



FOR IMMEDIATE RELEASE

March 2, 2007

Contact: Michael J. Oyster, CFA[®]
Direct: 513.719.5120
Office: 513.977.4400
Email: moyster@feg.com
www.feg.com

POSITIVE IMPACT OF BUYWRITE AND VOLATILITY INDEXES ON PORTFOLIO PERFORMANCE

Case Study Findings Show That Past Use of Call Options Reduced Portfolio Risk and Volatility

CINCINNATI -- The merit of incorporating BuyWrite (or "covered call") and Volatility indexes into diversified portfolios is the subject of a new study released today by Fund Evaluation Group ("FEG"), an investment advisory firm. The study was commissioned by CBOE to evaluate the performance of its CBOE DJIA BuyWrite Index ("BXD"), which measures the total rate of return of a hypothetical BuyWrite strategy applied to the Dow Jones Industrial Average (the "DJIA"), and its CBOE DJIA Volatility Index ("VXD"). The study compares the BXD and VXD to equity and fixed income benchmarks monthly, from Oct. 31, 1997, to Nov. 30, 2006.

FEG researchers found that over the course of the study, the BXD exhibited similar performance to the stock indexes while experiencing significantly less volatility. The compound annual return of the BXD over its 9-year history was 7.4%--slightly lower than the 7.7% achieved by the DJIA and with a quarter less risk. As another point of comparison, this 7.4% return was also lower than the Russell 2000 (a benchmark for small cap stocks) Index's return of 8.1%, but the risk was essentially half that of the small cap benchmark. While BXD returns were superior to bonds and cash, they were also more volatile. Still, incorporating an allocation to the BXD in either an aggressive or conservative portfolio could have improved the risk-adjusted returns of that portfolio (as measured by Sharpe ratio).

FEG researchers further found that supplementing a small (5%) allocation to the VXD could have reduced the volatility of an aggressive portfolio without materially affecting returns. However, adding this allocation to the VXD might not have been as effective for highly conservative portfolios with large allocations to bonds and cash. "Volatility as a tool for asset allocation is a concept worth considering because of the potential it has to improve the risk-adjusted returns of diversified portfolios," explained Michael J. Oyster, lead study consultant at FEG.

Please note the above reported findings are not comprehensive. Nothing in this document should be deemed as investment advice or recommendations by Fund Evaluation Group, LLC ("FEG") to any single investor or group of investors, and no investor should rely upon or make an investment decision based on the contents of this document. FEG makes no representation as to the appropriateness of these strategies for any investor. Readers should consult with a recognized and competent investment adviser who is familiar with their particular financial circumstances.

For more information on this case study, please consult Fund Evaluation Group's website at www.feg.com.

About FEG:

Fund Evaluation Group, LLC (FEG) specializes in providing institutional clients (not-for-profits, corporations, Taft-Hartley, public funds and high-net-worth individuals) with a spectrum of objective, investment advisory solutions ranging from full-service, non-discretionary consulting (FEG/Consulting) to a discretionary service (FEG/Advisors). Areas of expertise include investment policy statements, asset allocation, asset-liability studies, portfolio construction, investment manager and custodian searches (traditional and alternative investments, including direct placement and fund-of-funds), fee and commission analysis, performance reporting and trustee education. FEG has been providing investment advisory services since 1988 and currently advises on approximately \$32 billion in assets for over 150 full-service clients. FEG is 100% employee owned and is headquartered in Cincinnati, Ohio with offices in Indianapolis, Indiana; Detroit, Michigan; and Rexburg, Idaho.

###