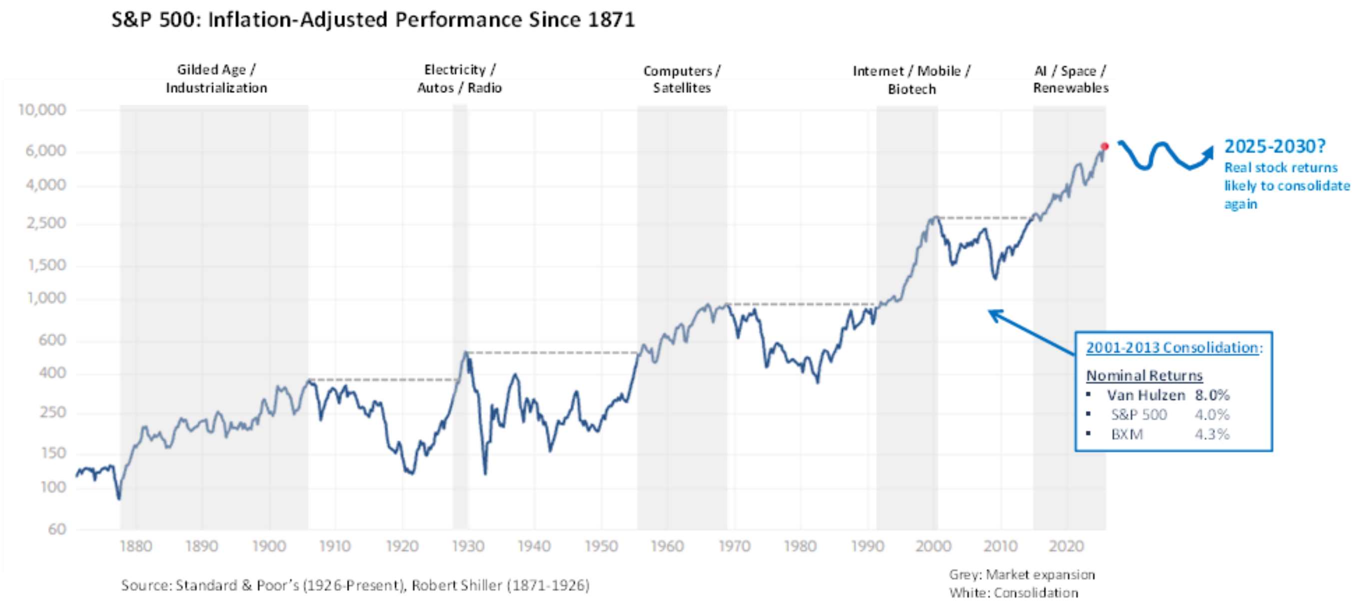
Covered Call Commentary August| 2025

Long Term Cycles Suggest Consolidation Could Be On The Horizon

Markets are extremely cyclical. Strong bull markets are nearly always followed by 5-10 year periods of consolidation. After the bull run of the 1950s-60s, markets consolidated throughout the 1970s and into the 1980s. This occurred again during the 2000s, after the record bull market of the 1990s. See chart below.



Even putting aside today's record valuations and P/E multiples, this long-term chart suggests a new consolidation cycle could be on the horizon. And if history repeats, it could last 5-10 years.

It is important to view these long-term charts on a "real" (inflation adjusted) basis, especially now that inflation is becoming a factor again. Inflation raged during the 1940s and 1970s, whereas we saw very depressed levels of inflation during the last 30 years and *deflation* during the 1920s and 1930s.

As you can see from the text box in the above chart, the S&P 500 had an annualized return of 4.0% between 2001-2012. But net of inflation, that return was **zero**, a true "lost decade." This was also true from 1970-1990, and from 1930-1955. In fact, there is slightly more white space (consolidation) on this chart than grey space (market expansion).

Strong Performance During Challenging Markets

Our strategy launched in 2001, so we missed the 1970s consolidation period, but we managed our way through the consolidation of the 2000s, delivering an annualized return of 8.0% versus just 4.0% for the S&P 500 and 4.3% for the covered call index (BXM).

Key Takeaways: Income & Protection

This time is always different, except that it almost always isn't. With inflation rising and the Fed printing money at an unprecedented pace, we believe bonds and real estate are likely to struggle. Both categories lost ground relative to inflation during the 1970s. But covered calls are a great way to stay invested and get an attractive yield while also hedging downside risk.

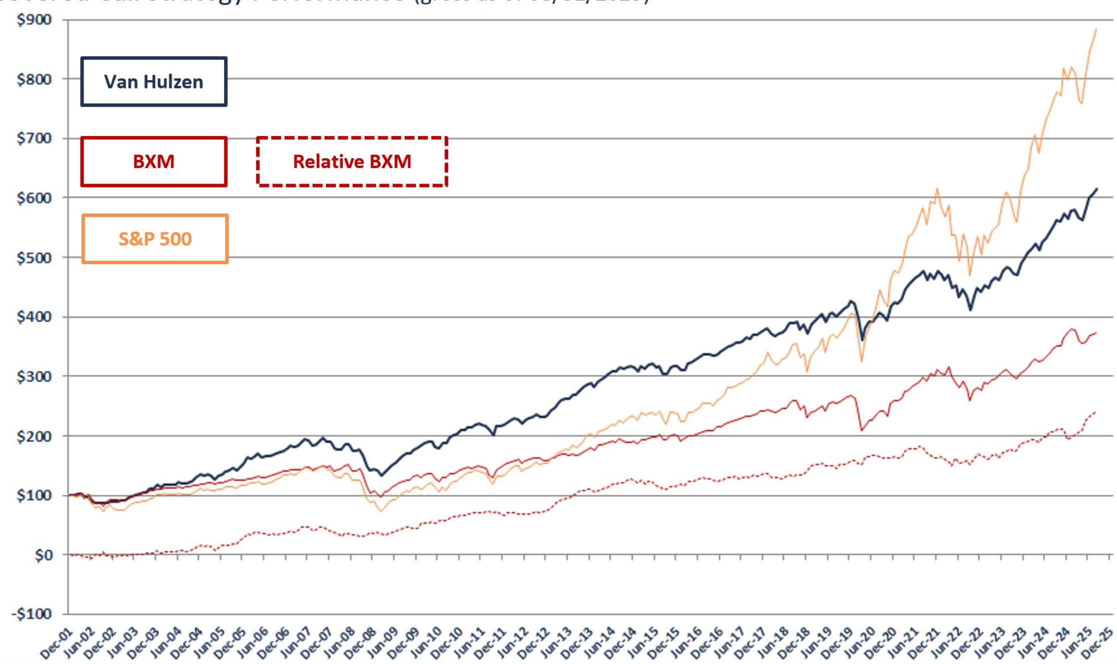
Investors should prioritize:

- ☑ Quality
- ☑ Income
- ☑ Downside Protection

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 08/31/2025)



Returns (annualized)*	Aug 2025	3M	6M	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
Van Hulzen (Gross)	1.6%	5.5%	6.2%	9.0%	11.3%	12.3%	8.7%	6.7%	7.3%	8.0%
Van Hulzen (Net)	1.6%	5.3%	5.9%	8.5%	10.5%	11.5%	7.9%	6.0%	6.6%	7.1%
BXM	1.0%	4.4%	-1.2%	0.4%	7.7%	10.4%	9.1%	5.4%	6.8%	5.7%
Difference (Gross-BXM)	0.6%	1.1%	7.4%	8.6%	3.6%	1.9%	-0.5%	1.3%	0.5%	2.3%
S&P 500	2.0%	9.6%	9.2%	10.8%	15.9%	19.5%	14.7%	14.0%	14.6%	9.6%

*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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