

BUFM

AB Moderate Buffer ETF

Fund Description

BUFM aims to participate in the price movement of the SPDR S&P 500 ETF (ticker: SPY), up to a cap while buffering the first 10% decline. The fund employs FLEX options to implement this strategy and resets its cap and buffer levels at each outcome period.

FactSet Analyst Report

BUFM actively manages FLEX options in efforts to participate in the price return of the SPDR S&P 500 ETF (SPY), up to a cap, and provide partial downside protection over an outcome period that ranges from 90 to 120 days. In exchange for preventing the realization of the first 10% of the losses in value of SPY shares, investors forego upside participation typically between 4% and 5%. Periodically, the fund may bear the first 2% of SPYs losses if doing so allows the fund to maintain a higher upside cap. The fund adviser monitors the options portfolio's performance and may rebalance at any time to protect capital or lock-in gains. At the end of each outcome period, the fund resets its cap and buffer levels according to prevailing market conditions. The calculations for cap and buffer do not include the fund's expense ratio, which could diminish net returns. To achieve the intended results, shares must be held throughout the entire outcome period.