

LOCT

Innovator Premium Income 15 Buffer ETF - October

Fund Description

LOCT seeks to provide a consistent income stream and a limited protective buffer against the first 15% of losses stemming from the decline in the S&P 500 Index. The exposure resets each year in October. The actively managed fund holds a package of S&P 500 FLEX options and US Treasuries.

FactSet Analyst Report

LOCT provides no upside potential. Instead, it aims for a defined rate of income and downside protection over a one-year period starting each October. The actively managed portfolio consists of i) US Treasuries maturing on each quarterly distribution date and ii) out-of-the-money SPDR S&P 500 ETF Trust (SPY) put FLEX options sold to provide one-to-one downside exposure. The fund invests the net premiums generated from the purchased and sold puts in US Treasuries. At each outcome period, the fund seeks to provide income through a defined distribution rate and a buffer against the first 15% of SPY losses. In exchange for this buffer, investors forgo any upside participation. After the buffer level is breached, investors take on the full downside of the underlying ETF's returns. The fund must be held during the entire return period to pursue intended results. Investors who buy at any other time than the annual reset day may have a different investment return.