

# Most investors agree income is good any time.

*But how to produce it is the question.*

As they often are, investors today are concerned with having enough income to maintain or improve their current lifestyles. But generating it has become a more complex process than in years past.

## 2x

The cost of living in the United States has more than doubled since 1985.<sup>1</sup>

## 90% decline

Over roughly the same time period, Treasury yields have fallen from a high of 16% to below 2%.<sup>2</sup>

## 6 in 10

A majority of pre-retirees say income from Social Security and employer pensions won't cover their living expenses in retirement.<sup>3</sup>

## 78%

More than 3 out of every 4 pre-retirees worry they won't have enough income in retirement.<sup>4</sup>

<sup>1</sup> www.statista.com/topics/768/cost-of-living/

<sup>2</sup> Federal Reserve Bank of St. Louis, (2020).

<sup>3</sup> From a 2018 online survey conducted by Greenwald & Associates on behalf of Massachusetts Mutual Life Insurance Co.

<sup>4</sup> The Facts of Life and Annuities, LIMRA, 20/2016.

## Generating income in a low rate environment—a true conundrum.

With yields on the 10-year Treasury bond at or near all-time lows, bond investments—the tactic investors once used to satisfy their income needs—may be less productive than they once were. To make up the shortfall, many have been turning to non-traditional income-generating strategies:

- 1 High Dividend Stocks
- 2 Real Estate Investment Trusts (REITs)
- 3 Emerging Market Debt
- 4 High-Yield Bonds
- 5 Fixed Rate Preferred Securities
- 6 Master Limited Partnerships (MLPs)

## Do you know the risks?

*Each of the strategies has potential benefits, but understanding their risks is important.*

Strategy	Potential benefits				Potential risks				
	High income	Low volatility	Portfolio protection	Liquidity	Interest rate	Duration	Inflation	Commodity	Leverage
High Dividend Stocks	✓			✓	⚠		⚠		
REITs	✓				⚠		⚠		⚠
Emerging Market Debt	✓				⚠		⚠		
Fixed Rate Preferred Securities	✓				⚠	⚠			
High-Yield Bonds	✓				⚠	⚠			
MLPs	✓				⚠		⚠	⚠	⚠

## Consider a different approach to income generation.

**Options-based strategies may potentially enhance an investment portfolio while providing valuable benefits.**

As a tool for enhancing the income-generating potential of a portfolio in exchange for some upside opportunity.



As a hedging tool seeking to protect against and limit losses from a potential market downturn.



### COST SAVINGS

Investors can obtain option positions at a high cost saving relative to securing positions in individual stocks



### GREATER FLEXIBILITY

Options-based solutions position investors to capitalize on different market characteristics, including time decay and volatility



### HIGHER RETURN POTENTIAL

Options may provide greater upside potential when employed in a disciplined, systematic fashion



### ENHANCED TAX EFFICIENCY

Index options are classified as Section 1256 contracts, which are subject to lower 60/40 tax rates

## The Nationwide Risk-Managed Income ETF (NUSI)

An options-based solution that targets high current income and seeks to provide investors with a measure of downside protection in falling markets and the potential for upside participation in rising markets.



**Nationwide**  
is on your side

To learn more about this fund, visit [etf.nationwide.com](http://etf.nationwide.com)

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Must be preceded or accompanied by a current prospectus.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund's return may not match or achieve a high degree of correlation with the return of the underlying index.

**KEY RISKS:** The Fund is subject to the risks of investing in equity securities, including tracking stock (a class of common stock that "tracks" the performance of a unit or division within a larger company). A tracking stock's value may decline even if the larger company's stock increases in value. The Fund is subject to the risks of investing in foreign securities (currency fluctuations, political risks, differences in accounting and limited availability of information, all of which are magnified in emerging markets). The Fund may invest in more-aggressive investments such as derivatives (which create investment leverage and illiquidity and are highly volatile). The Fund employs a collared options strategy (using call and put options is speculative and can lead to losses because of adverse movements in the price or value of the reference asset). The success of the Fund's investment strategy may depend on the effectiveness of the subadviser's quantitative tools for screening securities and on data provided by third parties. The Fund expects to invest a portion of its assets to replicate the holdings of an index. Correlation between Fund performance and index performance may be affected by Fund expenses and because the Fund may not be invested fully in the securities of the index or may hold securities not included in the index. The Fund frequently may buy and sell portfolio securities and other assets to rebalance its exposure to various market sectors. Higher portfolio turnover may result in higher levels of transaction costs paid by the Fund and greater tax liabilities for shareholders. The Fund may concentrate on specific sectors or industries, subjecting it to greater volatility than that of other ETFs. The Fund may hold large positions in a small number of securities, and an increase or decrease in the value of such

securities may have a disproportionate impact on the Fund's value and total return. Although the Fund intends to invest in a variety of securities and instruments, the Fund will be considered nondiversified. Additional Fund risk includes: Collared options strategy risk, correlation risk, derivatives risk, foreign investment risk, and industry concentration risk.

**Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

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