

# COVERED CALL STRATEGY

as of 9/30/2025

## OVERVIEW

The purpose of the strategy is to obtain equity exposure, with greater income potential and reduced volatility at the cost of lower growth potential in a rising market. The strategy is executed by holding a portfolio of equity securities, typically via purchase of an ETF, and selling call options on that portfolio. An investor will receive income from selling the call options but will also forego any price gains above the strike price of the call option.

The strategy is most beneficial during a period of flat to slightly positive market returns as the client can collect both dividends on the underlying shares and income from selling the call options.

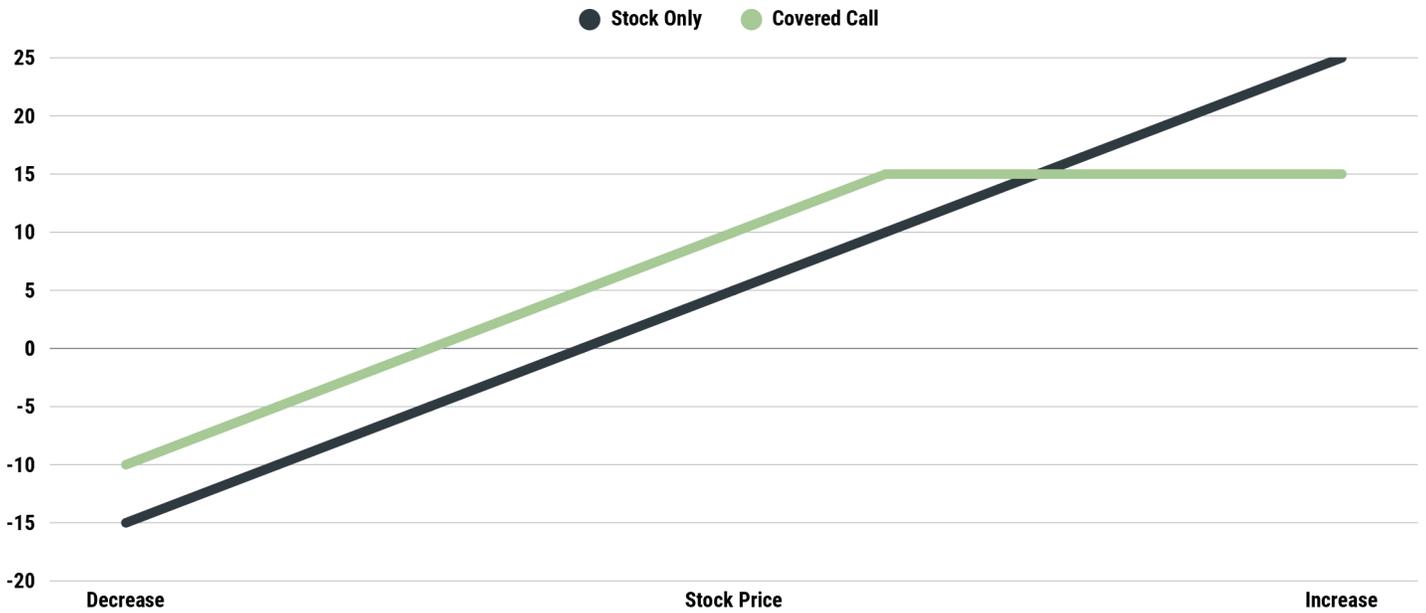
### **Benchmark:**

The benchmark for the strategy is the CBOE BuyWrite Index, which is based on selling covered calls on the S&P 500 Index.

### **Expectations:**

It is expected that the strategy would resemble the benchmark during most periods, but the manager may decide to depart from the benchmark in an attempt to generate a better risk-adjusted return as conditions merit. The strategy may hold its equity exposure in various indices such as the S&P 500 and the Nasdaq 100. It may also hold a partial cash position, sell fewer call options than the benchmark, sell calls which differ in strike price or expiry from the benchmark, purchase protective put options, purchase call options to partially replace long equity exposure, or otherwise differ.

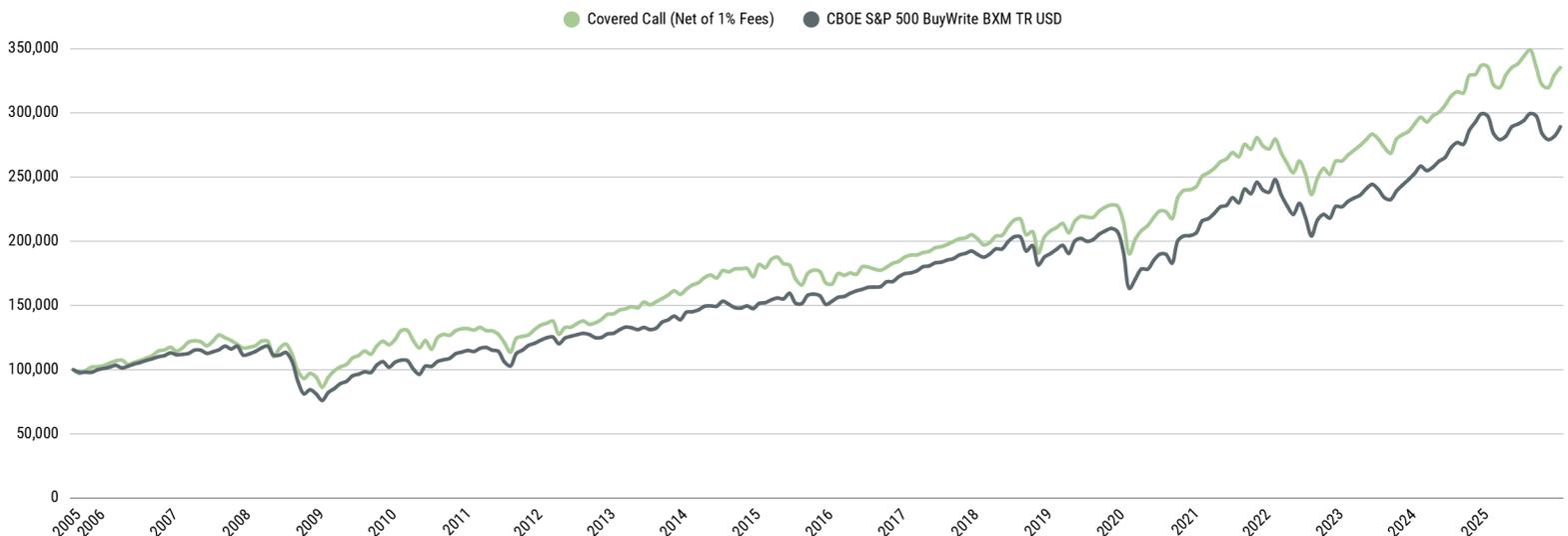
# PAYOFF DIAGRAM



The graph above shows a hypothetical example of how the strategy might work.

The green line shows the resulting portfolio if call options are sold (written) against the underlying equity ETF. If the ETF price decreases, the premium received by selling the call option partially offsets some of the decrease in equity value. If the ETF price increases, the strategy would outperform up until the ETF price reaches the call option's strike price; from this point, the return from the covered call strategy is capped. The strategy is most beneficial during a period of flat to slightly positive market returns as the client can collect both dividends on the underlying shares and income from selling the call options. In a strong bull market, the strategy may underperform uncapped equity exposure. In a bear market, the strategy is subject to downside risks, as with any other equity-based strategy. However, writing calls may help to reduce losses in bear markets, depending on the speed of the market's decline.

# GROWTH OF \$100,000



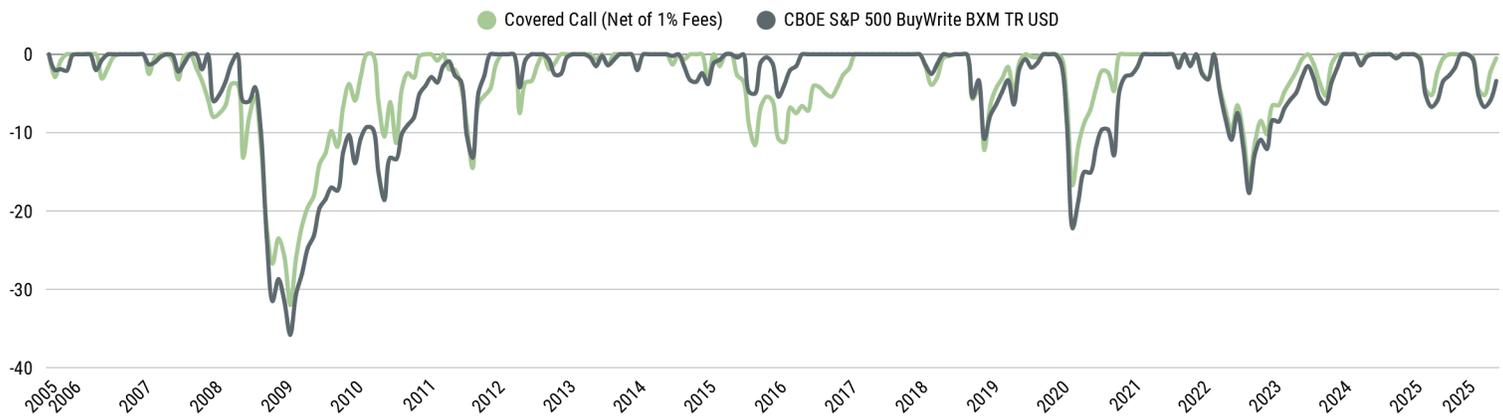
## CALENDAR RETURNS

|                                      | 2024  | 2023  | 2022   | 2021  | 2020  | 2019  | 2018  | 2017  | 2016 | 2015  |
|--------------------------------------|-------|-------|--------|-------|-------|-------|-------|-------|------|-------|
| <b>Covered Call (Net of 1% Fees)</b> | 16.55 | 12.25 | -10.16 | 17.12 | 5.01  | 19.61 | -5.83 | 10.84 | 3.63 | -1.35 |
| <b>Covered Call (Gross of Fees)</b>  | 17.71 | 13.34 | -9.26  | 18.27 | 6.05  | 20.78 | -4.88 | 11.94 | 4.68 | -0.37 |
| <b>CBOE S&amp;P 500 BuyWrite BXM</b> | 20.12 | 11.82 | -11.37 | 20.47 | -2.75 | 15.68 | -4.77 | 13.00 | 7.07 | 5.24  |

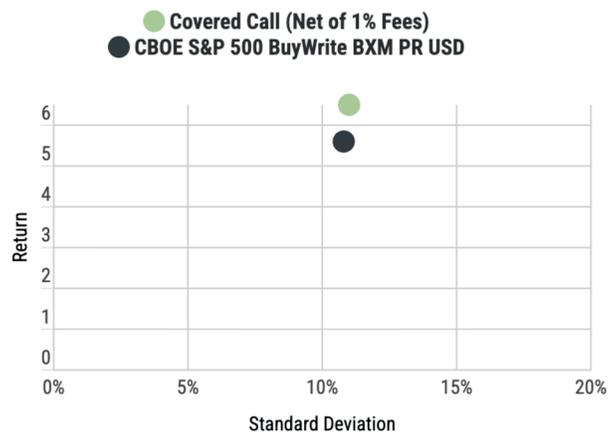
## TRAILING RETURNS

|   | YTD  | 1 month | 3 months | 1 year | 3 years | 5 years | 10 years | 15 Years | Since Inception (02/05) |
|---|------|---------|----------|--------|---------|---------|----------|----------|-------------------------|
| <b>Covered Call (Net of 1% Fees)</b>        | 5.80 | 1.42    | 4.11     | 10.31  | 13.87   | 9.37    | 7.72     | 7.09     | 6.45                    |
| <b>Covered Call (Gross of Fees)</b>         | 6.59 | 1.42    | 4.37     | 11.41  | 14.99   | 10.45   | 8.79     | 8.15     | 7.51                    |
| <b>CBOE S&amp;P 500 BuyWrite BXM PR USD</b> | 2.23 | 1.80    | 3.53     | 8.15   | 13.61   | 9.54    | 7.05     | 7.14     | 5.64                    |

## DRAWDOWN



## RISK/REWARD



## MEET THE TEAM



### JEFF HIBBELER, CFA Director of Portfolio Management | Sr. Portfolio Manager

Jeff joined Exencial Wealth Advisors in 2018 as a Senior Portfolio Manager for Fixed Income. He brings an extensive fixed income background and over 20 years of experience in the investment management industry.

Previous to joining Exencial, Jeff was a Portfolio Manager for 11 years on the Core Fixed Income Team for Columbia Threadneedle Investments, managing portfolios for high-net-worth and institutional clients. Prior to his fixed income role, Jeff was the Institutional Performance Measurement Manager for a predecessor organization of Columbia Threadneedle, where he was responsible for managing performance reporting and attribution analysis across all investment platforms. Jeff began his career as a Performance Measurement Service Manager at Infovisa, Inc.

Jeff received a B.S. in Business Administration from Nebraska Wesleyan University, where he graduated with high distinction. Jeff holds the Chartered Financial Analyst designation and is a member of the CFA North Carolina Society.

Jeff and his wife, April, have two daughters and are active in their community primarily through their church and support of the Ada Jenkins Center, a not-for-profit organization helping those in poverty gain economic independence. Jeff has also coached for several seasons in the Cornelius-Davidson girls basketball league.

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## DISCLOSURE

### For Internal Fidelity Use Only - Not for Client Distribution

Exencial Wealth Advisors ("Exencial") is an SEC-registered investment adviser with its principal place of business in the State of Oklahoma. Any references to the terms "registered investment adviser" or "registered," do not imply that Exencial or any person associated with Exencial has achieved a certain level of skill or training. Exencial and its representatives are in compliance with the current registration and notice filing requirements imposed upon registered investment advisers by those states in which Exencial maintains clients. Exencial may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notice filing requirements. This report is limited to the dissemination of general information pertaining to its investment advisory services. Any subsequent, direct communication by Exencial with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Exencial, please contact Exencial or refer to the Investment Adviser Public Disclosure website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

Past Performance is no guarantee of future results. The information contained herein is for illustrative purposes only and nothing within is, or is intended to, constitute financial, tax, or legal advice, and should not be construed as personalized investment advice. As with any investment strategy, there is potential for profit as well as the possibility of loss, including total loss of principal. Investment returns will fluctuate and are subject to market volatility in that any investment when redeemed or sold may be worth more or less than its original cost. Different types of investments involve varying degrees of risk. It should not be assumed that diversification or asset allocation protects a portfolio from loss or that such will produce profitable results.

Performance results prior to July 2020 occurred under the management of another investment advisor, Willingdon Wealth Management ("WWM"). That portfolio manager was solely responsible for selecting the securities to be bought and sold and was affiliated with an investment advisor other than Exencial. WWM and its strategies were acquired in July 2020 and at that time became part of Exencial and its investment strategies. The investment results prior to July 2020 are based on the performance of the Covered Call Strategy in WWM accounts. Exencial now has access to and maintains the records supporting the performance of these accounts from inception to July 2020 and thereafter. From 10/01/2005 through the current month performance is based on the composite return net of fees of accounts invested in the Covered Call Strategy. Accounts where the portfolio managers do not have full discretion to manage the updates from either the client or advisor are excluded from the composite.

All performance returns reflect the deduction of Exencial's investment advisory fee. Exencial's investment advisory fees are described in Part 2A of its Form ADV. Clients may also incur other transaction costs such as brokerage commissions, custodial costs, and taxes which would decrease performance results and may not be reflected in the performance shown. The information contained herein has been compiled by the firm utilizing data and information provided by sources that we deem reliable. However, the information has not been audited or independently verified and is not guaranteed. The charts and graphs represented herein are provided for informational purposes only and cannot in and of themselves be used to determine which investments to purchase or sell, or when to purchase or sell.

Clients should be aware that there are unique risks associated with strategies that utilize options. Covered call strategies limit the upside potential of underlying securities above the option price and the client will still bear all downside risk of that security. As such, a client may lose much more in value than they generate in income from selling call options. Shares of underlying securities within an options-based strategy could be sold if the option is exercised or the need arises to close an option position, and the seller of a covered call option could be assigned an exercise at any time during the period the option is exercisable. Withdrawals, such as systematic withdrawals as a part of an income strategy, could create additional complexities within an account utilizing options and may result in a declining portfolio value over time. Additionally, options transactions can produce tax consequences when closed. Market-related actions, political issues, and economic factors can adversely affect option markets and can create options values that move against the client. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased, which could prevent the ability to react within these conditions. Options involve risk and are not suitable for all investors. Prior to buying or selling options, please read the option disclosure document, Characteristics and Risks of Standardized Options, which can be obtained on the Options Clearing Corporation website at <https://www.theocc.com/about/publications/character-risks.jsp> or by contacting your custodian. In addition, the SEC issued an Investor Bulletin (<https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins-63>), which provides an outline of what options are, clarification on certain terminology used with respect to options, along with basic risks associated with trading in options.

Further, when trading in options, a client will be required (in most cases) to open a margin account at their custodian. There are risks associated with margin accounts, which include but are not limited to: (i) loss of more assets than were deposited in a margin account, (ii) the brokerage firm/custodian can force the sale of securities in your account to pay for margin interest, (iii) the brokerage firm/custodian can sell your securities without contacting you to cover a margin call, (iv) regulations do not allow for an extension of time to cover a margin call. Additionally, our advisory fees are charged on the full value of your account, including any margin balance. Therefore, utilizing margin in your account could result in Exencial Wealth Advisors being paid a higher fee on your account. More detailed disclosures on margin accounts are contained in our Form ADV Part 2, which is available upon request or can be found at <https://adviserinfo.sec.gov/firm/summary/130475>.

## DISCLOSURE (Continued)

Actual client accounts utilizing the Covered Call Strategy may experience different weights and allocations and as such the performance of a specific individual client account may vary substantially from the Covered Call Strategy results. Exencial may depart from its strategic asset class allocations for particular strategies and allocate more or less to any asset class, or to other asset classes, in an attempt to add to the portfolios' overall returns. Exencial makes no representations that the results presented herein reflect the typical experience of an Exencial client nor that current or prospective clients will experience similar results in comparable situations. Information on the methodology used to calculate the performance and a list reflecting the contribution of each position in the Covered Call Strategy composite's overall performance during the time period is available upon request. Different types of investments involve varying degrees of risk, including total loss of principal, and there can be no guarantee that any specific investment or investment strategy will be profitable or equal the results portrayed herein. The information and data herein is subject to change without notice and should not be considered as a recommendation to buy or sell any types of securities, or which securities to buy or sell. Comparison of the Covered Call Strategy to the various indices set forth above is for illustrative purposes only and the benchmarks have not been selected to represent the most appropriate or comparable benchmark with which to compare the Covered Call Strategy performance, but rather to allow for comparison of the Covered Call Strategy's performance with well-known and widely recognized benchmark indices. It is not possible to directly invest in an index, as indices are unmanaged, hypothetical vehicles that serve as market indicators and do not account for the deduction of investment management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. The securities held in clients' accounts following a particular strategy and the Covered Call Strategy may differ significantly from the securities included in a benchmark index, and the volatility of the securities may differ significantly from that of the benchmark index. A description of each index is available upon request. References to specific securities are presented principally to illustrate the firm's investment methodology or approach and are not being referenced to demonstrate Exencial's performance or investment results. Exencial is under no obligation to hold any position for any time period and Exencial's current recommendations are subject to change at any time without notice. A complete list of portfolio positions and specific securities transactions for the preceding 12 months is available upon request. The information contained herein, while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable.

The Cboe S&P 500 BuyWrite Index<sup>SM</sup> (BXM) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index<sup>®</sup>. Announced in April 2002, the BXM Index was developed by the Cboe in cooperation with Standard & Poor's. To help in the development of the BXM Index, the Cboe commissioned Professor Robert Whaley to compile and analyze relevant data from the time period from June 1988 through December 2001. Data on daily BXM prices now is available from June 30, 1986, to the present time (see below). The BXM 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<sup>SM</sup>) "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. SPX is an index that represents the price of continuously traded future contracts on the S&P 500<sup>®</sup> Index.

The Nasdaq-100<sup>®</sup> is one of the world's preeminent large-cap growth indices. It includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization.

S&P 500<sup>®</sup> Index (S&P 500<sup>®</sup>) is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.