Examining Buffered Investments

Buffered investments are structured to allow investors to participate in market growth (sometimes capped), with a buffer. It is vital investors fully understand the benefits and complexities of each individual investment and the associated risks prior to investing.

	Buffer Annuity	Buffered ETF	Buffered Note
DEFINITION	Annuity that combines the traits of both traditional variable and fixed indexed annuities, investing investor premiums in structured products or options contracts. It offers upside growth potential that is tied to the performance of an underlying asset, such as an options contract, with some amount of downside protection.	A Buffered ETF is an exchange traded fund ("ETF") that seeks to provide upside participation in the positive performance of an underlying asset, such as an equity index, while also providing some amount of downside protection. Upside participation is generally capped. Generally, the Buffered ETF holds an actively managed basket of FLexible EXchange® Options (or FLEX Options) with varying strike prices and the same expiration, to achieve its objective.	A structured investment which offers upside participation, sometimes enhanced, and sometimes capped, in the performance of an underlying asset, such as an index, with some amount of downside protection.
RELATED PRODUCT NAMES[1]	• Variable Indexed Annuity • Hybrid or Structured Annuity • Index-Linked Variable Annuity (ILVA) • Structured Product-Based Variable Annuity (spVA)	• Buffered ETF • Defined Outcome ETF	• Buffered Growth Note • Buffered Return Enhanced Note (BREN) • Buffered Digital Note • Buffered Dual Directional Note • Accelerated Market Participation (AMP) Note
PRODUCT TYPE	Insurance contract with an investment component issued by insurance companies and sold through financial professionals.	An ETF is a SEC registered vehicle governed under the Investment Company Act of 1940 ("the 40 Act").	Unsecured debt obligation generally issued by a corporation or bank and sold through financial professionals.
TERM	Annuities are considered long-term investments; however, index-linked option strategies are generally offered for a specific duration, typically 1 to 6 years but can be longer.	Most ETFs do not mature. Generally, Buffered ETFs will "reset" the options they hold at the conclusion of their respective outcome periods (e.g. 12-month periods) but ETF shares may be held indefinitely.	Maturities typically ranging from 1 to 5 years but can be longer.
PARTICIPATION RATE	1-for-1 participation as well as opportunities for leverage upside returns. Upside participation may be capped around 8-9%, but caps can be higher. Cap rates will vary by contract and current market volatility and can be lower.	Typically designed for 1-for-1 participation with capped upside participation.	1-for-1 participation as well as opportunities for leveraged upside returns and other various payout profiles. Returns may also have caps that limit potential performance growth at maturity.

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PRINCIPAL PROTECTION	Partial. Investors are subject to losses beyond the downside buffer protection amount. This partial principal protection assumes the investor remains in the index-linked option strategy (within the annuity) during the specific duration period.	The stated buffered amount is typically designed to be a percentage of the net asset value at the beginning of the "outcome period". Fees and expenses are paid out of the net asset value and principal protection is not guaranteed. ETFs are generally objective based, meaning they "seek" to provide growth potential and limit loss. There is no guarantee like that of the claims-paying ability of an insurance company or reliance on the creditworthiness of the issuing bank or corporation.	Partial principal protection when held to maturity. Investors are subject to losses beyond the downside buffer protection amount.
PERIODIC PAYMENTS	Vary. There are a variety of payout options available, including systematic withdrawals and annuitization.	None/minimal, provided that a Buffered ETF is required to make certain distributions of its net taxable income each year.	None. Typically, does not pay interest or dividends during the term of the note. Any returns are payable at maturity based on the performance of the underlying referenced asset.
RATE OF RETURN	Dependent on the performance of the underlying asset (or subaccounts) selected by the annuity holder or the index options chosen along with the annuity's terms and limits.	Dependent on the terms of the FLEX Options held by the trust and the performance of the underlying reference asset.	Dependent on the performance of the underlying reference asset and the note's terms.
CHARGES/ FEES	May have a number of fees, including, but not limited to: investment management fees, mortality and expense charges, charges for optional guarantee features, administrative, advisory or annual fees, and/or surrender or sales charges. Investors should consider all hidden costs associated with the individual annuity product terms, including caps, limits, and downside exposure, among others.	Any fees are disclosed in the prospectus. Investors will typically pay broker commissions in connection with purchasing and selling shares on the stock exchange.	Any fees are generally disclosed in the prospectus and usually only apply at the purchase date. Sales concessions are paid to brokerage accounts and may range from 0.25% to 3.00% depending on the tenure and investor account structure.
LIQUIDITY	Not liquid; penalties and/or taxes generally applied if sold prior to annuity's term.	Retail investors can generally sell ETF shares during each trading day on the applicable securities exchange at the market value of shares, which may be higher or lower than an ETF's daily Net Asset Value ("NAV") per share.	Typically, the issuer maintains a secondary market; however, there is no obligation to do so. As such, there may be little to no secondary market available.[2]
CREDIT RISK	Annuity payments are guaranteed subject to the claims paying ability of the insurance company. Investors should consider the creditworthiness of the insurance company.	Buffered ETFs generally hold options listed on the Chicago Board Options Exchange (the "CBOE"). The Options Clearing Corporation ("OCC") is guarantor and central counterparty with respect to these options. As a result, the ability of the fund to meet its objective depends on the OCC being able to meet its obligations.	Payments are subject to the creditworthiness of the issuer.

	Buffer Annuity	Buffered ETF	Buffered Note
TAX-DEFERRED ACCUMULATION[3]	Yes, generally allow for tax-deferred savings; however, early withdrawals may be subject to ordinary income tax as well as federal income tax penalties.	Generally taxed at liquidation; Buffered ETFs are usually organized as a Regulated Investment Company ("RIC") for tax purposes. Since a typical Buffered ETF uses exchange traded index options, the ETF is subject to "mark to market" requirements as to the options. This means that the Buffered ETF will be treated as if it had sold the options it holds at the end of each tax year (typically end of October) with 60% long-term capital/40% short term capital treatment. In addition, a Buffered ETF may recognize additional actual gains and losses in connection with options transactions at the end of each "outcome period" and in connection with Creation Unit redemption or creation transactions. As a RIC for tax purposes, a Buffered ETF is required to make certain distributions of gains. Such dividends may be capital gains dividends to the extent of the Buffered ETF's long-term capital gains.	No. Gains and/or losses are generally treated as long-term capital gains or losses if held longer than one year.
DEATH BENEFITS	Yes. Basic death benefits generally available at no charge. Beneficiary typically receives the greater of accumulated value of premiums paid (adjusted for withdrawals). Optional death benefits sometimes available for an additional fee.	No. Beneficiaries generally receive current market value upon liquidation.	No. Beneficiary generally receives market value of the account at the time of the owner's death should they choose to sell the security prior to maturity.
EARLY WITHDRAWAL PENALTIES	Yes. Generally, any early withdrawal of taxable amounts may be subject to ordinary income tax and federal income tax penalties. Surrender charges may be applied, which can reduce an investor's account balance and the amount received.[4]	Generally, no; however, if an investor sells ETF shares prior to the scheduled option expiration, the investment will be subject to market risk based on the market price of the options held in the trust.	Generally, no; however, Buffered Notes should be considered buy-and-hold investments. If an investor chooses to sell the note prior to maturity, the investment will be subject to market risk in the secondary market, if available, and subject to the creditworthiness of the issuer.
HOW TO PURCHASE	Sold through insurance agents and licensed financial professionals.	ETFs are funds that trade on an exchange and can generally be purchased through a licensed financial professional or directly through a brokerage account.	Sold through licensed financial professionals or investment advisors. Generally, offerings are launched at the beginning of the month with indications of interest (IOIs) submitted by the advisor for their clients during the order period. Orders are executed at the end of the order period. IOIs can be removed during the offering period with no penalty.

[1]***Related Product Names** refer to terms used by insurance carriers, ETF sponsors, and structured product issuers. Individual products will vary.*

[2]*Buffered Notes should be considered buy-and-hold investments and may not be appropriate for investors who cannot hold them to maturity as they are not traded on an exchange, and there may be little to no secondary market available.*

[3]*Any discussion of taxes is for general informational purposes only. This content should not be considered complete and does not cover individual situations and circumstances. Neither AAM, nor its affiliates and employees provide tax advice and investors should consult their tax advisor before investing in any annuity, ETF, or structured product.*

[4]*Due to the underlying derivative positions, calculating an account value for a Buffer Annuity on any day prior to maturity can be very complicated and may be subject to a variety of conditions and risks. Generally, each contract has a provision which allows policyholders to withdraw a portion of their account value without incurring a withdrawal fee; however, this varies by product.*

The information contained herein is not intended to be a complete description of the terms, risks, and benefits associated with any specific Buffer Annuity, Buffered ETF, or Buffered Note offering. None of these investments are fully principal protected and therefore investors may receive less than their initial investment at maturity. This report is for informational purposes only, does not pertain to any security product or service, and is not an offer or solicitation of an offer to buy or sell any product or service. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisor.

Buffer Annuities are more complex than traditional variable annuities. The principal protection offered by the buffer may not compensate for the expected value lost due to the cap on potential upside gains. As with any investment vehicle, Buffer Annuities are subject to risk, including possible loss of principal. Investment returns and principal will fluctuate with market conditions so that contract values, upon distribution, may be worth more or less than the original investment.

Buffer Annuities include certain contractual guarantees which are subject to the creditworthiness of the insurance company providing the annuity. The insurance company's creditworthiness is an important consideration in evaluating a Buffer Annuity.

Buffered Exchange Traded Funds (ETFs) seek to generate returns that match the price return of an index, generally up to an upside return cap (a "Cap") on potential upside returns, while limiting downside losses. See an individual ETF's offering documents for information regarding an ETF's upside cap. There is no guarantee Buffered ETFs will achieve their investment objectives. Buffered ETFs have characteristics unlike other traditional investment products and may not be suitable for all investors. Any potential buffer protection the fund seeks to achieve is based on the investor remaining invested during the entire outcome period.

Investing in Buffered ETFs involves risks. Buffered ETFs face numerous market trading risks, including active markets risk, authorized participation concentration risk, buffered loss risk, cap change risk, capped upside return risk, correlation risk, FLEX Option counterparty risk, cyber security risk, fluctuation of net asset value risk, investment objective risk, limitations of intraday indicative value risk, liquidity risk, management risk, market maker risk, market risk, non-diversification risk, operation risk, options risk, outcome period risk, tax risk, trading issues risk, upside participation risk and valuation risk. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. ETFs are bought and sold at market price and not individually redeemed from the fund. Brokerage commissions will reduce returns.

Buffered ETF shareholders are generally subject to a Cap that represents the maximum percentage return an investor can achieve from an investment in the ETFs' for stated outcome periods, before fees and expenses. If an outcome period has begun and a Buffered ETF has increased in value to a level near to its Cap, an investor purchasing at that price has little or no ability to achieve gains but remains vulnerable to downside risks. Additionally, a Cap may rise or fall from one outcome period to the next. A Cap, and an ETF's position relative to it, should be considered before investing in the ETF.

Buffered ETFs only seek to provide shareholders that hold shares for the entire outcome period with their respective buffer level against Index losses during the outcome period. An investor will bear all index losses exceeding the stated buffer level. Shares purchased after the outcome period has begun or sold prior to the outcome period's conclusion, may experience investment returns very different from those that a Buffered ETF seeks to provide. Depending upon market conditions at the time of purchase, a shareholder that purchases shares after the outcome period has begun may also lose their entire investment. For instance, if the outcome period has begun and the Buffered ETF has decreased in value beyond the predetermined buffer, an investor purchasing shares at that price may not benefit from the buffer. Similarly, if the outcome period has begun and the Buffered ETF has increased in value, an investor purchasing shares at that price may not benefit from the buffer until the ETF's value has decreased to its value at the commencement of the outcome period.

Buffered Notes are considered complex and may not be suitable for all investors. Buffered Notes are sold only by prospectus and investors should read the prospectus and pricing supplement carefully before investing as they contain a detailed explanation of the risks, tax treatment, and other relevant information about the investment. Investors should consult accounting, legal, or tax professionals before investing. Structured products are sold through financial professionals.

Buffered Notes are unsecured obligations of the issuer, and therefore subject to risk of default. The issuer's creditworthiness is an important consideration in evaluating a structured product. Typically, the issuer of a Structured Product maintains a secondary market; however, there is no obligation to do so.

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