

When Direction Fails, Income Prevails: A Case for Equity Premium Strategies

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Key Takeaways

- Amid heightened market uncertainty and record-low institutional bullishness, equity premium strategies that monetize volatility through options selling are gaining traction as a compelling alternative to traditional directional bets.
- Given over \$500 billion in corporate buybacks in 2025 and fading investor confidence in forward guidance, options-based income strategies offer differentiated paths to income by leveraging volatility rather than growth.
- The [WisdomTree Equity Premium Income Fund \(WTPI\)](#) provides a strong basis in trailing 12-month distribution yield as of April 2025, outperforming peers by capitalizing on a put-selling approach during a choppy but ultimately resilient equity environment.

In recent months, equity markets have defied easy categorization. The S&P 500 Index posted its longest winning streak in 21 years, amid tariff overhangs, geopolitical tensions and growing uncertainty in corporate guidance.¹ At the same time, U.S. gross domestic product (GDP) contracted by 0.3% in Q1,² largely due to front-loaded imports ahead of tariff hikes, which may mask underlying domestic resilience. This mix of strong earnings, aggressive buybacks and persistent fragility in macroeconomic indicators has created a fog that even seasoned investors struggle to navigate. Are we witnessing the tail end of post-pandemic momentum or the early tremors of a larger reckoning?

Professional sentiment offers no clear resolution. According to *Barron's* Big Money poll, institutional investors are the most bearish they've been in nearly 30 years, with just 26% identifying as bullish and 32% as outright bearish.³ The skepticism is rooted in stretched valuations, tariff risks and an earnings outlook plagued by uncertainty. Even among companies posting solid results, there is widespread reluctance to issue firm guidance.⁴ In response, some investors have turned to more defensive or contrarian exposures—international value stocks, dividend plays and even precious metals. But none of these solutions addresses the core dilemma: the direction of equities from here remains inherently unpredictable.

Given this backdrop, it's not surprising that income-oriented strategies are gaining renewed attention. Notably, the surge in corporate buybacks—\$500 billion and counting in 2025—signals that companies themselves are favoring cash-return mechanisms over new growth investments.⁵ With volatility remaining

elevated and realized returns uncertain, many investors are now looking at the volatility market itself as a source of return. Selling options, particularly in well-constructed, risk-managed strategies, may offer a compelling profile: monetizing fear and indecision while staying agnostic about market direction.

Put differently, when directional conviction is low, the premium in uncertainty becomes an asset class. These approaches do not require the market to rise—they simply need it not to collapse. And if one believes that valuations will remain bounded by macroeconomic policy and earnings uncertainty, then harvesting premium from that bounded volatility could represent one of the most rational income strategies in today's market.

Hunting for Opportunities: The Morningstar Derivative Income Category

This is a fertile hunting ground for strategies that tend to sell options and generate income. The two largest strategies in this category are:

- **JPMorgan Equity Premium Income ETF (JEPI):** JEPI seeks to deliver monthly distributable income and equity market exposure with less volatility. The defensive equity portfolio employs a time-tested, bottom-up fundamental research process with stock selection based on proprietary risk-adjusted stock rankings. A disciplined options overlay implements written out-of-the-money S&P 500 Index call options that seek to generate distributable monthly income.
- **JPMorgan Nasdaq Equity Premium Income ETF (JEPQ):** JEPQ seeks to deliver monthly distributable income and Nasdaq 100 exposure with less volatility. The underlying equity portfolio employs an applied data science approach to fundamental research and portfolio construction. A disciplined options overlay implements written out-of-the-money Nasdaq 100 Index call options that seek to generate distributable monthly income.

Both these strategies are selling call options and holding underlying equities. The [WisdomTree Equity Premium Income Fund \(WTPI\)](#) is also in the same Morningstar category, but it sells put options and then holds the premiums collected in U.S. Treasuries.

Have these three strategies delivered different return profiles or income levels? Let's see.

Figure 1: Standardized Returns

Fund/Index Name	Fund Ticker Symbol	Fund Expense Ratio	Fund Inception Date	Fund SEC 30-Day Yield	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
WisdomTree Equity Premium Income Fund (NAV)	WTPI	0.44%	2/24/16	4.17%	-3.02%	5.08%	5.07%	12.84%	N/A	7.17%
WisdomTree Equity Premium Income Fund (MP)	WTPI	0.44%	2/24/16	4.17%	-2.81%	5.10%	5.05%	12.94%	N/A	7.17%
JPMorgan Equity Premium Income ETF (NAV)	JEPI	0.35%	5/20/20	8.20%	0.40%	6.27%	6.76%	N/A	N/A	11.83%
JPMorgan Equity Premium Income ETF (MP)	JEPI	0.35%	5/20/20	8.20%	1.10%	7.01%	6.96%	N/A	N/A	11.99%
JPMorgan Nasdaq Equity Premium Income ETF (NAV)	JEPQ	0.35%	5/3/22	12.42%	-6.57%	5.88%	N/A	N/A	N/A	12.62%
JPMorgan Nasdaq Equity Premium Income ETF (MP)	JEPQ	0.35%	5/3/22	12.42%	-4.70%	8.06%	N/A	N/A	N/A	13.42%
S&P 500 Index					-4.27%	8.25%	9.06%	18.59%	12.50%	N/A
Nasdaq 100 Index					-8.07%	6.44%	10.03%	20.75%	17.22%	N/A

Sources: WisdomTree, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/3/25, with returns as of 3/31/25. Fund SEC 30-Day Yield as of 3/31/25. NAV denotes total return performance at net asset value. MP denotes market price performance. Prior to 4/4/25, WTPI was known as the WisdomTree PutWrite Strategy Fund (PUTW). On that date the Fund's investment policy changed. Prior to 10/24/22, the WisdomTree PutWrite Strategy Fund was named the WisdomTree CBOE S&P 500 PutWrite Strategy Fund and tracked the total return performance, before fees and expenses, of the [CBOE S&P 500 PutWrite Index](#). **The performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance, click the relevant ticker: [WTPI](#), [JEPI](#), [JEPQ](#).**

Income Generation

While we frequently discuss how income is merely one component of a strategy's total return, we know that many pay it particularly strong attention. Figure 2 looks at the trailing 12-month distribution yields of the aforementioned strategies as of April 30, 2025:

- [WTPI](#) topped the list over this period, with [JEPQ](#) roughly 1% behind. These figures can always shift, so there is no guarantee that this relative ranking will always be the case.
- Of these three funds, [JEPI](#) took the third spot in the rankings.

Figure 2: Trailing 12-Month Distribution Yields



Sources: Specific fund pages on the WisdomTree and JPMorgan websites, with data as of 4/30/25, accessed on 5/5/25. Past performance is not indicative of future results.

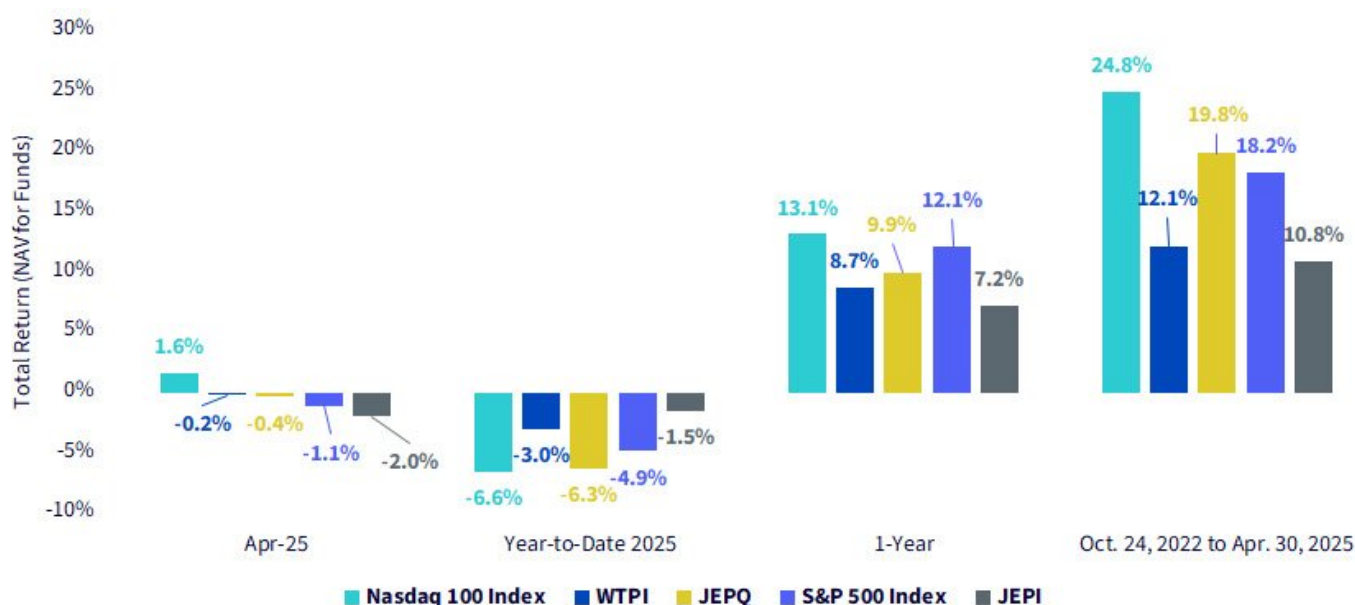
Performance: April 2025 Year-to-Date, and Beyond

Figure 3 allows us to look at four distinct periods, recognizing that we are confined to a period from October 24, 2022, onwards. Prior to this date, [WTPI](#) was tracking a different underlying index that employed a different investment strategy.

- April 2025:** The notable thing about this period was that the start of the month was looking very negative for U.S. equity performance. Then, the picture shifted quite quickly to that of a very strong U.S. equity rally. As we can see, the Nasdaq 100 Index ended the full month positive 1.6%. [WTPI](#) and [JEPQ](#) were quite close in their returns, signifying that even while they went down in the first part of the month, they were also sensitive to the later equity market recovery. [JEPI](#) delivered strong downside risk mitigation in the first part of April 2025, but did not capture as much of the sharp recovery in late April, leading to its lagging performance.
- Year-to-Date 2025:** Here, [JEPI](#) provided the best downside risk mitigation, as there was volatility in February as well as April 2025. The Nasdaq 100 Index was the worst performer, but [JEPQ](#) wasn't too far behind. [WTPI](#) was able to outperform the S&P 500 Index by nearly 2%, but both delivered negative returns over this period.

- **1-Year:** This period was an overall positive U.S. equity market, with the Nasdaq 100 Index and S&P 500 Index up 13.1% and 12.1%, respectively. JEPQ did best to capture most of this upside at 9.9%. [WTPI](#) outperformed JEPI in this more positive environment by 1.5%.
- **October 24, 2022, to April 30, 2025:** This period roughly corresponds to "post-Chat GPT's release." We know that ChatGPT was a catalyst for a very positive U.S. equity market, especially among the largest companies. The Nasdaq 100 Index returned an annualized 24.8%. Again, in the more positive period, JEPQ captured more of the upside than the other two funds. Again, [WTPI](#) outperformed JEPI, this time by roughly 1.3%, annualized. It's notable that option-writing strategies would be expected to underperform equity benchmarks in upwardly trending, positive markets.

Figure 3: Performance in Positive and Negative Overall Market Environments



Sources: WisdomTree, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/3/25, with returns as of 4/30/25. NAV denotes total return performance at net asset value. Prior to 4/4/25, WTPI was known as the WisdomTree PutWrite Strategy Fund (PUTW). On that date the Fund's investment policy changed. Prior to 10/24/22, the WisdomTree PutWrite Strategy Fund was named the WisdomTree CBOE S&P 500 PutWrite Strategy Fund and tracked the total return performance, before fees and expenses, of the CBOE S&P 500 PutWrite Index. Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance, click the relevant ticker: WTPI, JEPI, JEPQ.

Conclusion: Equity Premium Income Is an Exciting Concept for 2025

In early May 2025, we have many investors searching for direction. Tariff policy is constantly evolving. While there is never certainty in markets, the double-digit returns experienced in 2023 and 2024 likely created a feeling of comfort that has long since dissipated. We note that a [strategy of selling put options and collecting premium income](#) has strong potential if the behavior of U.S. equities is more one of searching for direction and less one of excessive trending. A trailing 12-month distribution yield above 10% is also quite interesting for many.

Figure 4: Additional Information

Fundamentals	WisdomTree Equity Premium Income Fund	JPMorgan Equity Premium Income ETF	JPMorgan Nasdaq Equity Premium Income ETF
Objective	The WisdomTree Equity Premium Income Fund seeks to track the price and yield performance, before fees and expenses, of the Volos US Large Cap Target 2.5% PutWrite Index. Prior to April 4, 2025, the Fund was known as the WisdomTree PutWrite Strategy Fund (PUTW). On that date the Fund's investment policy changed. Prior to October 24, 2022, the WisdomTree PutWrite Strategy Fund was named the WisdomTree CBOE S&P 500 PutWrite Strategy Fund.	JPMorgan Equity Premium Income ETF seeks to deliver monthly distributable income and equity market exposure with less volatility. Defensive equity portfolio employs a time-tested, bottom-up fundamental research process with stock selection based on a proprietary risk-adjusted stock rankings. Disciplined options overlay implements written out-of-the-money S&P 500 Index call options that seek to generate distributable monthly income.	JPMorgan Nasdaq Equity Premium Income ETF seeks to deliver monthly distributable income and Nasdaq 100 exposure with less volatility. Underlying equity portfolio employs an applied data science approach to fundamental research and portfolio construction. Disciplined options overlay implements written out-of-the-money Nasdaq 100 Index call options that seek to generate distributable monthly income.
SEC 30-Day Yield	4.17%	8.20%	12.42%
Total Expense Ratio	0.44%	0.35%	0.35%
Total Assets under Management (millions)	\$213.67	\$39,417.87	\$22,733.93

Sources: WisdomTree's Fund Compare tool and JPMorgan's specific fund pages on the JPMorgan website. Assets under management data is as of 3/31/25. Subject to change.

1 Source: M. Horan, "Stock Market Winning Streak Best in 21 Years. Why It's Looking Fragile," *Barron's*, 5/3/25.

2 Refers specifically to U.S. real GDP on a seasonally adjusted annual rate (SAAR) basis. This figure is for Q1 2025, based on the initial estimate released by the U.S. Bureau of Economic Analysis.

3 Source: V. Subbaraman, "America's Money Managers Are Bearish. That's Bullish," *Barron's*, 5/3/25.

4 Source: Horan, 5/3/25.

5 Source: C. Smith, "U.S. Companies Launch \$500bn Share Buyback Spree in First Four Months of 2025," *Financial Times*, 5/5/25.

6 Ranking by assets under management as of most recent quarter-end, 3/31/25, with source Morningstar Direct.

Important Risks Related to this Article

WTPI: There are risks associated with investing, including the possible loss of principal. The Fund will invest in derivatives, including S&P 500 Index put options (SPX Puts). Derivative investments can be volatile, and these investments may be less liquid than securities, and more sensitive to the effects of varied economic conditions. The value of the SPX Puts in which the Fund invests is partly based on the volatility used by market participants to price such options (i.e., implied volatility). The options values are partly based on the volatility used by dealers to price such options, so increases in the implied volatility of such options will cause the value of such options to increase, which will result in a corresponding increase in the liabilities of the Fund and a decrease in the Fund's NAV. Options may be subject to volatile swings in price influenced by changes in the value of the underlying instrument. The potential return to the Fund is limited to the amount of option premiums it receives; however, the Fund can potentially lose up to the entire strike price of each option it sells. Due to the investment strategy of the Fund, it may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

JEPQ/JEPI: The price of equity securities may fluctuate rapidly or unpredictably due to factors affecting individual companies, as well as changes in economic or political conditions. These price movements may result in loss of your investment. Investments in equity-linked notes (ELNs) are subject to liquidity risk, which may make ELNs difficult to sell and value. Lack of liquidity may also cause the value of the ELN to decline. Since ELNs are in note form, and are subject to certain debt securities risks, such as credit or counterparty risk. Should the prices of the underlying instruments move in an unexpected manner, the Fund may not achieve the anticipated benefits of an investment in an ELN, and may realize losses, which could be significant and could include the Fund's entire principal investment.