

ACII

Innovator Index Autocallable Income Strategy ETF

Fund Description

ACII is actively managed. The fund employs a combination of OTC autocallable swap agreements on three major US equity ETFs, laddered over different dates in attempt to generate income and provide a small cushion on the downside risks.

FactSet Analyst Report

ACII is actively managed, entering into OTC swap agreements. The swaps are structured to mirror the returns of autocallable instruments linked to three major US Equity ETFs: SPDR S&P 500 ETF (SPY), Invesco Nasdaq-100 ETF (QQQ), and the iShares Russell 2000 ETF (IWM). The autocallable instruments generate coupon payments that are contingent on the performance of all three ETFs and are designed so that the fund only participates in losses if one of the three indices declines more than 30%. The swap agreements are staggered across different maturity and observation dates, seeking to reduce timing and reinvestment risks. Measurement dates for the instruments include monthly coupon dates, quarterly call dates, and a final maturity date (typically three years). New autocallable positions are initiated as existing ones mature or are called. Uninvested assets are placed in short-term Treasury bills or money-market funds, as collateral for swaps. The fund may use box spread options to manage cash or generate income.

