THE PREMIUM ALTERNATIVE

Christopher Gannatti, CFA, Global Head of Research

Key Takeaways:

- Put-writing strategies allow investors to monetize market volatility without owning equities directly—generating income by accepting the risk of buying stocks during drawdowns while earning a return from Treasury collateral.
- The perceived gap between holding stocks and selling calls vs. holding cash and selling puts is intuitive but misleading—both approaches harvest equity risk premium by monetizing volatility and limiting upside in return for steadier income.
- In an era of elevated equity valuations and persistent income demand, strategies that systematically harvest option premiums—especially those targeting specific income levels—offer a compelling way to balance yield with risk-managed equity exposure.

After a powerful two-year rally, equity markets entered 2025 with less runway and more turbulence. Elevated valuations, shifting policy regimes and uncertain earnings growth suggest a future of modest returns and sharper drawdowns. In this kind of environment, simply holding broad equity exposure may no longer be enough to meet investor income or risk objectives. That's where options-based strategies—especially those designed to systematically harvest volatility premiums—step into the spotlight. By reframing market uncertainty as a source of return, these approaches offer a differentiated path to generate income while shaping the return profile. Understanding how these strategies behave—especially the difference between writing puts and calls—can help investors better navigate a world where traditional playbooks may fall short.

THE MORNINGSTAR "DERIVATIVE INCOME" CATEGORY

As of March 31, 2025, the largest fund by assets within the derivative income category was the JPMorgan Equity Premium Income ETF (JEPI), with more than $39 billion.[1] This strategy employs a basket of defensively oriented equities and combines this with selling call options against this basket to increase the overall income generation of the Fund.

The second-largest fund by assets in this same category was the JPMorgan Nasdaq Equity Premium Income ETF (JEPQ), with more than $22.7 billion.[2] JEPQ seeks to deliver monthly distributable income and Nasdaq 100 exposure with less volatility.

The **WisdomTree Equity Premium Income Fund (WTPI)**[3] is different.

- Instead of selling call options and buying stocks, the strategy is selling put options. Specifically, WTPI seeks to track the price and yield performance, before fees and expenses, of the Volos US Large Cap Target 2.5% PutWrite Index.
- The Index methodology specifies selling options every two weeks, not every month.
- Instead of holding an underlying basket of equities, the strategy is holding a basket of short-term U.S. Treasury securities.

While it is tempting to zero in on the selling of put options versus call options as the primary difference, the tricky thing about the world of options is that, if we assume the same underlying—such as the S&P 500 Index—the concept of "put-call parity" means that selling at-the-money puts or at-the-money covered calls could yield a very similar return.

- The covered call-writing approach contains underlying equities.
- The put-writing approach contains U.S. Treasury bills.

The primary difference between JEPI and WTPI comes down to the fact that JEPI also employs a strategy of active stock selection in addition to selling the options, whereas WTPI is focused on an S&P 500 Index exposure, at least from an equity perspective.

1 Source: Morningstar Direct, with data as of 3/31/25.
2 Source: Morningstar Direct, with data as of 3/31/25.
3 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.

THE ILLUSION OF DIFFERENCE: COVERED CALLS AND PUT-WRITING EXPLAINED

Many investors understand the appeal of a covered call strategy. You own the market—let's say the S&P 500—and you sell a call option to collect a bit of extra income. It's a way to say, "I'm happy with moderate gains. I'll give up some upside for a steady paycheck." That's a story people get. You have the stocks, and you're collecting a toll from anyone who wants the right to buy them at a higher price. You're in the market but also harvesting income. Easy enough.

Put-writing, by contrast, doesn't feel the same. You're not holding the S&P 500. You're selling put options and sitting in cash—usually Treasury bills. There are no stocks in the portfolio. There's no dividend stream. And yet, over time, the returns often look eerily similar to a covered call strategy. For many people, this just doesn't click. How can sitting in cash and selling insurance be the same as owning the market?

But that's the illusion. The difference feels intuitive, but the outcomes are closer than you'd expect. And here's why.

When you sell a put, you're stepping into the shoes of the market's insurer. You're saying: *If stocks fall, I'll buy. And if they don't, I'll keep the premium.* It's a role that doesn't show up in most investor stories—because it feels passive. You're not holding anything tangible. You're just "waiting."

But you're not waiting for nothing. You're getting paid. That premium, plus the yield from Treasury bills, adds up. And over time, the combination behaves a lot like owning stocks—with a bit of cushion on the downside and a bit of a ceiling on the upside. That sounds familiar, doesn't it?

Now look at the investor who owns the S&P 500 and sells calls. They've capped their upside, too. They're collecting premiums. Their downside is muted—but not eliminated—because they still hold stocks. They're not waiting. They're in the market. But oddly, their risk and return profile is shaped by similar forces: premiums, yield, limited upside and some downside participation.

Two investors. One holds stocks and sells calls. One holds t-bills and sells puts. They're both making a trade-off: *I'll give up part of the return path in exchange for more consistency.* One feels active. The other feels defensive. But over time, they converge—because they're expressing the same economic position, just from different angles.

This is where the power of financial theory quietly shows up behind the curtain, not as a blackboard equation but as a reminder that markets are efficient enough to align incentives, even when the paths look different.

Here's a simple mental model:

- Covered call writing is like being a landlord with a house you already own, renting it out month by month.
- Put-writing is like agreeing to buy a house if the price drops and getting paid every month just for being willing.

Both are getting paid for taking a risk. Both are betting the house won't collapse in value. Both are trying to turn volatility into income. One owns the asset, one doesn't—but both are in the same business: *earning a return from being a provider of insurance to the market.*

So, the next time you look at a put-writing strategy and wonder, "Where are the stocks?" remind yourself: The exposure is still there. It just shows up when the market gets rough—when the price falls, and someone needs to step in and buy. That's you. That's the bet you're making.

And maybe that's the takeaway. In investing, form often masks function. Sometimes, you own the market. Sometimes, you just act like you're willing to. And in the long run, that difference might not matter as much as it seems.

Figure 1: Average Annual Total Returns (as of 3/31/25)

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, Morningstar and FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, as of 3/31/25. NAV denotes total return performance at net asset value. MP denotes market price performance. Prior to April 4, 2025, WTPI was known as the WisdomTree PutWrite Strategy Fund (PUTW). On that date, the Fund's investment policy changed. **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 each fund's most recent month-end performance, and corresponding prospectus, click here. Performance of less than one year is not annualized.**

A CAPACITY FOR INCOME GENERATION

An attribute that many investors appreciate regarding selling options is the income. Even with short-term interest rates currently above 0%, the demand for income-generating investments is always there.

- WTPI is employing a strategy that, every two weeks, is seeking to sell an option with a 2.5% premium. A good heuristic with regard to S&P 500 Index options is that one can look at the VIX Index[4] and consider that a monthly at-the-money option on the underlying S&P 500 Index is roughly VIX Index Value/10, expressed as a percentage. If the VIX Index is reading a 25, then 25/10=2.5, and that is expressed as 2.5%. The VIX Index is usually below 25, which means that to derive a 2.5% premium, it requires one to sell in-the-money options. The income generation is there, but the consequence of selling in-the-money options is that there is a greater sensitivity to movements in the S&P 500 Index.
- JEPI is seeking to sell out-of-the-money S&P 500 Index call options. These options may have lower premiums, but at the same time, they would also have lower sensitivity to equity market movements. However, it is important to note that the underlying stock selection within the strategy will be an important driver of subsequent returns in any period.
- JEPQ is seeking to sell out-of-the-money Nasdaq 100 Index call options. These options may have lower premiums, but it's important to consider the underlying equities in the strategy, in that mirroring the Nasdaq 100 Index could lead to a very growth-oriented portfolio with heavy exposure to the Magnificent 7.

If we think about WTPI's monthly distributions, the following quote comes from the Fund's prospectus:

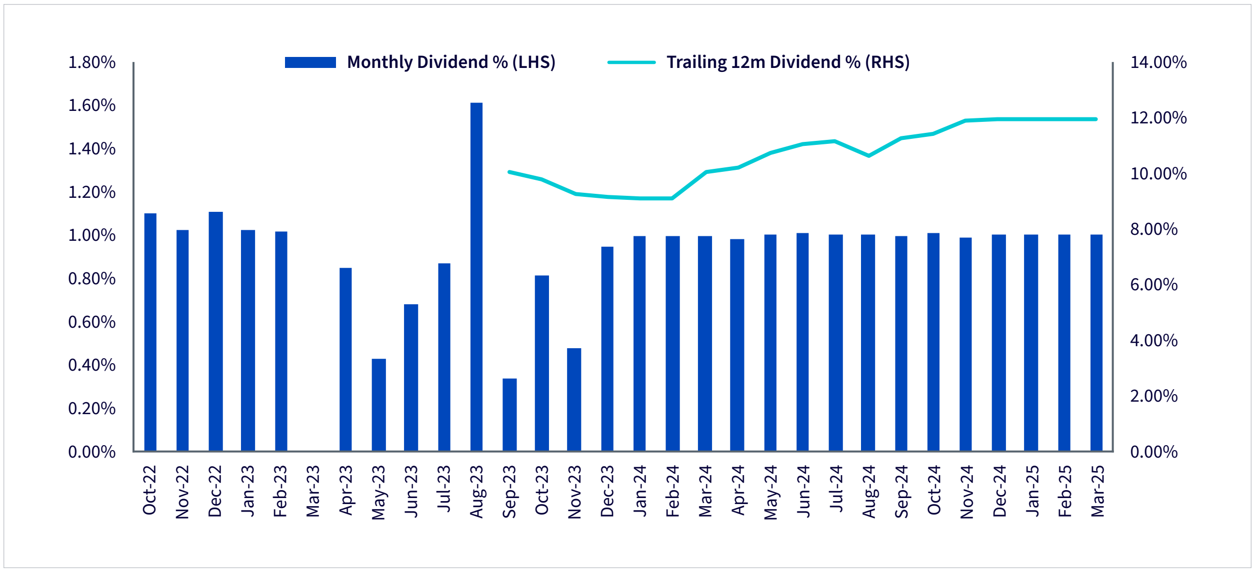
"The Fund is managed in a way that seeks, under normal circumstances, to provide monthly distributions at a relatively stable level."

[4] The "VIX Index" refers to the Cboe Volatility Index.

It makes sense to test how "relatively stable" these distributions have been over the period the current strategy has been in place, which began on October 24, 2022.[5] Of the strategies under discussion, it is the only one that does not include any dividends from underlying equities.

- 2023 did show a more volatile distribution history, particularly from March 2023 to November 2023.
- From December 2023 onward, the distribution has been much closer to a level of 1%. There is no guarantee that the distribution will always be 1.0%, but it is a good illustration of using data from the actual record to establish how stable it has been.

Figure 2: WTPI's Distributions as a Percentage of NAV

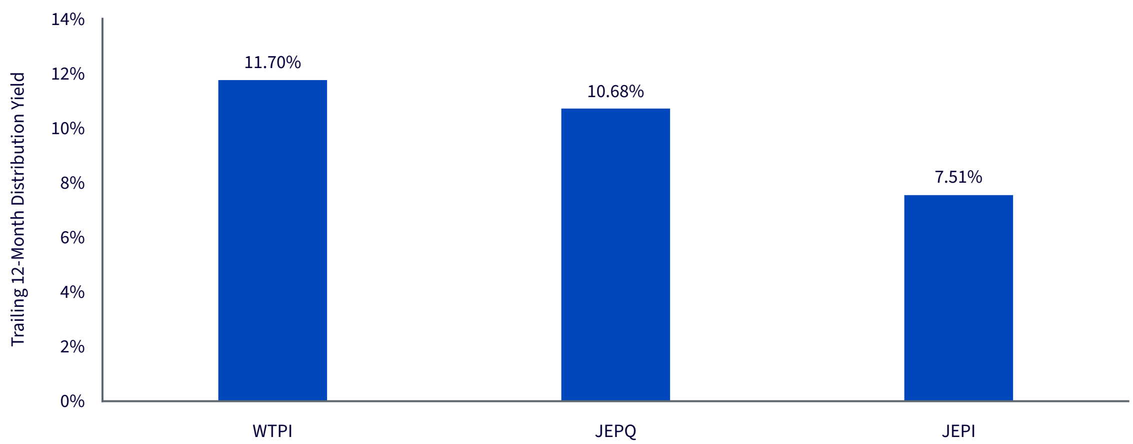


Source: WisdomTree. Prior to April 4, 2025, WTPI was known as the WisdomTree PutWrite Strategy Fund (PUTW). On that date, the Fund's investment policy changed. Prior to October 24, 2022, the Fund was known as the WisdomTree CBOE S&P 500 PutWrite Strategy Fund and tracked the performance, before fees and expenses, of the Cboe S&P 500 PutWrite Index. The period shown, reflects the current performance and investment objective of the Fund when it tracked the performance, before fees and expenses, of the Volos U.S. Large Cap Target 2.5% 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 WTPI's most recent month-end and standardized performances, click here.**

[5] Here, we refer specifically to the data on which WTPI began to track the total return performance, before fees and expenses, of the Volos US Large Cap Target 2.5% PutWrite Index.

JEPI and JEPQ are notably taking a different approach, and it's important for investors to understand that the dividend yield is merely one characteristic to assess on a given investment. The risk that WTPI employs to generate this income comes with a higher overall exposure to equity market movements—and those movements could very well go in the negative direction, impacting one's total return.

Figure 3: Trailing 12-Month Fund Distribution Yield (as of April 30, 2025)



Sources: WisdomTree and JP Morgan fund websites, as of 4/30/25. As of 5/7/25, the 30-Day SEC Yield for WTPI, JEPQ and JEPI, respectively, was 3.98%, 11.03%, 12.42%. **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 each fund's most recent month-end performance, and corresponding prospectus, click here.**

TOTAL RETURNS ACROSS THE CURRENT STRATEGY

Prior to October 24, 2022, the WisdomTree Equity Premium Income Fund was named the WisdomTree CBOE S&P 500 PutWrite Strategy Fund, tracking a different index with a different underlying investment strategy, so to get an idea as to how the current strategy has done, figure 4 starts the period on October 24, 2022.

WTPI'S CURRENT METHODOLOGY

If one looks at WTPI's current methodology, one will see the following:

> *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.*

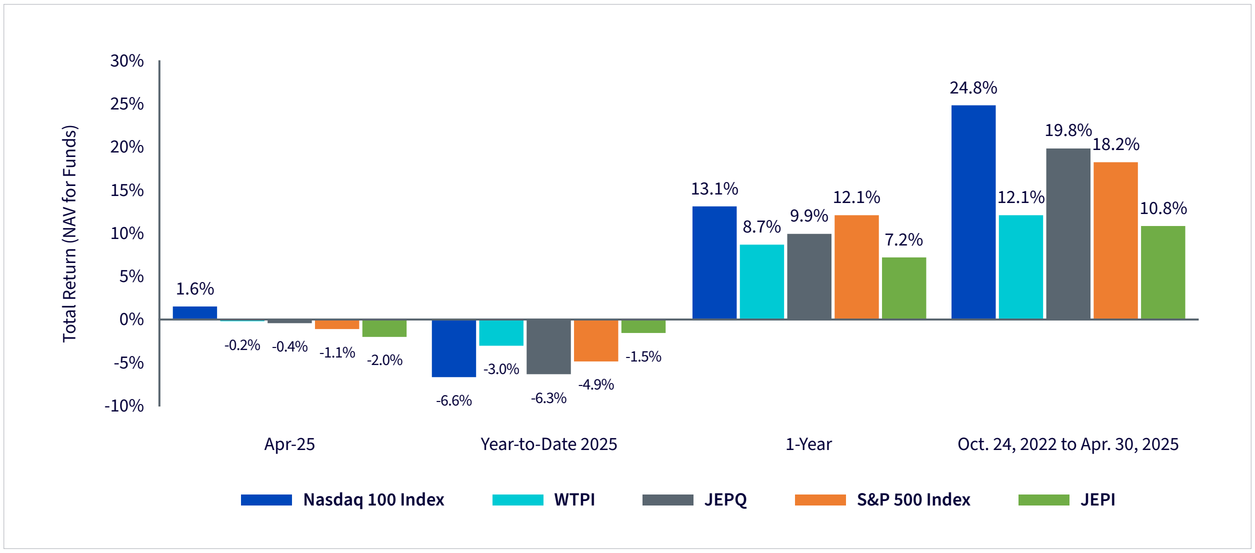
But this was not always the case. Prior to October 24, 2022, the strategy was tracking the return of the CBOE S&P 500 PutWrite Strategy Index.

The prior approach was selling the at-the-money option on the S&P 500 Index every month. There was no focus on targeting a specific premium—as the VIX Index fluctuated, so too did the premium generated. Since the VIX Index tends toward about 15, that means the premium collected tended toward 1.5% on a monthly basis.

The new approach is targeting a premium of 2.5%, and the way to get there is to sell in-the-money options. The plus side of this is greater income potential. The minus side is greater equity market sensitivity with the sale of in-the-money options. So, in figure 4:

- The general trend of the S&P 500 Index was up, about 18.2% per year. WTPI and JEPI did not keep up, but this shouldn't be surprising because it was quite an upward trend to market performance. JEPQ did hit 19.8% annualized, but the Nasdaq 100 Index hit 24.8% per year, and JEPQ is more appropriately compared to this benchmark. Strategies designed to sell volatility and collect premiums are not designed to capture the full equity upside in robustly positive market environments.
- We are also able to look at April 2025, an interesting month that started with a bang—the 'Liberation Day' tariff announcement and ended with quite a strong equity rally. The Nasdaq 100 Index was slightly positive. WTPI was almost able to deliver a positive return during quite a whipsaw of expectations.

Figure 4: The Robust, Upward Market Environment from 10/24/22



Sources: WisdomTree, Morningstar and FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, for the period 10/24/22–4/30/25. Period selected as the longest available due to the full history of the current strategy employed by WTPI. Performance from Oct. 24, 2022 to Apr. 4, 2025 is annualized. **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 each fund's most recent month-end performance, and corresponding prospectus, click here.**

While WTPI is selling options and keeping the proceeds in U.S. Treasury bills, JEPI is employing a strategy of underlying stock selection. We believe that investors are going to be looking at this April 2025 period for a long time, in that the Trump administration is certainly making history with its tariff announcements.

- In a given market drawdown of the S&P 500 Index, based on the underlying investment strategies of WTPI, JEPQ and JEPI, there is an initial expectation that these strategies may go down by less than the benchmark index. This is not a guarantee but rather an initial expectation that would always require testing and observation.
- WTPI would tend toward a beta of less than 1.0 relative to the S&P 500 Index benchmark. In an environment where the S&P 500 Index is dropping, we would expect a negative return in WTPI due to the strategy's selling of in-the-money options.

JEPI is taking active stock selection risk relative to the S&P 500 Index, which makes it more difficult for investors to have a clear set of expectations. The historical track record does indicate a beta of less than 1.0 relative to the S&P 500 Index benchmark, and the selling of out-of-the-money call options could also mute some of the downside risk. JEPQ, on the other hand, notes the Nasdaq 100 Index in its investment objectives, so there is an expectation of less active stock selection risk in that case against that benchmark. What's clear in the numbers we show in this piece is that JEPQ was able to capture more of the upside during the overall positive period for the Nasdaq 100 Index. WTPI and JEPI appeared more defensively oriented in a strong, upward-trending period.

CONCLUSION: NO REWARDS COME WITHOUT RISK

Option-writing strategies can sport very attractive distribution yields, but we caution people that looking at yield alone doesn't tell the full story. Generating greater income can mean taking on a different sort of risk.

- WTPI, to generate higher premiums, takes on more exposure to S&P 500 Index returns. While in an upward-trending or volatile market, this can be okay, in a down-trending market, this could lead to negative returns and less overall downside cushion.
- JEPI, on the other hand, is undertaking to select a basket of roughly 100 stocks and generate an equity market exposure that is different from that of the S&P 500 Index. As with any stock-selection strategy, it can outperform or underperform in different periods.

With equity markets responding quickly to so many evolving macroeconomic and policy driven factors, based on the S&P 500 Index, it may make sense to take a deeper look at strategies that seek to sell volatility.

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 04, 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 our proprietary risk-adjusted stock rankings. Disciplined options overlay implements written out-of-the-month 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.
Risks	The Fund will invest in derivatives, including put options on the SPDR S&P 500 ETF Trust ("SPY 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. All SPY Puts are exchange-listed standardized options. The SPY Puts are selected to target a premium of 2.5%. THE SPY Puts sold by the Fund may have imperfect correlation to the returns of the Index. Although the Fund collects premiums on the SPY Puts it writes, the Fund's risk of loss if the price of SPY falls below the strike price and the SPY Puts are exercised as of the Roll Date may outweigh the gains to the fund from the receipt of such option premiums. The sale of cash-secured SPY Puts serves to partially offset a decline in the price of SPY to the extent of the premiums received. 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. By virtue of its put option sales strategy, Fund returns will be subject to an upside limitation on returns attributable to SPY, and the Fund will not participate in gains beyond such upside limitation. The Fund's investment strategy is subject to risks related to rolling. To the extent the Fund's portfolio managers are unable to roll the SPY Puts as described in the Fund's principal investment strategy, the Fund may be unable to achieve its investment objective. Due to the investment strategy of the Fund, it may make higher capital gain distributions than other ETFs.	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, they 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.	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, they 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.
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
Prospectus	Visit WisdomTree.com/investments to obtain a prospectus.	Visit JPMorgan.com to obtain a prospectus.	Visit JPMorgan.com to obtain a prospectus.

Sources: WisdomTree, Morningstar and FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, as of 3/31/25. **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 each fund's most recent month-end performance, and corresponding prospectus, click here.**

IMPORTANT INFORMATION

Please see the WisdomTree Glossary for definitions of terms and indexes.

This information must be preceded or accompanied by a prospectus or, if available, the summary prospectus. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The prospectus or summary prospectus contains this and other important information about the Fund. Read the prospectus or, if available, the summary prospectus carefully before you invest. Call 866.909.WISE (9473) or go to WisdomTree.com/investments for more information.

The Fund's name, ticker and investment policy changed effective April 4, 2025. Prior to that date, the Fund was known as the WisdomTree PutWrite Strategy Fund (PUTW). Prior to October 24, 2022, the WisdomTree PutWrite Strategy Fund was named the WisdomTree CBOE S&P 500 PutWrite Strategy Fund and Fund performance reflects the investment objective of the Fund when it was the WisdomTree CBOE S&P 500 PutWrite Strategy Fund and tracked the performance, before fees and expenses, of the Cboe S&P 500 PutWrite Index.

The Fund will invest in derivatives, including put options on the SPDR S&P 500 ETF Trust ("SPY 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. All SPY Puts are exchange-listed standardized options. The SPY Puts are selected to target a premium of 2.5%. The SPY Puts sold by the Fund may have an imperfect correlation to the returns of the Index. Although the Fund collects premiums on the SPY Puts it writes, the Fund's risk of loss if the price of SPY falls below the strike price and the SPY Puts are exercised as of the Roll Date may outweigh the gains to the Fund from the receipt of such option premiums. The sale of cash-secured SPY Puts serves to partially offset a decline in the price of SPY to the extent of the premiums received. 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. By virtue of its put option sales strategy, Fund returns will be subject to an upside limitation on returns attributable to SPY, and the Fund will not participate in gains beyond such upside limitation. The Fund's investment strategy is subject to risks related to rolling. To the extent the Fund's portfolio managers are unable to roll the SPY Puts as described in the Fund's principal investment strategy, the Fund may be unable to achieve its investment objective. 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.

WisdomTree Funds are distributed by Foreside Fund Services, LLC. Foreside Fund Services, LLC, is not affiliated with the entities mentioned.