling the call but will be obligated to sell the stock at the call's strike price if assigned, thereby capping further upside stock price participation. In other words, an investor is "paid" for agreeing to sell his holdings at a certain level (the strike price). For this reason the covered call is considered a neutral to moderately bullish strategy.

Strike Price The price at which a specific derivative contract can be exercised.

Option Premium The income received by an investor who sells or "writes" an option contract to another party.

Dividend Yield is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends.

P/E (Year 1) is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

Price-to-book ratio (P/B) is a stock's price divided by the stock's per share book value. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

Market Capitalization measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

Standard Deviation measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

Alpha is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

Beta measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.



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