APTUS CAPITAL ADVISORS

Aptus Buffered ETF Series | Mitigate & Participate, Made Simple

Overview

Aptus Capital Advisors launched its *Buffered ETF Series* to provide a simple, low-cost way to stay invested in equities while managing drawdowns. Each fund targets a 15% buffer on S&P 500 drawdowns with a defined upside cap, refreshed quarterly (January, April, July, October).

With more than $11 billion in assets and deep in-house options expertise, Aptus designed these funds to complement its active option-overlay lineup (ACIO, DRSK, DEFR, and others) while broadening access to structured outcome strategies.

Aptus's buffered series reflects the firm's *Mitigate & Participate* philosophy:

> *Use options intelligently to defend against losses, participate meaningfully in growth, and compound wealth more efficiently at a low cost.*

Structure and Rationale

- Buy an at-the-money put, sell a 15% out-of-the-money put (the buffer), and sell calls to finance the cost, defining the upside cap.
- The 15% buffer covers most 12-month market pullbacks (about 95% of periods since 1950) while preserving attractive upside potential.
- Four staggered outcome periods help reduce path dependency and give flexibility for new allocations throughout the year.

Why Buffereds, and Why Now?

Investor demand for downside hedging has accelerated, with more than $100 billion now allocated to buffered strategies. Aptus believes most of these products are priced too high. The Aptus Buffered ETFs are priced at 25 bps, roughly one-third the industry average, creating a meaningful advantage through lower drag and higher compounding potential.

Investment Thesis

Aptus views bonds as *certificates of confiscation* in today's debt-heavy, inflationary environment. The traditional 60/40 portfolio worked when rates fell from 17% to 0%, but thinks that framework is less effective now. Aptus helps advisors own more equities and fewer bonds, using options to manage risk, preserve purchasing power, and enhance after-tax efficiency.

- **Drawdown Risk:** A put spread hedges the first 15% of market declines.
- **Longevity Risk:** Equities can better defend long-term purchasing power than fixed income.

- **Tax Efficiency:** Deferring taxable events where possible can improve compounding and reduce effective tax rates.
- **Goal:** Deliver higher CAGRs (compounded annual growth rates) through efficient tail-risk management.

Where It Fits

Buffered ETFs are not full portfolio solutions. They are complementary components that can replace portions of bond exposure, or smooth equity allocations. Their clarity and defined outcomes make them useful tools for helping advisors align clients with a long-term plan.

For more dynamic risk management and cap adjustments, Aptus continues to emphasize ACIO and other actively managed overlays. The buffered ETFs serve investors who prefer transparent, rules-based mitigation at a fraction of existing costs.