

## Turn To Covered Calls During Periods of Consolidation

Markets move in cycles. Extended bull markets are often followed by multi-year periods of consolidation. After the strong gains of the 1950s and '60s, markets traded sideways through the 1970s and early '80s. The same pattern repeated in the 2000s following the 1990s bull market (see chart below).



There's a strong chance we're in another consolidation phase—potentially lasting five years or more. In fact, one could argue it began in late 2021. Since then, markets have returned just 4% annualized, marked by significant volatility and no clear trend. Just look at the extreme moves we've seen since the 2021 peak:

S&P 500 Returns:	2022	- 18%
	2023	+ 26%
	2024	+ 25%
	2025*	- 22%

\* Peak to trough

Our strategy, launched in 2001, didn't participate in the 1970s cycle, but it thrived during the 2000s. Over that decade, we delivered a 7.5% annualized return—outpacing the S&P 500 (1.6%) and the covered call index (BXM, 3.8%).

With inflation resurging, traditional assets like bonds and real estate may continue to struggle—as they did in the 1970s. Covered calls, however, offer a compelling alternative: steady income, market participation, and downside protection.

### **Van Hulzen: Your Options Specialists**

Options strategies are more relevant than ever—but few RIAs have in-house expertise. That’s where Van Hulzen comes in. We aim to be an extension of your investment team, offering deep options knowledge and hands-on portfolio solutions. *Your options specialists.*

### **Our Options Strategies**

We manage a wide variety of options solutions for our clients:

#### **1. Covered call strategy**

- Capitalize on volatility through enhanced yields and downside protection.
- 23+ year track record with 2.2% annual outperformance vs. benchmark.
- Targets 6-8% yield with ~40% less risk than the S&P 500.

#### **2. Concentrated stock hedging**

- Protect large, single-stock positions from company-specific risks.
- Use equity or index options for tailored downside hedging.

#### **3. Index overlay hedge**

- Designed for taxable accounts with long-only portfolios.
- Adds yield and hedging benefits without disrupting core positions.

#### **4. Cash-secured put strategy**

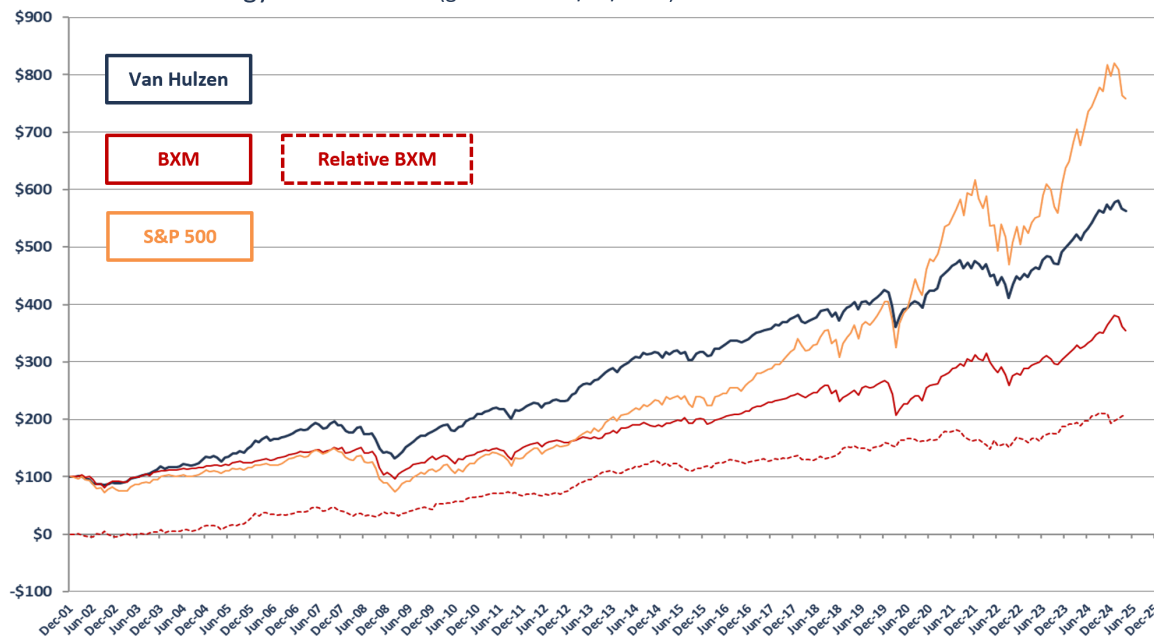
- Generate yield (6-8%) while waiting to buy quality stocks on dips.
- Sell deep-discount puts on desirable names; cash is reserved for potential assignments.
- Ideal for investors with cash and a cautious outlook.

Let us know how we can support your investment objectives with our customized options strategies.

## Van Hulzen Covered Call Strategy

The Van Hulzen Covered Call strategy invests in US companies that we consider to have high shareholder yield (dividends and share repurchases) and uses call options with the goal of reducing portfolio volatility and creating incremental income. The goal is a portfolio that has equity exposure while seeking higher than average annual income (target of 6-8% annual), although there is no guarantee that the strategy will achieve its objective, generate profits or avoid losses. Below you will find the graph of the Van Hulzen Covered Call Strategy and the Covered Call Index BXM.

Covered Call Strategy Performance (gross as of 04/30/2025)



Returns (annualized)*	Apr 2025	3M	6M	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
<b>Van Hulzen (Gross)</b>	-0.7%	-2.6%	0.5%	-0.4%	9.7%	7.8%	8.1%	6.1%	5.8%	7.7%
<b>Van Hulzen (Net)</b>	-0.8%	-2.8%	0.2%	-0.7%	9.1%	7.3%	7.6%	5.7%	5.3%	6.9%
<b>BXM</b>	-1.6%	-6.7%	1.4%	-4.7%	9.5%	5.7%	10.3%	5.6%	6.1%	5.6%
<b>Difference (Gross-BXM)</b>	1.0%	4.1%	-0.9%	4.2%	0.2%	2.1%	-2.2%	0.5%	-0.3%	2.1%
<b>S&amp;P 500</b>	-0.7%	-7.5%	-1.7%	-4.9%	12.1%	12.2%	15.6%	13.1%	12.3%	9.1%

\*Inception date : 12/31/2001. Figures greater than one year are annualized. Van Hulzen returns represent actual returns from composite of accounts

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