Allianz Investment Management LLC | ETFs

AllianzIM Buffered ETFs

Investor Guide

The Buffered ETFs' investment strategies are different from more typical investment products, and the funds may be unsuitable for some investors. It is important that investors understand the investment strategy before making an investment. For more information regarding whether an investment in the funds is right for you, please see the prospectus including "Investor Considerations."

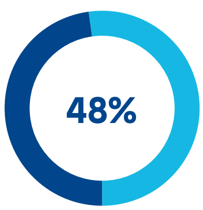
ETF-005 (R-8/2024)

ETFs with a built-in buffer against market drops

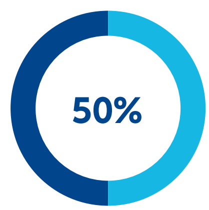
Bringing in-house hedging capabilities to the retail investor

Many investors are over **the risk rollercoaster**

It can be hard to stomach market drops. The dot-com bubble, the Great Recession, COVID, recent volatility, and fears of another recession have made us more and more risk-averse. However, avoiding the market has its own consequences, as inflation can eat away at our buying power. Now more than ever, investors must think strategically to help meet their investment objectives and risk appetite.



48% of investors say they are keeping more money than they should in cash because they're worried about a recession.[1]



50% of investors worry that another big crash is on the horizon.[1]

Help smooth the ride with buffered ETFs

Buffered ETFs are designed to let you hedge market volatility. Hedging is a strategy for reducing exposure to investment risk.

They do this by including a built-in buffer for market drops, while offering the chance to participate in up markets, too, up to a stated cap. They're a new approach to risk management in a portfolio. Risk management is a crucial step when you're looking for the right balance between meaningful returns, limited downside exposure, and lower volatility.

[1] The Allianz 2024 Q1 Quarterly Market Perceptions Study was conducted in February 2024 with a nationally representative sample of 1,005 respondents age 18+.

How do AllianzIM Buffered ETFs work?

AllianzIM Buffered ETFs are a series of **active, transparent funds** that seek to:

Provide a downside buffer for the first 10% or 20% of market drops for portfolio risk mitigation

Let you experience potential stock market growth (up to a limit known as a cap)

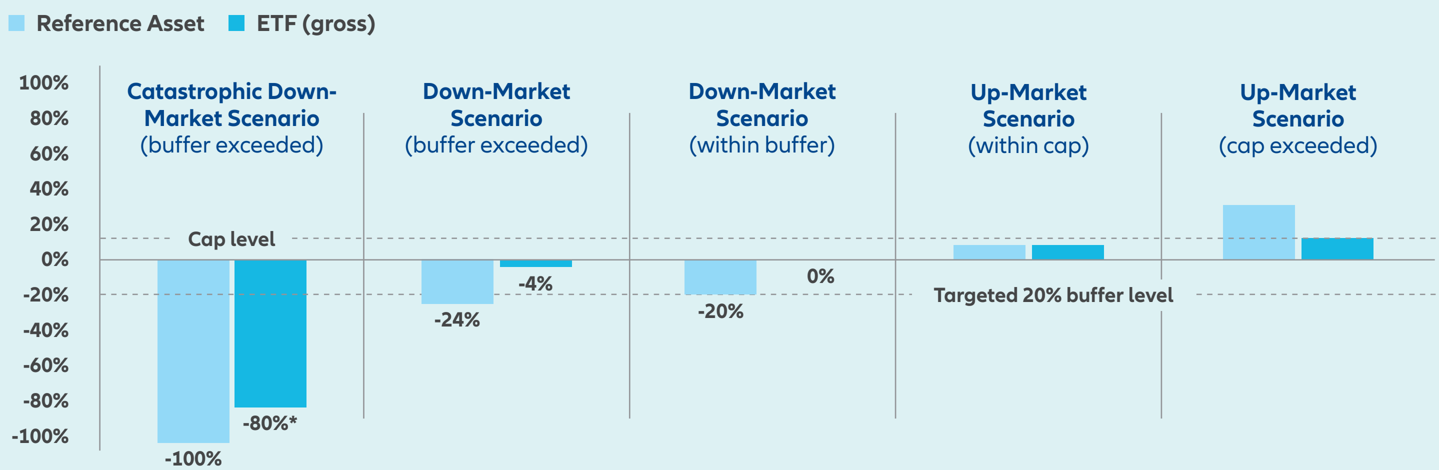
Reset with a new cap at the end of each outcome period

Provide a long-term investment strategy, as they can be held indefinitely

Benefits of the ETF wrapper:
- Liquid
- Transparent
- Cost-efficient
- Tax-efficient

Possible outcomes when investing in buffered ETFs

- Reference asset losses **exceed the buffer**
- Reference asset losses **are within the buffer**
- Reference asset returns **are within the cap**
- Reference asset returns **exceed the cap**



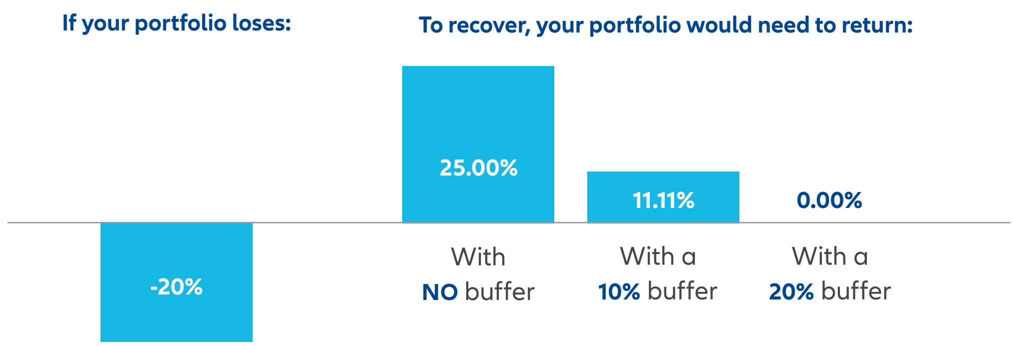
*Please note this graph is hypothetical and provided to illustrate the outcomes that the fund seeks to provide based upon the price of the reference asset and not intended to represent actual client outcomes. It does not reflect the deduction of fees, which would reduce the performance. The fund may experience losses greater than 80%.

The returns may only be realized if investors are holding shares at the beginning of the outcome period and continue to hold them on the last day of the outcome period. If an investor purchases shares after the outcome period has begun or sells shares prior to the outcome period's conclusion, he/she may experience investment returns very different from those that the fund seeks to provide. Full extent of caps and buffers only apply if held for stated outcome period. There is no guarantee that the cap will remain the same after the end of the outcome period. The cap may increase or decrease and may vary per series.

What does it take to rebuild after a market drop?

The larger the loss, the greater the gain it takes to rebuild back to the original value. But with AllianzIM Buffered ETFs, you may not have to overcome as much to break even.

Let’s say your portfolio loses 5%. Without a buffer, your portfolio would need to return 5.26% to recover, while a 10% or 20% buffer would absorb the loss. Now, imagine your portfolio loses 20%. Your portfolio would need to return 25% with no buffer, but only 11.11% with a 10% buffer. And a 20% buffer would absorb the loss.



Hypothetical break-even figures do not factor in any fees or charges that may apply.

Mitigating the downside

Designed to help you **stomach market dips** – big and small

AllianzIM Buffered ETFs seek to buffer the first 10% or 20% of market drops.

Consider this: Since 1957, there have only been three years in which the negative returns of the S&P 500® have exceeded 20%. And there have only been 12 years in which the negative returns have exceeded 10%.

Buffered ETFs may help you feel more comfortable during market volatility and keep you invested for the long haul.

Past performance does not guarantee future results. The referenced index is shown for informational purposes only and is not meant to represent the funds. Investors cannot directly invest in an index.

Years of negative returns

S&P 500® Price Return Index since 1957

Loss more than -20%		-20 to -10%		-10 to 0%	
Year	Index	Year	Index	Year	Index
2002	-23.37	2000	-10.14	2011	-0.003
1974	-29.72	1969	-11.36	2015	-0.73
2008	-39.49	1977	-11.50	1994	-1.54
		1962	-11.81	1960	-2.97
		2001	-13.04	2018	-6.24
		1966	-13.09	1990	-6.56
		1957	-14.31	1981	-9.73
		1973	-17.37		
		2022	-19.44		

Participating in the upside with a long-term strategy

Time in the market is better than timing the market

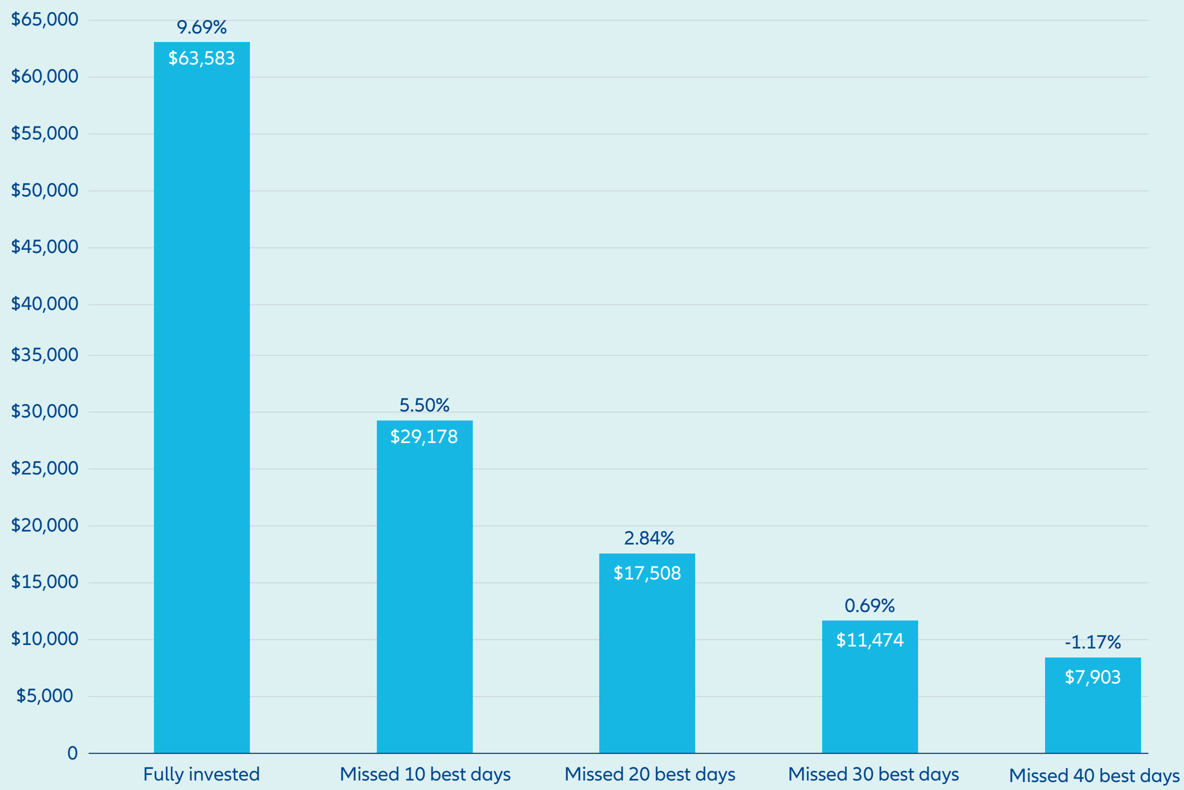
Buffered ETFs are one of the few risk-management tools that let investors participate in the growth potential of equities while also managing downside exposure.

It's important to stay invested during market downturns, because the majority of the market's best days happen within two weeks of the market's worst days. Over the last 20 years, investors who sold their positions and missed just 10 of the best performing days had their returns cut to 5.50% compared to the 9.69% return they could've received if they stayed fully invested.

Buffered ETFs can make it easier to ride out market volatility and focus on your long-term investment goals.

Returns of the S&P 500®

Performance of a $10,000 investment between January 1, 2004 and December 31, 2023

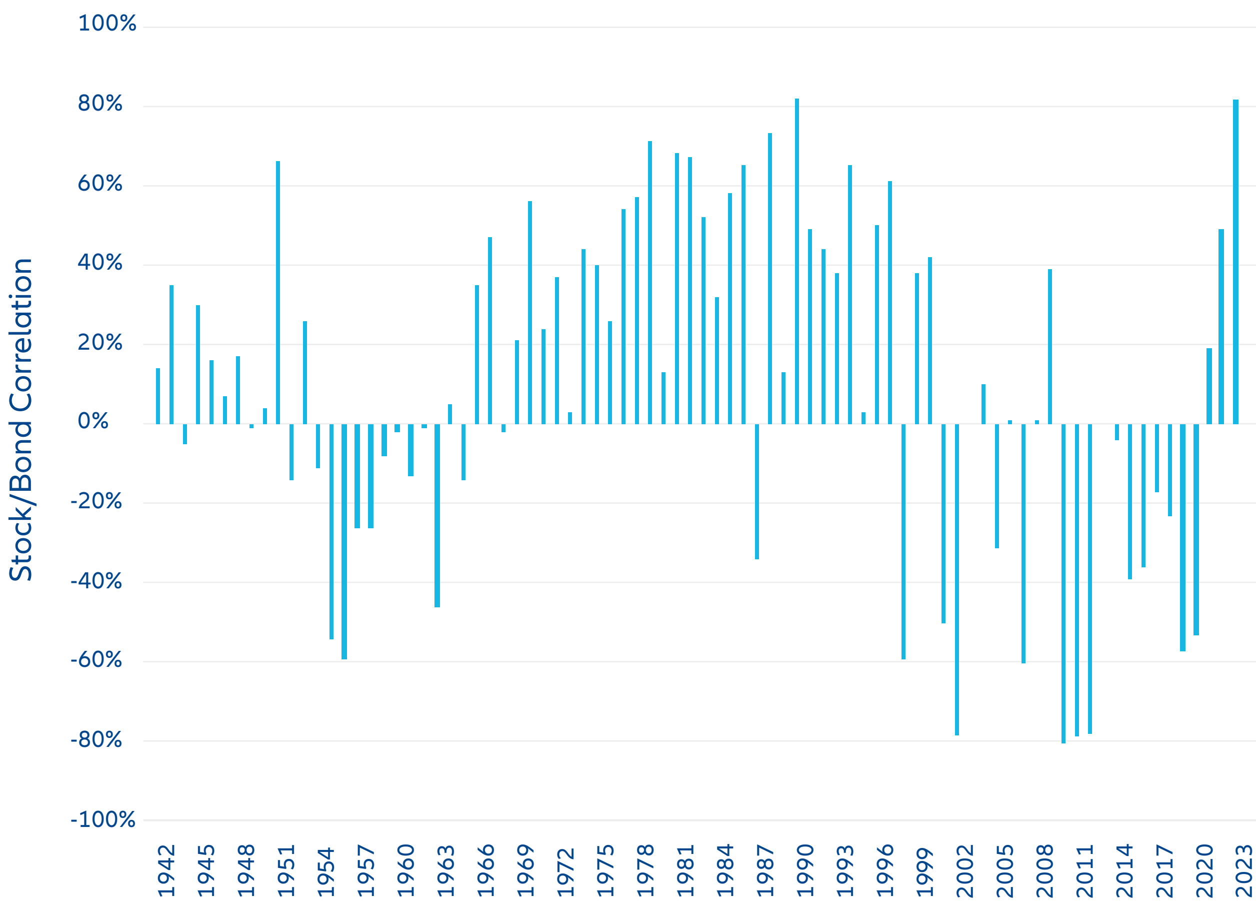


Source: Morningstar Direct. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indexes do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees, and other costs. Also, since trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. Data as of December 31, 2023.

The stock/bond correlation

The correlation between stocks and bonds is an important consideration when building investment portfolios.

However, it is unreliable and can change drastically. From 1942 to 2023, the correlation between the S&P 500® and long-term Treasuries – as calculated by calendar year based on monthly data – has changed direction 25 times, and has ranged from -78% to 82%.



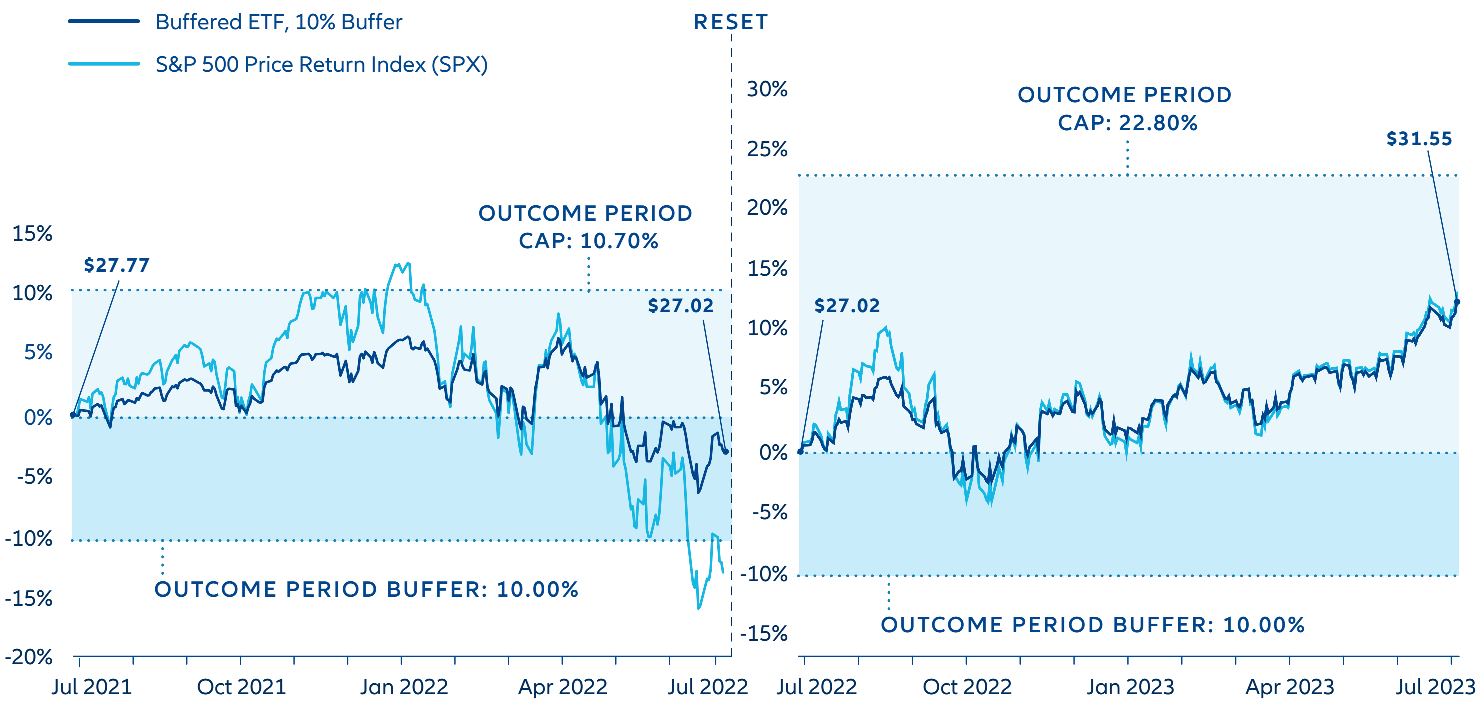
Source: Morningstar Direct. Data from January 1942 – December 2023. Bonds are represented by IA SBBI US Long-Term Government Index, which should not be interpreted as a full sample representation of the bond market. Different asset class proxies will have different results.

Taking a long-term approach

Here's what it looks like when you buy and hold a buffered ETF over multiple outcome periods.

In this example, the starting price for the ETF with a 10% buffer was $27.77. By the end of the 12-month outcome period, the ETF had dropped below the starting price, but remained within the buffer zone, with a net asset value (NAV) of $27.02.

Thanks to the ETF's built-in 10% downside buffer, the ETF only lost about 2% in this example, while the market itself lost about 12%. The ETF resets at the end of the outcome period, providing a new cap for more upside potential, with a refreshed 10% buffer that shifted downward slightly due to the new NAV.



This chart is hypothetical and provided to illustrate the outcomes that the fund seeks to provide based upon the price of the reference asset. It does not reflect the deduction of fees, which would reduce the performance.

What happens at the end of an outcome period?

There's nothing you need to do at the end of an outcome period; the ETF's cap and buffer simply reset for a new time period.

What does change:

- New cap set
- Refreshed buffer
- New outcome period dates

What doesn't change:

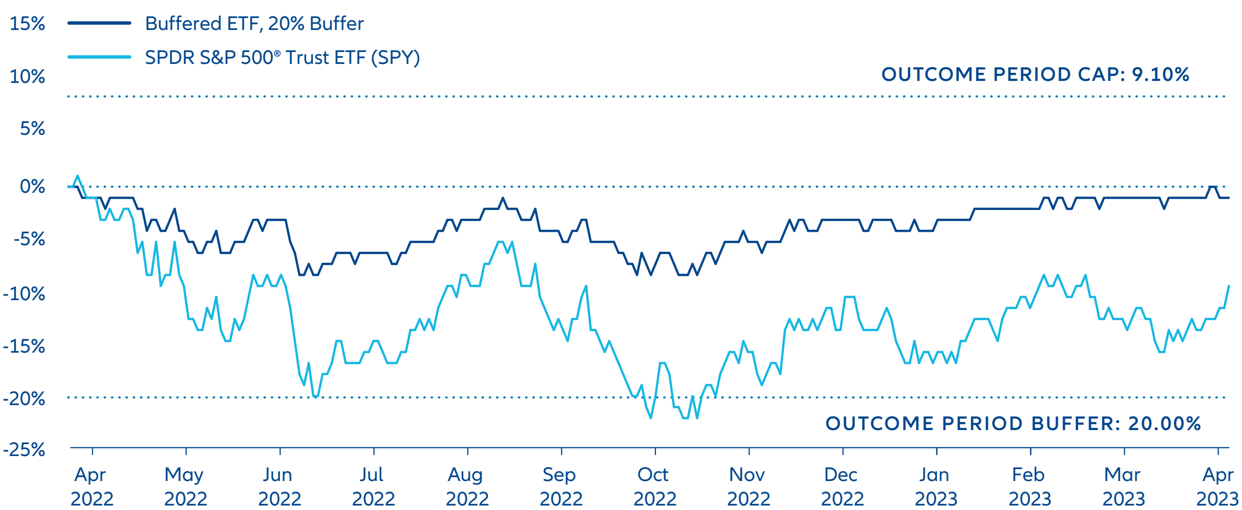
- Ticker
- Fund NAV
- Fund name

Understanding buffered ETF behavior

At the start of the outcome period, the ETF's NAV matches the reference asset (in this case, SPDR S&P 500® Trust ETF). The ETF's value moves relative to the market throughout the outcome period. The following are potential scenarios:

Down-market scenario (within buffer)

In a down-market scenario like this, where the reference asset lands within the buffer as it approaches its reset, the ETF returns to the starting NAV, less any fees.

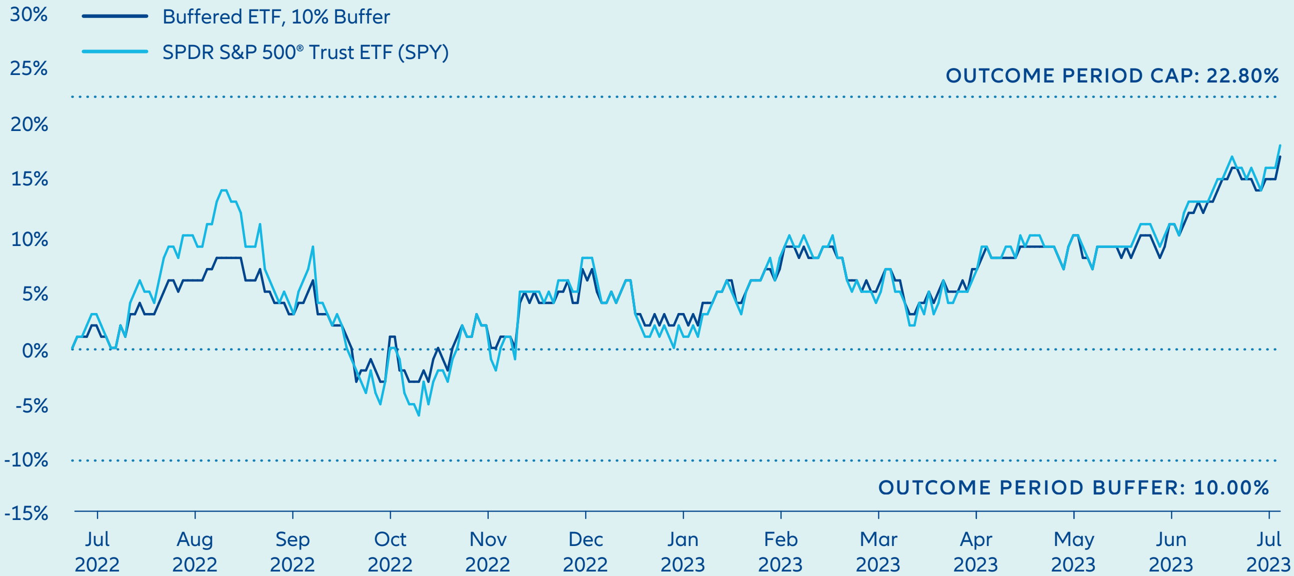


Down-market scenario (buffer exceeded)

In a down-market scenario like this, where the reference asset exceeds the buffer as the ETF approaches its reset, the buffer's level of protection applies against the drawdown and the ETF finishes with a better return than the reference asset.

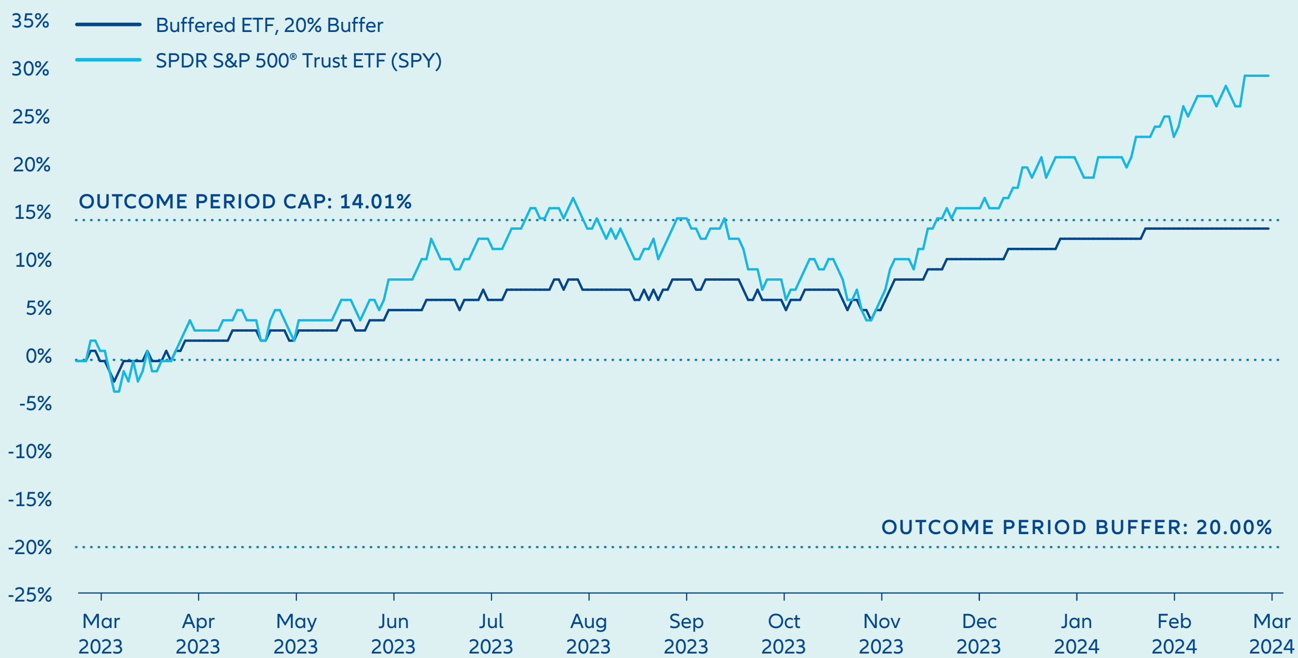
Up-market scenario (within cap)

In a positive market scenario like this, where the reference asset lands within the cap as it approaches its reset, the ETF finishes with a positive return, less any fees.



Up-market scenario (cap exceeded)

In a positive market scenario like this, where the reference asset exceeds the cap as it approaches its reset, the ETF finishes the outcome period near the predetermined cap, less any fees.



These examples are not representative of any historical data or investment. There is no guarantee that the investment strategy will achieve the buffered outcomes described. All hypothetical calculations are gross of fees and transaction costs. Please note: Hypothetical examples have been simplified to illustrate conceptually how experience varies depending on time of investment.

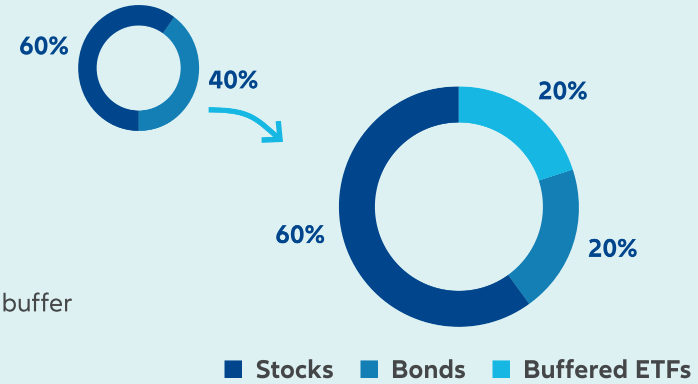
Reimagining the 60/40 portfolio with a dedicated buffered ETF sleeve

Wondering how AllianzIM Buffered ETFs could fit into a portfolio? Explore the following scenarios.

SCENARIO #1

Increase market potential by reallocating from bonds

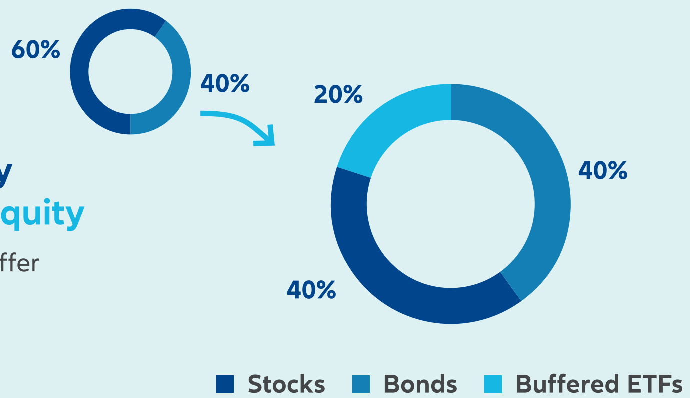
- Offer growth potential, up to a cap
- Maintain a level of risk mitigation with the buffer



SCENARIO #2

Reduce equity risk and volatility by reallocating from domestic equity

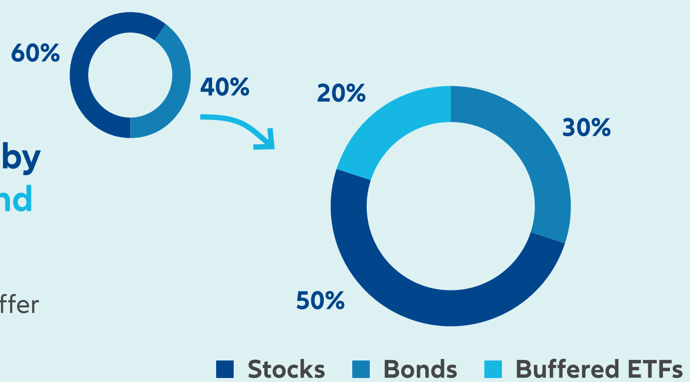
- Reduce downside risk/volatility with the buffer
- Maintain a level of equity upside



SCENARIO #3

Diversify a traditional portfolio by reallocating from both bonds and domestic equity

- Reduce downside risk/volatility with the buffer
- Maintain a level of equity upside



For illustrative purposes only and does not represent actual accounts. Investment strategies, such as diversification, do not ensure a profit or protect against loss.

The perks of the 6-month reset

Explore the tactical advantages of refreshing your buffer twice a year

Unlike 12-month buffered ETFs that only reset once a year, six-month resets move your starting point, or zero line, twice as often. What does this mean for investors? By resetting every six months, investors can lock in gains more frequently in an up market, while the buffer softens the volatility investors might experience during challenging market conditions.

6-month outcome periods can provide:

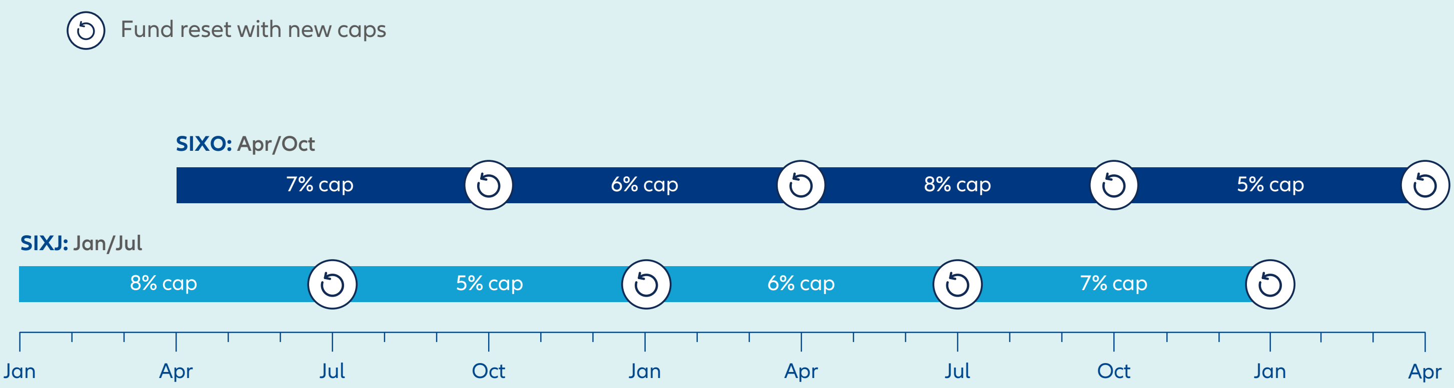
- More market-relevant caps, with two resets per year
- The potential for a greater level of downside mitigation with a 10% buffer over a shorter period
- More opportunities for tactical applications, like laddering
- A potential alternative to shorter-term, low-yielding instruments

Ladder multiple 6-month ETFs for even more opportunities

When you hold more than one 6-month Buffer10 ETF in a portfolio, you can stagger your resets for additional diversification to the S&P 500® within an allocation. This approach allows you to spread reset intervals, so that not all ETFs reset simultaneously.

Want a fresh buffer and new cap every quarter? You can ladder just two six-month funds to experience quarter-to-quarter resets. Staggering resets lets you create a dynamic sequence that can help ensure your portfolio remains well-positioned to respond to varying market conditions.

Hypothetical example: Laddering two 6-month buffered ETFs



This chart is hypothetical and provided to illustrate the outcomes that the fund seeks to provide based upon the price of the reference asset. It does not reflect the deduction of fees, which would reduce the performance.

LEARN MORE about buffered ETFs at

www.AllianzIMetfs.com

Investing involves risks. Loss of principal is possible. The funds face numerous market trading risks, including active markets risk, authorized participation concentration risk, buffered loss risk, cash transactions risk, capped upside return risk, correlation risk, counterparty risk, derivatives risk, downside risk, ETF risks, large-cap companies risk, large shareholder risk, outcome period risk, management risk, market risk, market maker risk, non-diversification risk, liquidity risk, operational risk, tax risk, trading issues risk, upside participation risk, and valuation risk. For a detailed list of fund risks see the prospectus. The fund's investment objective intends to provide return attribute characteristics that are distinct from traditional strategies. It is important that an investor understand these characteristics before making an investment in the fund.

FLEX Options Risk: The fund intends to invest substantially all of its assets in FLexible EXchange® Options ("FLEX Options"). FLEX Options are customizable exchange-traded options contracts guaranteed for settlement by the Options Clearing Corporation. The fund uses FLEX Options to pursue an outcome strategy that seeks to achieve investment outcomes based upon the performance of an underlying security or index at the end of the outcome period. The outcomes sought by the fund, which include the buffer and cap ("buffer and cap"), are based upon the performance of the reference asset over the outcome period. Following this initial outcome period, each subsequent outcome period will be a one-year or six-month period depending on the fund chosen. The fund will not terminate after the conclusion of the outcome period. After the conclusion of the outcome period, another will begin. There is no guarantee that the outcomes sought for an outcome period will be realized. It is expected that the cap will rise or fall from one outcome period to the next. There is no guarantee that the cap will remain the same upon the conclusion of the outcome period.

The fund only seeks to provide shareholders who hold shares for the entire outcome period with a buffer against the first 10% or 20% of reference asset losses (based upon the value of the reference asset at the time the fund entered into the FLEX Options at or near the beginning of the outcome period) during the outcome period. You will bear all reference asset losses exceeding the first 10% or 20% on an expected one-to-one basis. The buffer is provided prior to taking into account annual fund management fees equal to 0.74% of the fund's daily net assets, transaction fees, and any non-routine or extraordinary expenses incurred by the fund. A shareholder who purchases shares at the beginning of the outcome period may lose their entire investment. While the fund seeks to limit losses to 80% or 90% for shareholders who hold shares for the entire outcome period, there is no guarantee it will successfully do so.

The outcomes are based on the fund's net asset value, the per share value of the fund's assets ("NAV"), at the beginning of the outcome period. The fund's assets are expected to be principally composed of FLEX Options, the value of which is derived from the performance of the underlying reference asset. However, because the value of the underlying FLEX Options is affected by, among other things, changes in the value of the reference asset, changes in interest rates, changes in the actual and implied volatility of the reference asset, and the remaining time until the FLEX Options expire, the fund's NAV will not directly correlate on a day-to-day basis with the returns experienced by the reference asset. While the fund's investment adviser, Allianz Investment Management LLC, generally anticipates that the fund's NAV will move in a similar direction as the reference asset, the fund's NAV may not increase or decrease at the same rate as the reference asset, and it is possible they may move in different directions. During the outcome period, the movement of the fund's NAV is not anticipated to match that of the reference asset.

The S&P 500® Price Index is a broad measure of U.S. large-cap stocks and does not include reinvestment of dividends. The SPDR® S&P 500® ETF Trust is an exchange-traded fund. It is designed to track the S&P 500 stock market index. An investor cannot invest directly in an index.

The fund's website, www.allianzIMetfs.com, provides important fund information (including outcome period start and end dates and the cap and buffer), as well as information relating to the potential outcomes of an investment in the fund on a daily basis. If you are contemplating purchasing shares, please visit the website. Investors considering purchasing shares after the outcome period has begun or selling shares prior to the end of the outcome period should visit the website to fully understand potential investment outcomes.

Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. For a prospectus with this and other information about the fund, please call 877.429.3837 or visit our website at www.allianzIMetfs.com. Read the prospectus carefully before investing.

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