Index

A

AB Conservative Buffer ETF (BUFC), 82
accelerated buffer ETFs, 15, 57, 175, 185
  available funds, 179–180
  suitability of, 178–179
  working of, 176–178
accelerated strategies, 70
actively managed mutual funds, 13, 285
active vs passive investing, 117
advantages of buffer ETFs, 12–13, 39–40
aggressive growth portfolio, 103
aggressive investors, 39, 44, 128
AllianceBernstein, 76, 79, 82
Allianz Investment Management (AllianzIM), 76, 79, 90, 113, 183, 234–235, 287
  AllianzIM Buffer10 U.S. Equity ETFs, 242–243
  AllianzIM Buffer15 Uncapped Allocation ETF (SPBU), 189–190
  AllianzIM Floor5 U.S. Equity ETFs, 243
  AllianzIM International Equity Buffer15 Uncapped ETFs, 189
  AllianzIM Quarterly Buffer ETFs, 246
  AllianzIM U.S. Equity 6-Month Floor5 — Apr/Oct ETF (FLAO), 205, 243
  AllianzIM U.S. Equity 6-Month Floor5 — Jan/Jul ETF (FLJJ), 205, 234, 243
  AllianzIM U.S. Equity Buffer10 ETF, 234
  AllianzIM U.S. Equity Buffer15 Uncapped ETFs, 189
  AllianzIM U.S. Equity Buffer20 Jan ETF (JANW), 266–267
allocation splitting, 89
annuities, 12, 40, 45, 94
Aptus, 79, 82
ARLU, 183
Ashenden, Burke, 75–76, 278
assets under management (AUM), 68, 78
automatic resets, 162, 167, 185

B

balanced growth/protection, 89
balanced portfolios, 169, 223
barrier, downside protection feature, 88
barrier income ETFs, 16, 70. *See also* buffer and barrier income ETFs
bear markets, 41, 128–129, 186–187
  performance in, 138
    FT Vest U.S. Equity Buffer ETF — Dec (FDEC), 142–143
    FT Vest U.S. Equity Deep Buffer ETF — Dec ETF (DDEC), 143
    Innovator U.S. Equity Buffer — January (BJAN), 138–140
    Innovator U.S. Equity Power Buffer — January (PJAN), 140–141
    Innovator U.S. Equity Ultra Buffer — January (UJAN), 141–142
  territory, 41
  2022 bear market, 138, 153
  2023 bull market, 143

COPYRIGHTED MATERIAL

bear-to-bull markets, performance in, 148
FT Vest U.S. Equity Buffer ETF — Dec (FDEC), 151–152
FT Vest U.S. Equity Deep Buffer ETF — Dec ETF (DDEC), 152–153
Innovator U.S. Equity Buffer — January (BJAN), 148–149
Innovator U.S. Equity Power Buffer — January (PJAN), 149–150
Innovator U.S. Equity Ultra Buffer — January (UJAN), 150–151
benefits of buffer ETFs, 12–13, 39–40
beta of buffer ETF, 34
bid-ask spread, 74, 75, 116, 162
bitcoin, 54, 57, 207. *See also* protected bitcoin ETFs
and gold buffer ETFs, 212
Calamos Protected Bitcoin ETFs, 212–213
FT Vest Bitcoin Strategy Floor 15 ETFs, 213
FT Vest's Gold Buffer ETF, 214
Innovator Uncapped Bitcoin 20 Floor ETF (QBF), 213–214
investing in, 207
bitcoin floor and buffer ETFs, 209
portfolio uses, 210
why bitcoin is difficult to own, 208–209
protected bitcoin ETFs, 15
replacing allocation in, 210
Bitcoin 80 Series Structured Alt Protection ETFs, 93, 212
Bitcoin 90 Series Structured Alt Protection ETFs, 212
Bitcoin Floor ETFs, 103, 213
Bitcoin Structured Alt Protection ETFs, 68, 212
BJUL, 115
BlackRock, 29, 76, 79–81, 90, 113, 135, 136, 167, 172–173
blockchain, 207
BOCT, 114, 129–131
Bond, Bruce, 53–54, 85, 87, 117, 132, 233, 260, 275
bond component, 269
bondholders, 222
bonds vs buffer ETFs, 255. *See also* downside protection; 60/40 portfolios; 60/20/20 allocation; income generation
alternative 60/20/20 allocation, 2 61–262
portfolio improvement with buffer ETFs, 259–260
traditional 60/40 allocation, 255
limitations of downside protection, 257–258
limited upside potential of bonds, 257
tax inefficiency of bonds, 258–259
break-even points, 221
broker call rates, 231
buffer, downside protection feature, 88
buffer and barrier income ETFs, 215
available funds, 223–225
basics of, 216
break-even points, 221
income generation, 219–220
pros and cons, 220–221
comparison with bonds, 221
bond basics, 221–222
vs bonds, 222–223
growth and income generation, 225
buffer-decay rebalancing, 106
buffer depths and caps, layering across, 98

buffer design logic, 278–279
buffered strategies, 70, 260–262
buffer ETF, defined, 9–12
buffer income ETFs, 15, 57, 216–217, 219–221, 224
buffer income strategies, 70
buffer levels, 129, 217, 240–241, 249
buffer percentage, 57, 247
buffer purpose, 84
buffer resets, 71, 239
buffer step-up strategy ETFs, 14, 70, 157
  available funds, 162–164
  concept and operation, 157
    position improvement, 160–161
    working of, 158–160
  cons, 162
  pros, 161–162
bullish put spread, 194
bull market, performance in, 143
  FT Vest U.S. Equity Buffer ETF — Dec (FDEC), 146–147
  FT Vest U.S. Equity Deep Buffer ETF — Dec ETF (DDEC), 147–148
  Innovator U.S. Equity Buffer — January (BJAN), 144
  Innovator U.S. Equity Power Buffer — January (PJAN), 145
  Innovator U.S. Equity Ultra Buffer — January (UJAN), 145–146
buy-and-hold investors, 122, 185
buying and selling during intra-outcome period, 120
  declining markets, 121–122
  rising markets, 120
buying shares after reset date, 285–286
buy-sell decisions, 115

C

Calamos, 68, 76, 79, 81, 93, 209, 210
Calamos Laddered S&P 500 Structured Alt Protection ETF (CPSL), 172
Calamos Protected Bitcoin ETFs, 212–213
call option, 28–29, 182, 201, 230, 231
call-options pricing, interest rates and, 231–232
call writing, 201
cap-influencing factors, 248–249
capital appreciation, 205–206
capital gains distributions, reinvestment of, 212
capital gains realization, 240
capital gains taxes, 123, 126, 253
Capital Group, 186
capital preservation, 101, 104, 105
capped vs uncapped buffer ETF performance, 187–189
caps, 10, 106, 192
  vs buffers, 94–95
cap-timing risk, reduction of, 161
case studies of buffer ETFs in action, 137
  bear market, performance in, 138
    FT Vest U.S. Equity Buffer ETF — Dec (FDEC), 142–143
    FT Vest U.S. Equity Deep Buffer ETF — Dec ETF (DDEC), 143
    Innovator U.S. Equity Buffer — January (BJAN), 138–140
    Innovator U.S. Equity Power Buffer — January (PJAN), 140–141
    Innovator U.S. Equity Ultra Buffer — January (UJAN), 141–142
  bear-to-bull markets, performance in, 148
    FT Vest U.S. Equity Buffer ETF — Dec (FDEC), 151–152

case studies of buffer ETFs in action *(continued)*
FT Vest U.S. Equity Deep Buffer ETF — Dec ETF (DDEC), 152–153
Innovator U.S. Equity Buffer — January (BJAN), 148–149
Innovator U.S. Equity Power Buffer — January (PJAN), 149–150
Innovator U.S. Equity Ultra Buffer — January (UJAN), 150–151
bull market, performance in, 143
FT Vest U.S. Equity Buffer ETF — Dec (FDEC), 146–147
FT Vest U.S. Equity Deep Buffer ETF — Dec ETF (DDEC), 147–148
Innovator U.S. Equity Buffer — January (BJAN), 144
Innovator U.S. Equity Power Buffer — January (PJAN), 145
Innovator U.S. Equity Ultra Buffer — January (UJAN), 145–146
cash and back, buffer ETF to, 133–134
cash-flow rebalancing, 107
Cheat Sheet, 4
choosing buffer ETFs, 56–58
CME CF Bitcoin Reference Rate – NY Variant (BRRNY), 67–68
Collins, Matthew, 278
complexity of buffer ETFs, 287–288
compounded returns, 280
concentration risk, 63
conditional protection, 216
conservative investors, 45, 58, 127, 131
conservative portfolio, 104–105
ultra-conservative portfolio, 105
cons of buffer ETFs, 41
conventional buffer ETFs
comparison with, 196–197
preference for, 159
structure, 264
AllianzIM U.S. Equity Buffer20 Jan ETF (JANW), 266–267
FT Vest U.S. Equity Buffer ETF – December (FDEC), 264–265
Innovator U.S. Equity Power Buffer ETF – January (PJAN), 265–266
iShares Large Cap 10% Target Buffer Dec ETF (TEND), 267–268
conventional vs managed floor ETFs, 201–203
core holdings, 53–54, 72
core long-term holdings, 185
core portfolio allocation, 277
costs, increased, of buffer ETFs, 116
COVID-19 pandemic, 32, 57
credit risk, 40, 222
absence of, 206, 223, 286
crisis alpha, 202
crisis protection, gold providing, 211

D

Day, Graham, 279
debt securities, 263, 268
decision-making, 39, 276
declining markets, 112, 115, 121–122
intra-outcome sales in, 127–131
deep bear markets, 56, 92, 186
deep buffer ETFs, 57, 92–93, 233, 261
deep downside protection, 92–93
deeper drawdowns, 241
deep-in-the-money call options, 29, 182, 194, 264, 267–268
deep market declines, 201, 202, 238
deep market sell-offs, 202
deep quarterly protection, 173
defensive-minded investor, 45
defensive sleeves, 72

defined distribution rates, 225
defined maturities, bonds and, 222
defined outcome ETFs, 11
defined outcome investments, 1, 12, 32, 165, 263, 269, 283
defined outcomes, benefits of, 31–33
defined outcome space, growth of, 281
defined outcome structures, 263
  conventional buffer ETF structure, 264
    AllianzIM U.S. Equity Buffer20 Jan ETF (JANW), 266–267
    FT Vest U.S. Equity Buffer ETF — December (FDEC), 264–265
    Innovator U.S. Equity Power Buffer ETF – January (PJAN), 265–266
    iShares Large Cap 10% Target Buffer Dec ETF (TEND), 267–268
  structured notes, 268–269
    components of, 269
  structured notes vs buffer ETFs, 268
    choosing between, 271
    key differences, 269–270
definition of buffer ETF, 283
derivative component, 269
derivative investment, 268
digital currency, bitcoin as, 207
digital store of value, bitcoin as, 208
disadvantages of buffer ETFs, 41
distributed ledgers, 207
distribution dates, 225
distribution rates, 217–218, 221
diversification
  bonds and, 222
  gold providing, 211
diversified exposure, 21, 51
dividends, 74, 75
DJAN, 233
do-it-yourself strategies, 278
Dot-Com Bubble/Great Recession (2000–2008), 87
down-market scenario, 121–122
downside-before-buffer risk, 17, 19, 23, 25, 73, 111, 112, 123–126, 133, 160, 285–286
downside buffer, 10, 29–30, 186
downside protection, 38–44, 83, 182, 201, 203
  benefits of, 281
  buffer ETF providing, 12
  cost of, 43–44, 94–95
  guidelines for choosing, 84
    allocation splitting, 89
    barrier, 88
    buffer, 88
    buffer purpose, 84
    floor, 88
    loss tolerance, 85
    market environment, 86–87
    scenario analysis, 86
    sequence risk, 86
    time horizon, 85
  levels of, 72, 89
    deep protection, 92–93
    minimal protection, 90–91
    moderate protection, 91–92
    total protection, 93–94
  vs upside caps, 232–235
drawdowns, 64, 85
dual-directional buffer ETFs, 15, 57, 70, 191
  available funds, 197–198
  basics of, 192–193
  suitability of, 196–197
  working of, 194–196

E

emerging markets, investing in, 66
emotional investing, protection against, 50
end-of-outcome-period rebalancing, 106
equities, 201
  higher correlation to, 223
  replacing allocation in, 210
Equity Defined Protection ETF (TJUL), 93
Equity Dual Directional 5 Buffer ETF, 197
Equity Dual Directional 10 Buffer ETFs, 197
Equity Dual Directional 15 Buffer ETFs, 197
equity exposure, replacing, 204
ETF Finder, 16, 77
ETF launch, stub outcome period of, 135–136
"ETF of ETFs," 78, 80, 82
ETF screeners, 16
"ETFs with airbags," 27
ETF wrappers, 10, 248–250, 252
  benefits, 284–285
  tax efficiency of, 278
ex-date, 220
ex-dividend, 75, 252
expense ratios, 74, 93, 95, 167–168, 171–172, 249, 285
  vs total cost of ownership (TCO), 73–76
extremely risk-averse investors, 87, 172

F

FAQs about buffer ETFs, 283
  buying shares after reset date, 285–286
  complexity concerns, 287–288
  definition of buffer ETF, 283
  ETF-wrapper benefits, 284–285
  expensive ratios, 285
  intra-outcome losses, 286–287
  investment guarantees, 286
  maturity and resets, 286
  uncapped performance, 287
  working of buffer ETFs, 284
fat-tailed downside risk, 208
Federal Funds rate, 231
financial profile, 37
  financial goals and timelines, 38
  liquidity needs, 38
  tax advantages, 39
financial situation and temperament, 44–45
finding and researching buffer ETFs, 16–19, 59–61
  issuers, 76
    AllianceBernstein, 82
    Allianz Investment Management (AllianzIM), 79
    Aptus, 82
    BlackRock, 80–81
    Calamos, 81
    First Trust (FT) Vest, 78
    Innovator, 77
    Pacer, 81–82
    PGIM, 80
    TrueShares, 82
  outcome parameters, choosing, 62
    downside protection levels, 72
    expense ratios vs total cost of ownership (TCO), 73–76
    outcome period, settling on, 71–72
    reference asset, choosing, 62–69
    series/purchase month, choosing, 73
    strategy/type, deciding on, 69–71
First Trust (FT) Vest, 76, 78, 113, 115, 167, 168, 171–172, 198, 213, 224, 233
fixed-income, replacing allocation in, 210

fixed maturity dates, 268
FJAN, 233
FLexible EXchange (FLEX) options, 28
Flex strategies, 81
floor, downside protection feature, 88
floor ETFs, 57, 88, 199, 234, 284. *See also* downside protection
  available funds, 205–206
  basics of, 200
  conventional vs managed, 201–203
  portfolio uses, 204
  pros and cons, 203
  working of, 201
floor products, 15, 81, 200
floor strategies, 70, 81
401(k)s, 39, 40
frequent resets, 71, 98, 239
fresh buffers, 14, 71, 116, 126, 131, 168
fresh protection, 116, 126
FT Vest Bitcoin Strategy Floor 15 ETFs, 213
FT Vest Gold Strategy Quarterly Buffer ETF (BGLD), 69, 211–212, 214
FT Vest Laddered Buffer ETF (BUFR), 78, 171
FT Vest Laddered Deep Buffer ETF (BUFD), 78, 171
FT Vest Laddered Moderate Buffer ETF (BUFZ), 171
FT Vest Laddered Nasdaq Buffer ETF (BUFQ), 172
FT Vest Quarterly Buffer ETFs, 245
FT Vest U.S. Equity Buffer & Premium Income ETF, 224
FT Vest U.S. Equity Buffer & Premium Income ETF – December (XIDE), 224
FT Vest U.S. Equity Buffer ETF — Dec (FDEC), 264–265
  bear market, performance in, 142–143
  bear-to-bull markets, performance in, 151–152
  bull market, performance in, 146–147
FT Vest U.S. Equity Deep Buffer ETF — Dec ETF (DDEC)
  bear market, performance in, 143
  bear-to-bull markets, performance in, 152–153
  bull market, performance in, 147–148
FT Vest U.S. Equity Enhance and Moderate Buffer ETF, 180
FT Vest's Gold Buffer ETF, 214
FT Vest's Laddered Buffered ETFs, 99
funding rates, 279
"fund of funds," 78, 165
fund return, 25, 112
fund's total return, 217–218, 225

G

gains, locking in, 120, 132
gain zones, 193
GJAN (FT Vest U.S. Equity Moderate Buffer ETF – January), 233
Global Financial Crisis (2008), 256
gold, replacing a portion of allocation in, 210
gold and bitcoin buffer ETFs, 212
  Calamos Protected Bitcoin ETFs, 212–213
  FT Vest Bitcoin Strategy Floor 15 ETFs, 213
  FT Vest's Gold Buffer ETF, 214
  Innovator Uncapped Bitcoin 20 Floor ETF (QBF), 213–214
gold bullion, 68–69
gold investing with buffer ETF, 211–212
Goldman Sachs, acquisition of Innovator by, 77
gold strategy buffer ETFs, 15

Grahn, Johan, 22, 31, 33, 91, 203–204, 234, 276
Great Depression (1929–1939), 87, 186, 199
Great Inflation (1970s), 87
Growth-100 Dual Directional 5 Buffer ETF, 197
Growth Accelerated ETF (XDQQ), 180
Growth Accelerated Plus, 180
growth and income generation, 225
growth portfolio, 102
  aggressive, 103
  moderate, 101–102

H

hedge against inflation and currency risk, gold as, 211
hedge against monetary instability, bitcoin as, 208
higher caps
  buffer ETF with, 106
  rotating into, 121, 127
higher expense ratios, 223
higher income potential, 223
higher volatility, shorter periods and, 241

I

income generation, 225
  buffer and barrier income ETFs, 219–220
individual retirement accounts (IRAs), 39, 40, 261
industry insights on buffer ETFs, 275
  buffer design logic, 278–279
  core portfolio allocation, 277
  decision-making in volatile markets, 276
  do-it-yourself strategies, 278
  downside protection, benefits of, 281
  investor expectations, 277
  risk tolerance and market cycle, 275–276
  three-option structures, 280
  underlying ETF structures, 279
  upside participation, importance of, 280
  inflation outpacing, 101, 102
  soaring, 138
inflation risk, 222
Innovator, 76, 77, 113–115, 166, 168–170, 197–198, 213, 223–225, 231, 234
Innovator 20+ Year Treasury Bond 5 Floor ETF (TFJL), 205
Innovator Buffer Step-Up Strategy ETF (BSTP), 159, 162–164
Innovator Equity Defined Protection ETFs, 242
Innovator Equity Dual Directional 10 Buffer — February (DDTF), 197
Innovator Equity Dual Directional 15 Buffer — February (DDFF), 197
Innovator Equity Managed Floor ETF (SFLR), 202, 205
Innovator International Developed Managed Floor ETF (IFLR), 206
Innovator Laddered Allocation 9% Buffer ETF (BUFB), 170–171
Innovator Laddered Allocation 15% Power Buffer ETF (BUFF), 168–169
Innovator Nasdaq-100 Managed Floor ETF (QFLR), 206
Innovator Power Buffer Step-Up Strategy ETF (PSTP), 162–164
Innovator Premium Income 15 Buffer ETF, 223–224
Innovator Premium Income 20 Barrier ETF, 224
Innovator Premium Income 30 Barrier ETF, 225
Innovator Quarterly ETFs, 245
Innovator's U.S. Equity Accelerated 9 Buffer ETF (XBJA), 177

Innovator U.S. Equity Buffer ETF, 113, 170, 234
Innovator U.S. Equity Buffer — January (BJAN), 114
bear market, performance in, 138–140
bear-to-bull markets, performance in, 148–149
bull market, performance in, 144
Innovator U.S. Equity Power Buffer — January (PJAN), 265–266
bear market, performance in, 140–141
bear-to-bull markets, performance in, 149–150
bull market, performance in, 145
Innovator U.S. Equity Buffer – February (BFEB), 197
Innovator U.S. Equity Power Buffer — February (PFEB), 197
Innovator U.S. Equity Power Buffer — March Series (PMAR), 250–252
Innovator U.S. Equity Ultra Buffer — January (UJAN)
bear market, performance in, 141–142
bear-to-bull markets, performance in, 150–151
bull market, performance in, 145–146
Innovator U.S. Small Cap Managed Floor ETF (RFLR), 206
Innovator Uncapped Bitcoin 20 Floor ETF (QBF), 190, 213–214
Innovator's ETFs, 16, 17
Innovator's U.S. Equity Accelerated 9 ETF, 179
institutional options-based strategies, 206
interest-rate risk, 222
interest rates, 57, 183, 230, 249
and call-options pricing, 231–232
rising, 231, 257
international developed equities, 206
international equities (EFA), 66, 206
intra-outcome losses, 286–287
intra-outcome parameters, 111, 123, 124, 127–129, 132
defining, 112–114
potential outcomes, 114–115
using effectively, 116–117
intra-outcome periods, 14, 17, 19, 25–26, 112, 238, 241, 277
buying and selling during, 120
down-market scenario, 121–122
up-market scenario, 120
declining market, intra-outcome sales in, 127–131
locking in profits during, 132
buffer ETF to cash and back, 133–134
late-period step-up strategy, 134–135
losses during, 286–287
rising market, intra-outcome sales in, 122–126
stub outcome period of ETF launch, 135–136
inverse caps, 192, 197–198
Invesco QQQ Trust (QQQ), 10, 29, 57, 62, 64–65, 86, 103, 112, 168, 177, 198, 249
Invesco S&P 500 Equal Weight ETF (RSP), 63–64
investing in buffer ETF, 16
finding and researching buffer ETFs, 16–19
investment strategies, 20
laddered strategy, 20–21
opportunistic strategy, 21
static strategy, 20
orders, placing, 19–20
portfolio building, 21–23

investment approaches for buffer ETFs, 49
choosing buffer ETFs, 56–58
common strategies, 49
laddered strategy, 51
opportunistic strategy, 52
static strategy, 50–51
market environment, adjusting for, 54–56
portfolio allocation, 53
investment guarantees, 286
investment strategies, 20
laddered strategy, 20–21
opportunistic strategy, 21
static strategy, 20
investment time horizons, 85, 238
investors
aggressive, 39, 44, 128
buy-and-hold, 122, 185
conservative, 45, 58, 127, 131
defensive-minded, 45
expectations, 277
extremely risk-averse, 87, 172
moderate risk, 45, 58, 130, 131, 179, 241–242
passive, 123, 127
retail, 159
retired/nearing retirement, 45
risk-averse, 40, 104, 105, 147, 186, 199, 204
iShares 20+ Year Treasury Bond ETF (TLT), 67, 205
iShares Bitcoin Trust (IBIT), 68
iShares Core S&P 500 ETF (IVV), 29, 80, 172, 173, 267
iShares Large Cap 10% Target Buffer — December (TEND), 135–136, 267–268
iShares Large Cap 10% Target Buffer — June (TENJ), 135–136
iShares Large Cap 10% Target Buffer — March (TENM), 135–136
iShares Large Cap 10% Target Buffer — September (STEN), 135–136
iShares Large Cap Deep Quarterly Laddered ETF (IVVB), 173
iShares Large Cap Max Buffer — June (MAXJ), 93
iShares Large Cap Moderate Quarterly Laddered ETF (IVVM), 172–173
iShares MSCI EAFE ETF (EFA), 66, 82, 189
iShares MSCI Emerging Markets ETF (EEM), 66–67
iShares Quarterly Laddered Buffer ETFs, 246
iShares Russell 2000 ETF (IWM), 10, 12, 65, 86
issuers, 76
AllianceBernstein, 82
Allianz Investment Management (AllianzIM), 79
Aptus, 82
BlackRock, 80–81
Calamos, 81
First Trust (FT) Vest, 78
Innovator, 77
Pacer, 81–82
PGIM, 80
TrueShares, 82

K

Kaufman, Matt, 281

L

Laddered Bitcoin 90 Series Structured Alt Protection ETF (CBXL), 213
Laddered Bitcoin Structured Alt Protection ETF (CBOL), 213

laddered buffer ETFs, 15, 78, 80, 82, 159, 165. *See also* diversification; outcome periods
available funds, 168
Calamos Laddered S&P 500 Structured Alt Protection ETF (CPSL), 172
FT Vest Laddered Buffer ETFs, 171–172
Innovator Laddered Allocation 15% Power Buffer ETF (BUFF), 168–169
Innovator Laddered Allocation 9% Buffer ETF (BUFB), 170–171
iShares Large Cap Deep Quarterly Laddered ETF (IVVB), 173
iShares Large Cap Moderate Quarterly Laddered ETF (IVVM), 172–173
PGIM Laddered Buffer ETFs, 172
cons, 167–168
pros, 166–167
working of, 166
laddered portfolio, 23, 166
laddered strategy, 20–21, 51, 70, 98
large-cap U.S. equities, 172, 173, 205
late-period step-up strategy, 134–135
limitations buffer ETFs, 13–14
limited upside potential, 14, 172, 173
liquidity
buffer ETF providing, 13
defined, 38
ETF wrappers and, 284
needs, 38
networks, 278
locking in gains, 120, 160
locking in profits during intra-outcome period, 132
buffer ETF to cash and back, 133–134
late-period step-up strategy, 134–135
lock-up periods, 40
longer outcome periods, smoother ride and, 238
long puts, 29, 250
long-term capital gains taxes, 39, 107, 123, 125, 126, 258, 259
long-term wealth creation, 260
loss and missed opportunities, tolerance for, 85
loss-dampening profiles, 202
Loukas, Mike, 280
low-return markets, 15, 177, 185, 187

M

major sell-off, 32
managed buffer ETFs, 159
managed vs conventional floor ETFs, 201–203
management fees, 12, 74
margin interest, 231
market corrections, 32, 40, 178
market crashes, 45, 94, 98, 107
market environment
adjusting for, 54–56
factor in, 86–87
responding to changes in, 55–56
market expectations, 34
negative reference asset return, 34
positive reference asset return, 34–35
market-linked CDs, 94
market makers, 248–249, 278
market-making partners, 280
market timing risk, 32, 52, 167
market valuations, 45
market volatility, 57, 84, 122, 138, 249
Mathews, Wes, 95, 277
maturity and resets, 286

meaningful downside protection, 87
midperiod selling, 168
minimal downside protection, 90–91
minimal protection, 80
moderate buffer ETFs, 233, 235
moderate downside protection, 91–92
moderate growth portfolio, 101–102
moderate risk investors, 45, 58, 130, 131, 179, 241–242
monthly evaluation frequency, 162
Morningstar, 42, 64–66, 78, 171, 187
MSCI EAFE index, 57
MSCI EM Index, 57
multiple-fund investing, 97

N

Nasdaq-100, 64, 93, 98, 106–107, 206
negative reference asset return, 34
nest egg protection, 40, 45
net asset value (NAV), 73, 216, 221, 249
new caps, 71, 168

O

1:1 exposure, 29, 249–250
one-to-one inverse returns, 195
one-to-one upside returns, 195
opportunistic approaches, 168
opportunistic strategy, 21, 52
opportunity cost, 43–44, 74, 83
option, defined, 28
option premiums, 219, 230
option pricing, volatility affecting, 230
Options Clearing Corporation (OCC), 270, 286
options contracts, 194, 248, 250, 264
options portfolios, 158–159
options trading, benefits of, 28–30
orders, placing, 19–20
ordinary income tax rates, 258, 259
outcome parameters, choosing, 62
  downside protection levels, 72
  expense ratios vs total cost of ownership (TCO), 73–76
  outcome period, settling on, 71–72
  reference asset, choosing, 62
    CME CF Bitcoin Reference Rate – NY Variant (BRRNY), 67–68
    Invesco QQQ Trust (QQQ), 64–65
    Invesco S&P 500 Equal Weight ETF (RSP), 63–64
    iShares 20+ Year Treasury Bond ETF (TLT), 67
    iShares MSCI EAFE ETF (EFA), 66
    iShares MSCI Emerging Markets ETF (EEM), 66–67
    iShares Russell 2000 ETF (IWM), 65
    SPDR Gold Shares ETF (GLD), 68–69
    SPDR S&P 500 ETF Trust (SPY), 62–63
  series/purchase month, choosing, 73
  strategy/type, deciding on, 69–71
outcome periods, 10, 57, 95, 192, 216–217, 225, 237, 247, 286. *See also* downside-before-buffer risk; intra-outcome periods; remaining cap; remaining buffer; reset dates
  diversification, 172
  importance of, 238
  settling on, 71–72
  6-month vs 12-month outcome periods, 239
    available 6-month ETFs, 242–243

benefits, 239–240
drawbacks, 240–241
investment objectives and temperament, 242
staggering across, 98–99
3-month buffer ETF, 243
advantages, 243
available 3-month ETFs, 245–246
disadvantages, 244
suitability of, 244

P

Pacer, 79, 81–82
Pacer Swan Structured Outcome Series (SOS) ETFs, 81
Parametric Portfolio Associates, LLC, 206
partial downside protection, 223
passive investors, 123, 127
passive vs active investing, 117
PAUG, 114
payment date, 220
Personal Outcome Analyzer, 77
PGIM (Prudential Global Investment Management), 76, 79, 172
PGIM Laddered Buffer ETFs, 172
PGIM Laddered Nasdaq Buffer12 ETF (PBQQ), 172
PGIM Laddered S&P 500 Buffer12 ETF (BUFP), 172
Piper Sandler research, 257
PJUL, 114, 133
POCT, 125–126, 232
portfolio allocation, 53, 104, 105
portfolio building with buffer ETF, 21–23, 97
adjusting allocations, 106–107
allocation layer strategies, 98–99
sample portfolios, 99
aggressive growth portfolio, 103
conservative portfolio, 104–105
growth portfolio, 102
moderate growth portfolio, 101–102
ultra-conservative portfolio, 105
portfolio diversifier, bitcoin as, 208
portfolio improvement with buffer ETFs, 259–260
portfolio management, outsourcing of, 76, 79
portfolio protection, 44
positive reference asset return, 34–35
Potential Outcome Analyzer, 77, 198
potential outcomes, 114–116, 124, 125
precious metals, 54, 69
predictability, 20, 51, 167
reduced, 167
static strategy and, 50
predictable income, bonds and, 222
pre-retirees, 204, 255
Previous Outcome Period Tool, 138–139
price-to-earnings (P/E) ratio, 44
product tables, 16, 17, 59, 81, 82, 113, 115
pros of buffer ETFs, 39–40
protected bitcoin ETFs, 15, 93
protective puts, 204, 229–230, 252
PSEP, 114, 134
put option, 28, 229–230, 251–252, 264, 284
put protection, 201
put spread, 29, 182, 194

Q

QTAP, 177, 178
quarterly buffer ETFs, 71, 244–246
quarterly protection, 173

R

rebalance frequency, 61
record date, 220
recovering markets, 55
reference asset, 10, 56–57, 111, 114–116, 181–185, 187, 189, 215–221, 223–225, 230, 234, 238, 239, 248–249, 264–265, 283, 286. *See also* Invesco QQQ Trust (QQQ); iShares Russell 2000 ETF (IWM); SPDR S&P 500 ETF Trust (SPY)
  choosing, 62
    CME CF Bitcoin Reference Rate – NY Variant (BRRNY), 67–68
    Invesco QQQ Trust (QQQ), 64–65
    Invesco S&P 500 Equal Weight ETF (RSP), 63–64
    iShares 20+ Year Treasury Bond ETF (TLT), 67
    iShares MSCI EAFE ETF (EFA), 66
    iShares MSCI Emerging Markets ETF (EEM), 66–67
    iShares Russell 2000 ETF (IWM), 65
    SPDR Gold Shares ETF (GLD), 68–69
    SPDR S&P 500 ETF Trust (SPY), 62–63
  closer tracking to, 239
  effect on caps, 95
  layering across, 98
  participation, 29
  rebalancing, 106–107
  rebounds in, 121–133
  tracking, 166–168, 170, 172, 173, 176–179, 202
  volatility of, 86–87
reference asset return, 25, 112
  to cap, 25, 112, 123
  negative, 34
  positive, 34–35
remaining buffer, 14, 17, 111, 112, 123, 127, 285–286
remaining cap, 25, 111, 112, 126
remaining outcome period, 25, 112
Remember icon, 2
researching buffer ETFs. *See also* finding and researching buffer ETFs
reset dates, 23, 40, 112, 114, 122–127, 129, 131, 133, 134, 158
  buying shares after, 285–286
  staggered, 166
resets, maturity and, 286
resets on buffer ETFs, 247
  cap-influencing factors, 248–249
  practical implications, 252–253
  reset dates, 248
  reset-day transactions, 249
    Layer 1, 250–251
    Layer 2, 251–252
    Layer 3, 252
retail investors, 159
retired/nearing retirement investor, 45
retirees, 204, 255, 256
return difference, 25, 112
return dispersions, 160–161
return of principal, bonds and, 223
rising markets, 120, 132, 239, 240
  intra-outcome sales in, 122–126
risk-adjusted returns, gold and, 211
risk-averse investors, 12, 15, 40, 57, 104, 105, 147, 186, 199, 204, 279
risk-managed exposure, 162
risk-managed growth, 58
"risk-off" assets, 33, 276
risk reduction with buffer ETFs, 14
risk-return profiles, 111, 232

risk-reward profile, 114
risk tolerance, 43
  and market cycle, 275–276
roll dates, 247
rolling one-year periods, 42–43
roll risk, 100
rotating buffer ETFs, 120
Roth IRAs, 106, 123, 128
rules-based performance, buffer ETF featuring, 13

S

S&P 500, 24, 41, 42, 82, 87, 90, 92, 93, 128, 143, 168–169, 184, 186, 188, 256
satellite positions, 72
scenario analysis, 86
sequence-of-returns risk, 86, 204
sequence risk, account for, 86
series/purchase month, choosing, 73
"set-it-and-forget-it" investment, 286
shallower buffers, higher income from, 224
shorter outcome periods, 71, 238, 239
short puts, 29, 250
short-term capital gains taxes, 39, 123, 125, 126, 253
short-term investment objectives, 136, 242
short-term volatility, buffer ETF reducing, 12
sideways markets, 56
single-digit percentage gain, 177, 179
single downside exposure, 176
single-fund investing, 97
single-ticker solution, 161, 166
60/40 equities/bonds allocation, 255
  limitations of downside protection, 257–258
  limited upside potential of bonds, 257
  tax inefficiency of bonds, 258–259
60/40 portfolios, 2, 40, 54, 256, 258, 259, 261–262, 281
60/20/20 allocation, 261–262
slightly negative scenarios, gold ETFs in, 211
small-cap investing, 54
small-cap stocks, 65
soaring inflation, 138
Sood, Karan, 46, 54, 100, 122, 277
SPDR Gold Shares ETF (GLD), 68–69
SPDR Gold Trust (GLD), 211, 214
SPDR S&P 500 ETF Trust (SPY), 10, 34, 50, 58, 62–63, 86, 93, 94, 114, 121, 123, 148, 162, 168, 171–172, 175, 179–180, 182, 189, 192, 197, 198, 205, 215, 216, 224, 230, 242–243, 249, 264–266, 283
speculative asset, bitcoin as, 208
spot bitcoin ETFs, 68
spreads, 14, 130, 182–183, 187
  bid-ask spread, 74–76
  uncapped strategies and, 71
staggered maturities, 172–173
starting buffers, 21, 114, 146, 147, 197–198, 247, 249, 285
starting caps, 94, 112, 136, 235, 247, 253
static strategy, 20, 50–51
step-down strategy, 52, 121, 157–159, 161–162
step-up strategy, 52, 57, 120, 134, 157–162
strategy/type, deciding on, 69–71
strike prices, 28–29, 194, 201, 248, 250, 264–265
strong bull markets, 14, 55, 63
Structured Alt Protection ETFs, 81

structured notes, 94, 268–269
vs buffer ETFs, 268, 270
choosing between, 271
key differences, 269–270
components of, 269
Structured Outcome ETFs. *See* TrueShares
stub outcome period of ETF launch, 135–136
stub period, 135–136
surrender charges, 40
synthetic investment, 29
Systemically Important Financial Market Utility (SIFMU), 286

T

tactical positions, 72
tail-risk protection, 88, 204
Target Buffer Strategy Caps tool, 234
target outcome ETFs, 11
taxable events, 117, 248, 278
tax advantages, 39
tax-deferred accounts, 106, 117, 123, 125, 126, 128, 131, 134, 212, 253, 261
tax efficiency, 240
buffer ETF facilitating, 13
ETF wrappers and, 285
reduced, 52, 117
rotation, 161, 167
tax implications, rebalancing and, 106
tax-loss harvesting, 56, 201
Technical Stuff icon, 3
30 percent buffer ETFs, 259–260, 262
3-month buffer ETF, 243
advantages, 243
available 3-month ETFs, 245–246
disadvantages, 244
suitability of, 244
three-option structures, 268, 280
three-tier protection, 89
time horizon, assessing, 85
timing entries and exits, 111
timing risk, reduction of, 98, 213
Tip icon, 3
total cost of ownership (TCO), 162
total downside protection, 93–94
total protection ETFs, 57
traditional 60/40 equities/bonds allocation, 255
limitations of downside protection, 257–258
limited upside potential of bonds, 257
tax inefficiency of bonds, 258–259
traditional equity exposure, 201, 204
traditional ETFs, 16, 74, 98, 179, 223, 285
transparency
buffer ETF featuring, 13
ETF wrappers and, 284–285
issuers and, 77
reduced, 167
Treasury bills, 105, 123, 126, 133, 219
Treasury yields, 231–232
TrueShares, 79, 82, 287
TrueShares Structured Outcome ETFs, 190, 280
20+ year Treasuries (TLT), 67, 98
two-tier protection, 89

U

U.S. Aggregate Bond ETF, 168–169
U.S. Aggregate Bond Index, 256
U.S. Equity Accelerated (XDSQ), 180
U.S. Equity Accelerated 9 ETF, 179

U.S. Equity Accelerated Plus, 177, 180
U.S. Equity Dual Directional Buffer ETFs, 198
U.S. Investment Grade Bonds, 259
U.S. Large Cap Equity ETF, 121, 217
U.S. Treasury bills, 219, 231–232
ultra-conservative portfolio, 105
unbuffered accelerated ETF, 177
uncapped buffer ETFs, 15, 41, 57, 130, 181, 223, 280, 284. *See also* accelerated buffer ETFs; dual-directional buffer ETFs; upside participation
  available funds, 189–190
  performance in practice, 183–185
  suitability of, 185
    capped vs uncapped performance, 187–189
    investor temperament, 186
    market conditions, 186–187
    pros and cons, 185
    spread considerations, 187
  working of, 182–183
uncapped strategies, 71
underlying ETFs, buffers provided by, 167–168, 170–172
unhedged stock portfolios, 91, 92
unlimited upside participation, 185
unrealized gains, 50, 116, 124, 126, 133, 160
up-market scenario, 120
upside caps, 30, 56, 57, 90, 95, 114, 116, 196, 197, 205, 229, 264–267, 269
  downside protection vs, 232–235
  factors influencing, 229
    interest rates and call-options pricing, 231–232
  volatility affecting option pricing, 230
upside participation, 39, 43, 73, 94, 98, 177, 202, 206, 268, 280
upside potential of buffer ETFs, 13, 14, 91

V

variations of buffer ETFs, 14–16
very negative scenarios, gold ETFs in, 211
volatile markets, decision-making in, 276
volatility, 115, 183, 230
  affecting option pricing, 230
  of buffer ETF, 34
  dampers, 72
  reduction, 51
    bitcoin strategies and, 211
    gold providing, 211

W

Warning icon, 3
winning by losing less, 41–43
working of buffer ETFs, 27, 284
  defined outcomes, benefits of, 31–33
  market expectations, 34
    negative reference asset return, 34
    positive reference asset return, 34–35
  options trading, benefits of, 28–30

Z

Zamkovsky, Igor, 280
zero-coupon bonds, 269