

# Most investors agree income is good any time.

But how to produce it is the question.

These days, investors are more concerned than ever with having enough income to maintain or improve their lifestyles, especially once they reach retirement. But generating it has become more difficult than in years past.

## 36.5% increase

Between 2010 and 2020, the Consumer Price Index<sup>1</sup> increased approximately 18.7%, and by 2026, it is predicted to almost double that figure.<sup>2</sup>

## 6 in 10

60% of Americans, including Boomers, Gen Exers and Millennials, believe Social Security on its own will not be enough help them live comfortably in retirement.<sup>4</sup>

<sup>1</sup> The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel and food items are also available.  
<sup>2</sup> www.statista.com/statistics/244993/projected-consumer-price-index-in-the-united-states/, 4/4/21  
<sup>3</sup> www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart, 11/17/21  
<sup>4</sup> 2021 Consumer Social Security online Survey conducted within the U.S. by The Harris Poll on behalf of Nationwide between April 19 and May 7, 2021 among 1,931 U.S. adults age 25+.  
<sup>5</sup> ETF Trends Investment Income Survey of 574 verified financial advisors, sponsored by Nationwide, Fall, 2021.

## 90% decline

From a high in September, 1981 of 14.91%, the 10-year Treasury yield has declined steadily to barely 1.5%.<sup>3</sup>

## 86%

Nearly 9 in 10 financial advisors are at least somewhat concerned about achieving their clients' income needs over the next three years.<sup>5</sup>

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

With yields on the 10-year Treasury bond 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.

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

## Consider a different approach to income generation.

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

 <b>Income generation</b> As a tool that may aid in enhancing the income-generating potential of a portfolio in exchange for some upside potential	 <b>Greater flexibility</b> Options-based solutions may position investors to capitalize on different market characteristics, including time decay and volatility	 <b>Higher return potential</b> Options may provide greater upside potential when employed in a disciplined, systematic fashion	 <b>Downside protection</b> When used as a hedging tool, options may potentially minimize losses experienced during market downturns
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## Nationwide Risk-Managed Income ETFs

Seek to provide high current income with a measure of downside protection in falling markets and the potential for upside equity participation through exposure to some of the most well-known domestic indexes.

<b>NUSI</b> NATIONWIDE NASDAQ-100® RISK-MANAGED INCOME ETF	<b>NSPI</b> NATIONWIDE S&P 500® RISK-MANAGED INCOME ETF	<b>NDJI</b> NATIONWIDE DOW JONES® RISK-MANAGED INCOME ETF	<b>NTKI</b> NATIONWIDE RUSSELL 2000® RISK-MANAGED INCOME ETF
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 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 Funds are subject to the risks of investing in equity securities, including through a 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 Funds may invest in more-aggressive investments such as derivatives (which create investment leverage and illiquidity and are highly volatile). The Funds employ a collar 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 Funds expect to invest a portion of their 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, not be invested fully in the securities of the index or may hold securities not included in the index. The Funds 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 Funds and greater tax liabilities for shareholders. The Funds may concentrate on specific sectors or industries, subjecting it to share volatility than that of other ETFs. The Funds 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 Funds intend to invest in a variety of securities and instruments, the Funds will be considered nondiversified. NUSI 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). Diversification does not assure a profit nor protect against loss in a declining market.

**Protective put:** is a risk-management strategy using options contracts that investors employ to guard against the loss of owning a stock or asset.

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

**CBOE S&P 500 Zero-Cost Put Spread Collar Index:** An index designed to track the performance of a hypothetical option trading strategy that 1) holds a long position indexed to the S&P 500 Index; 2) on a monthly basis buys a 2.5% - 5% S&P 500 Index (SPX) put option spread; and 3) sells a monthly out-of-the-money (OTM) SPX call option to cover the cost of the put spread.

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