

Index Put Income (IPI)

A flexible approach to increase equity exposure and income through “put selling”

IPI is an actively managed, diversified option strategy that may provide capital-efficient, incremental equity exposure to the broader equity market. It gives advisors the flexibility to transition cash and money market funds into their preferred equity strategy and can serve as a diverse source of income. As an option overlay, it can sit on top of your clients’ current cash or fixed income holdings, including BlackRock’s fixed income SMAs.

Why sell puts?

In a down market: Soften negative performance with incremental equity exposure

In a sideways/positive market: Additional income on top of existing bonds or cash

On an ongoing basis: Monetize volatility as a potential source of alpha

What Index Put Income provides

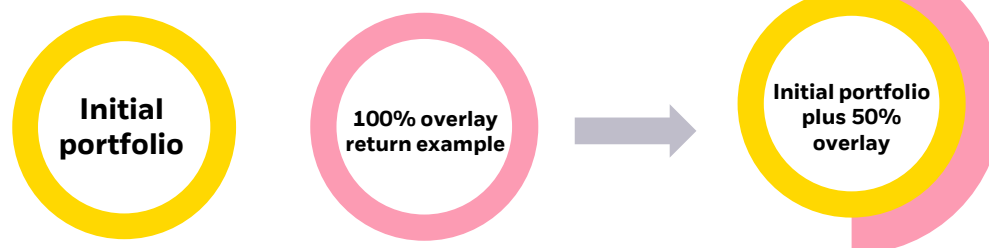
- Diversified exposure to the S&P 500, Russell 2000®, NASDAQ Composite, MSCI EAFE Index, and MSCI Emerging Markets Index.
- Targeted equity beta of approximately 0.3.¹
- Capital-efficiency as an option overlay.

Strategy considerations

- Increases portfolio equity beta.
- May experience losses during sharp increases in volatility.
- Collateral returns and IPI will behave independently.
- Mandates are constrained by the notional amount of eligible fixed income.

Overlay illustration – Municipal bond portfolio²

Custom designed IPI overlay on 50% of the initial portfolio value³



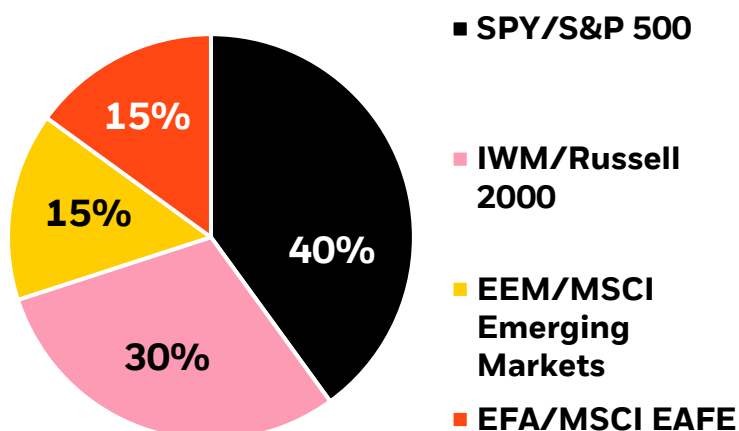
	No Overlay	100% overlay return example	Bond portfolio with 50% IPI overlay
Summary statistics			
Yield	2.84%	5.50%	5.59%
Beta	0.14	0.30	0.29

For illustrative purposes only. Yield calculated by adding 100% of the underlying portfolio return to 50% of the overlay return (2.75%). Beta is calculated by adding 100% of the underlying portfolio beta and 50% of the overlay beta (0.15).

How does IPI work?

IPI is an actively managed strategy of selling (“writing”) out-of-the-money put options on broad-based equity indexes against some or all of your clients’ fixed income or cash. Option positions are rebalanced based on changes in risk and SpiderRock Advisors’ proprietary valuation model. The strategy builds a diversified portfolio using a range of highly liquid options with varying time-to-maturity and strike prices.

Sample portfolio exposure



SRA allocates opportunistically to each index and weightings are subject to change.
For illustrative purposes only. You cannot invest directly into an index.

Performance*	1-year	5-year	Inception	Volatility
IPI	6.3%	8.8%	6.0%	11.3%

IPI total returns* for period ending 06/30/2025													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2025	1.6%	(0.3%)	(2.6%)	(1.9%)	2.5%	1.9%	—	—	—	—	—	—	1.2%
2024	0.7%	2.1%	1.5%	(0.8%)	2.0%	1.2%	0.8%	0.9%	1.0%	0.4%	2.3%	(0.3%)	12.3%
2023	3.9%	0.1%	1.9%	0.9%	1.1%	2.5%	1.1%	0.7%	(1.5%)	(1.7%)	4.6%	1.5%	16.1%
2022	(2.6%)	0.1%	2.4%	(5.7%)	(1.0%)	(3.9%)	5.2%	(1.7%)	(5.8%)	5.0%	3.2%	(0.9%)	(6.2%)
2021	(0.4%)	1.5%	2.1%	1.6%	1.2%	1.3%	0.0%	0.9%	(0.4%)	2.1%	(1.3%)	2.3%	11.3%
2020	(0.6%)	(5.0%)	(12.6%)	5.6%	3.1%	1.7%	2.4%	1.9%	0.8%	(0.5%)	4.5%	1.5%	1.3%
2019	5.1%	1.2%	0.8%	1.1%	(2.3%)	3.4%	0.9%	(0.4%)	1.1%	1.3%	0.9%	0.7%	14.6%
2018	0.5%	(0.5%)	0.4%	1.1%	0.7%	(0.2%)	1.4%	0.4%	0.5%	(3.4%)	1.5%	(5.0%)	(2.8%)
2017	1.0%	0.4%	0.6%	0.5%	0.2%	0.5%	0.6%	0.2%	0.6%	0.4%	0.3%	0.5%	5.9%
2016	—	—	—	—	—	—	—	—	—	—	—	(0.1%)	(0.1%)

*Source: SpiderRock Advisors. Includes 1-3 Month Treasuries. Returns are calculated net of fees. IPI Strategy Inception: 12/20/2016. Past performance is not a guarantee of future results.

To get started

Contact your BlackRock representative to review your client accounts and identify which clients would benefit from this strategy.

1 Source: SpiderRock Advisors. Target strategy risk (equity beta) is expressed via the options deltas (the aggregate sensitivity of the individual options to price changes in their corresponding underlying assets). Active management is utilized to continually rebalance options and move strategy risk towards target. Historical (realized) beta is calculated using the aggregate daily option PnL as a percent of the total mandate size. Future realized beta figures may vary. **2** Source: Bloomberg. “Municipal bond portfolio” is iShares National Municipal Bond ETF (MUB). Beta is 2-yr weekly as of 12/29/2023. Yield is 1-yr forward as of 12/29/2023. **3** Based on a SpiderRock Advisors Sample IPI Allocation with a total return of 5.5% and a beta of 0.30, which annualizes the potential premium generated by a diversified portfolio of options. Option premium (noted as yield) is only fully realized if the options expire out of the money. The yield and beta are then reduced by the degree of overlay exposure, which in this case is 50%. Option returns are tied to S&P 500 beta and may lose value. Performance is not guaranteed.

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There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest long-term, especially during periods of downturn in the market. No representation is being made that any account, product or strategy will or is likely to achieve profits.

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