

RFLR

Innovator U.S. Small Cap Managed Floor ETF

Fund Description

RFLR aims to participate in 70% of upside appreciation of US small-cap stocks while hedging the downside risk using a laddered options strategy. The fund utilizes four, one-year FLEX options packages with staggered three-month expiration dates to target a maximum loss of approximately 8-12% on a rolling 12-month basis.

FactSet Analyst Report

RFLR seeks to capture some of the upside of the US small-cap equity market while actively managing option strategies in an attempt to limit losses to roughly 8-12% each year. The fund invests in an equity portfolio comprised of US small-caps and FLEX options to hedge the downside risk on an annual basis. The hedge piece rolls quarterly such that there are four floors, with one expiring every three months. The fund's laddered approach is meant to help offset the timing risks inherent in a single reset and roll date. The sub-adviser also sells short-dated (two-week) call options in tranches, with expirations staggered every three to four days, in an attempt to offset some of the cost of the hedge.