

STRATEGY SUMMARY
10/1/2020

What Are Buffered ETFs?
Target Rate of Return: 8.9%

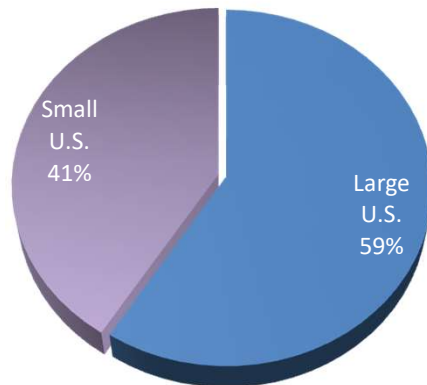
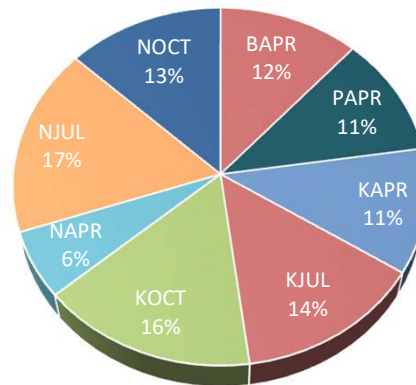
Buffered-ETFs are a low-cost, efficient alternative to variable annuities. Investors participate in stock market gains to a pre-determined cap (or participation rate) determined by the options market. Buffered-ETF investors are protected against stock market losses to a certain level, called a buffer. Investors only experience losses in the stock market beyond the buffer levels (If stocks fall 20%, the 15% buffer ETF would experience a 5% loss).


Protection vs. Upside Opportunity

We analyze more than 90 buffered-ETFs with protection against 9, 10, 15, 30 and 35% stock market declines within the next 12 months. By having options-based insurance against stock market declines, buffered-ETFs participate in stock market advances either to an upside cap (anywhere from +7% to +22%), or uncapped with less than 100% participation in the upside (typically around 80%).

Portfolio Design Details

- * Review buffered-ETFs for upside/downside capture based on markets rising or falling between 0 and +/- 50%.
 - * Based on historical volatility and time remaining to option reset, provide more weight to the most likely outcomes, and determine the expected returns of each buffered-ETF given all market return possibilities.
 - * Annualize the volatility-weighted positive expected return of investing via buffered-ETFs.
- Based on current market levels, determine if each buffered-ETF is currently "stock-like" or "bond-like". If the upside is greater than 8% if the market rises 10%, we consider it "stock-like". If the ETF won't return at least 8% in a 10% up market, but will earn a positive return even in a flat stock market, we consider it "bond-like".
- * Invest 60% in up to four "stock-like" buffered-ETFs, and 40% in up to four "bond-like" buffered-ETFs.
 - * Re-evaluate all defined-outcome buffered-ETFs and re-balance the portfolio regularly (monthly or quarterly).

Asset Allocation

Holdings Diversification


Historical Returns:		3-mo.	1-Year	3-Year	Exp.	Risk #	Category
	SFM's Buffered ETF Rotation Strategy	4.0%	NA	NA	0.80%	53	Global Equity
VBIAX	Vanguard Balanced Index Adm	5.7%	12.5%	9.5%	0.07%	55	60/40 Balanced
BUMGX	CBOE Vest S&P 500® Buffer Strategy Inv	5.2%	8.8%	6.9%	1.24%	61	U.S. Large Cap
BUFF	Innovator Ldrd Fd of S&P500 PwrBfr ETFs	3.8%	-11.5%	2.6%	0.99%	79	U.S. Large Cap
SPY	SPDR® S&P 500 ETF Trust	9.0%	15.1%	12.2%	0.09%	79	U.S. Large Cap
How will a stock-like buffered-ETF perform?			-20%	-10%	Flat	+10%	+20% Category
10/1/2020	Innovator Nasdaq-100 Power Bfr ETF Jul	NJUL	-5.3%	-2.7%	7.3%	9.0%	9.0% Lg. Cap
What does a bond-like buffered-ETF look like?			-20%	-10%	Flat	+10%	+20% Category
10/1/2020	Innovator S&P 500 Power Bfr ETF Apr New	PAPR	-1.1%	4.6%	4.6%	4.6%	4.6% Lg. Cap