Allspring

Call Option Overlay Managed Account

PORTFOLIO MANAGEMENT

Name	Industry Start Date
Harindra de Silva, Ph.D., CFA *Portfolio Manager*	1986
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Stock values fluctuate in response to the activities of individual companies and general market and economic conditions. The use of derivatives, such as futures, options and swap agreements, can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than mitigate risk. Certain derivative instruments may be difficult to sell when the portfolio manager believes it would be appropriate to do so, or the other party to a derivative contract may be unwilling or unable to fulfill its contractual obligations.

Innovative investment strategy to help dampen equity losses while striving to generate greater yield.

Why call overlays

A call option overlay involves selling index-level call options against a diversified portfolio of stocks and can provide a number of portfolio benefits:

- Income: Consistency of call option premium can help meet cash flow needs
- Risk Mitigation: Trading away short-term upside for a "buffer" when markets are flat or down
- Returns: Option buyers may be willing to overpay for calls, relative to theoretical fair value

Strategy Characteristics

- Overlay to Equities - Leaves underlying equities untouched, allowing for outperformance potential and tax efficiency
- SPX Index Options - Exchange listed, European style, and cash settled, with favorable tax treatment
- Enhanced Systematic - Repeatable, rules-based program

Benchmarks

- Primary: Cboe S&P 500 BuyWrite Index℠ (BXM) minus S&P 500 Index
- Secondary: Cboe S&P 500 2% OTM BuyWrite Index℠ (BXY) minus S&P 500 Index[1]

Supplemental Information

Annualized returns (%)

	3 months[2]	YTD[2]	1 year	3 years	5 years	10 years	Since inception
Composite — Pure Gross[3] (incept 11-1-22)	-0.41	-1.69	-4.22	–	–	–	-2.15
Composite — Net[4]	-1.16	-3.18	-7.08	–	–	–	-5.06
BXM minus S&P 500 Index	-3.03	-7.22	-13.81	–	–	–	-11.52
BXY minus S&P 500 Index	-2.36	-4.03	-8.45	–	–	–	-6.47

Hypothetical returns (%)[5]

	3 months	YTD	1 year	3 years	5 years	10 years	Since inception
Call Option Overlay + S&P 500 — Gross (incept 11-1-22)	3.94	13.53	19.89	–	–	–	22.77
Call Option Overlay + S&P 500 — Net	3.16	11.85	16.37	–	–	–	19.18
BXM Index	1.50	7.59	8.91	–	–	–	12.14
S&P 500 Index	4.28	15.29	24.55	–	–	–	24.90

Key statistics, net (since inception)[6]

	Call Option Overlay (COO)	BXM - S&P 500	COO + S&P 500	BXM
Annualized return	-5.06	-11.52	19.18	12.14
Annualized standard deviation	3.57	9.45	11.66	5.95
Annualized sharpe ratio	–	–	1.19	1.15
Beta	0.33	1.00	1.82	1.00
Alpha	-1.21	0.00	1.44	0.00
Correlation	0.88	1.00	0.93	1.00
# positive months	10	8	14	14
# negative months	10	12	6	6
Average positive month (%)	0.42	1.70	3.44	1.94
Average negative month (%)	-1.27	-2.77	-2.94	-1.29
Largest Drawdown (%)	-8.66	-19.10	-7.32	-4.86
Up capture (%)	24.57	100	177.18	100
Down capture (%)	45.93	100	228.62	100

Performance is historical and does not guarantee future results. For more information, please refer to the attached GIPS composite report. Allspring Global Investments provides the sub-advisory services for the Allspring Funds Management retail managed account product. **1.** The Allspring Call Option Overlay SMA, when combined with equities, and the BXM benchmark both seek to create profiles which generate a lower volatility than the S&P 500 while maintaining the return expectation over time. The S&P 500 is therefore included as a secondary benchmark for reference. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index. **2.** Returns of less than one year are not annualized. **3.** The gross performance data is a pure gross-of-fees return and does not reflect the deduction of any management fees or transaction costs. **4.** The net return is calculated based on the gross returns reduced by a typical 3% maximum annual wrap fee that could be charged to an account. **5.** The hypothetical model is not maintained as a live composite or portfolio at Allspring Global Investments. It is shown for illustrative purposes only, to demonstrate how the options overlay strategy can be applied to the S&P 500 index. Hypothetical data does not represent actual performance and should not be interpreted as an indication of such. Hypothetical performance is not an indicator of current or future actual results. This data is based on knowledge that was available after the fact and thus with the benefit of hindsight. Hypothetical annualized returns rebalanced monthly. **6.** Source: Allspring Global Investments. Index source: APX, FactSet.

Alpha: Alpha measures the excess return of an investment vehicle, such as a mutual fund, relative to the return of its benchmark, given its level of risk (as measured by beta). Alpha is based on historical performance and does not represent future results. **Drawdown:** A drawdown is a peak-to-trough decline during a specific period for an investment, trading account, or fund. **Option:** An equity option is a contract that gives the purchaser the right, but not the obligation, to buy or sell a stock at a specific price within a certain period. There are numerous risks associated with transactions in options on securities and/or indices. As a writer of covered call options, the portfolio forgoes the opportunity to profit from increases in the values of securities held by the portfolio. However, the portfolio has retained the risk of loss (net of premiums received), should the price of the portfolio's securities decline. Similar risks are involved with writing call options or secured put options on individual securities and/or indices held in the portfolio. This combination of potentially limited appreciation and potentially unlimited depreciation over time may lead to a decline in the value of the portfolio. **Return:** Return is the profit or loss derived from investing. **Volatility:** Volatility is a statistical measure of the dispersion of returns for a given security or market index.

Call Option Overlay Managed Account Composite Disclosure

GIPS® Composite Report

Period	"Pure" Gross Annual Return (%)*	Net Annual Return (%)	Primary Index Return (%)	Secondary Index Return (%)	Composite 3-Yr Std. Dev. (%)	Primary Index 3-Yr Std. Dev. (%)	Internal Dispersion (%)	Number of Accounts	Composite Overlay Exposure ($-mm)	Total Firm Assets ($-mm)	Firm Assets & Overlay Exposure (US$M)
2023	-2.77	-5.66	-12.68	-7.10	N/A	N/A	N/A	5	25.48	432,838	433,018
11/01/22-12/31/22	0.91	0.41	0.65	0.32	N/A	N/A	N/A	1	12.51	374,321	374,683

Primary: BXM minus S&P 500 Index
Secondary: BXY minus S&P 500 Index
Allspring Global Investments (Allspring) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Allspring has been independently verified for the periods January 1, 1997 - December 31, 2023. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.
For the purpose of complying with GIPS, the GIPS firm is defined as Allspring. Since the GIPS firm's creation in 1996, the firm has acquired a number of investment teams and/or assets through mergers or acquisitions which include assets and/or investment teams from Wells Capital Management, EverKey Global Partners, Wells Fargo Asset Management (International) Limited, Analytic Investors, LLC, Golden Capital Management, LLC, Wells Fargo Asset Management Luxembourg S.A. and Wells Fargo Funds Management, LLC (WFFM).
The Call Option Overlay Managed Account Composite (Composite) seeks to obtain risk reduction and yield enhancement for retail wrap portfolios by investing in domestic derivatives (listed options). Investment results are measured versus the BXM minus S&P 500 Index and the BXY minus S&P 500 Index. The custom benchmarks are rebalanced monthly. The portfolios in this discipline have been sub-advised by Allspring Global Investments, LLC since inception. The Composite creation and inception dates are November 1, 2022. Since inception, wrap accounts represent 100% of the Composite assets.
Composite returns are expressed in US dollars and reflect the reinvestment of dividends and other earnings. A wrap-fee account is an account under which a client is charged a specified fee or fees not based directly on transactions in the client's account for investment advisory services and execution of client transactions. A typical wrap-fee account client pays an all-inclusive "wrap fee" for the advisory, brokerage, custody and other services associated with the account. Net returns are net of the maximum wrap account fee, which includes commissions and transaction costs and are calculated by deducting 1/12th of the annual wrap fee from the Composite's monthly pure gross return. Actual fees may vary depending on the applicable fee schedule. The maximum fee used for the portfolios in the strategy is 3.00%. Some accounts in the Composite may pay commissions in addition to the wrap fee. Additional information regarding Allspring's policies for valuing investments, calculating performance, and preparing GIPS Composite Reports is available upon request. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.
Internal dispersion is the equal weighted standard deviation of the annual gross returns of all accounts included in the Composite for the entire year. For years where there are 5 or fewer accounts in the Composite for the entire year, dispersion is not presented as it is not a meaningful statistical calculation. The 3-year annualized standard deviation measures the variability of the gross Composite returns and the index returns over the preceding 36-month time period. The notation "N.A." (not available) will appear for periods, if any, where 36 monthly returns are not available for the Composite and/or the index.
Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. The Cboe S&P 500 BuyWrite IndexSM (BXM) is designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. The Cboe S&P 500 2% OTM BuyWrite IndexSM (BXY) is a variant of the S&P 500 BuyWrite Index (BXM). BXY tracks the value of a hypothetical portfolio that overlays a short 2% out-of-the-money call on an investment in S&P 500 stocks. For comparison purposes, the indices are fully invested, which includes the reinvestment of income. The returns for the indices do not include any transaction costs, management fees or other costs.
Actual performance results may differ from Composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. Performance for some accounts in this Composite may be calculated by third parties that use different security pricing and performance methodologies. **Past performance is not indicative of future results**. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.