

PSTP

Innovator Power Buffer Step-Up Strategy ETF

Fund Description

PSTP aims for buffered losses and gains on the SPDR S&P 500 ETF Trust (SPY) through the active use of FLEX options, which it rebalances monthly. The fund intends to opportunistically reset its portfolio prior to the one-year expiration date of the options.

FactSet Analyst Report

PSTP offers an alternative way of managing buffer strategies. It uses FLEX options to moderate losses on the SPDR S&P 500 ETF, with the options portfolio providing a buffer against the first 15% of losses in exchange for capping the upside participation. Unlike other buffer ETFs, the fund does not use a defined outcome strategy. Instead, it evaluates its portfolio monthly and uses a step-up strategy to offset timing risks inherent in owning an options portfolio for one year. At the end of each month, the adviser may sell then-current portfolio and enter new options contracts with a new one-year duration if the NAV rises by 2% to 6% or falls by -1% to -5%. By doing so, the fund potentially captures more upside in positive markets, while refreshing the buffer against market loss. Since the fund is not designed to hold the options portfolio to its expiration date, investors will experience very different investment results than if the options portfolio were held for its contract duration.