



for the intelligent advisor

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## STRATEGY HIGHLIGHTS

- Seeks potential income from higher yielding preferred stocks and capital securities, some of which may be U.S. tax-advantaged.
- Additional income can be anticipated through option premiums.
- Active management to potentially exploit inefficiencies such as credit quality, interest rate structure, and call risk.
- Diversification from traditional equity and fixed income strategies.

## PORTFOLIO MANAGERS

**JR HUMPHREYS, CFA, CAIA**

Senior Portfolio Manager  
Industry since 1990

**TOM KAISER, CFA, CPA**

Research Analyst  
Portfolio Manager  
Industry since 2010

As of March 31, 2024

# PREFERRED-PLUS ETF

The ETF's primary investment objective is to seek current income. IPPP invests in preferred equities paired with an S&P500 index-based option overlay for additional income.

## DETAILS

**TICKER:** IPPP

**CUSIP:** 53656F219

**LISTING DATE:** 03/07/2022

**INCEPTION DATE:** 12/24/2018

**EXCHANGE:** CBOE BZX Exchange

**DISTRIBUTION SCHEDULE:**  
Quarterly

**NUMBER OF HOLDINGS:** 110

**NET ASSETS:** \$11.4 million

**BENCHMARK:** ICE BofA Core Plus  
Fixed Rate Preferred Securities Index

## EXPENSE RATIOS<sup>1</sup>:

<b>Expense Ratio</b>	1.27%
Management Fee	0.85%
Interest Expense	0.41%
Acquired Fund Fees and Expenses <sup>2</sup>	0.01%

## YIELD

**DISTRIBUTION FREQUENCY:**  
Quarterly

**30-DAY SEC YIELD<sup>3</sup>:** 6.01%

**TRAILING 12-MONTH YIELD<sup>4</sup>:** 5.29%

**DISTRIBUTION YIELD<sup>5</sup>:** 5.65%

<sup>\*</sup> The 30-day SEC yield is a standard calculation developed by the U.S. Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is calculated by dividing net investment income per share during a 30-day period by the net asset value as of the close of that period. The 30-day SEC yield reflects the rate at which the Fund is earning income on its current portfolio of securities excluding options

<sup>†</sup> Trailing 12-month yield is calculated by adding the Fund's trailing 12-month distributions—from dividends, interest and option income—and dividing by the net asset value per share as of the reported date. Distributions may include a return of capital. Shareholders of record will be notified of the estimated return of capital for each distribution and this information is also available at [innovativeportfolios.com](http://innovativeportfolios.com).

<sup>‡</sup> Distribution yield is calculated by annualizing the most recent distribution—from dividends, interest and option income—and dividing by the net asset value per share as of the reported date. Distributions may include a return of capital. Shareholders of record will be notified of the estimated return of capital for each distribution and this information is also available at [innovativeportfolios.com](http://innovativeportfolios.com).

## PERFORMANCE (as of March 31, 2024)

	ANNUALIZED				CALENDAR YEAR RETURNS					
	1-Year	3-Year	5-Year	Since Inception (12/24/18)	2019	2020	2021	2022	2023	2024 YTD
Preferred-Plus – Market Price	16.86%	0.18%	4.20%	5.47%	19.77%	9.05%	7.74%	-22.12%	14.51%	5.26%
Preferred-Plus – NAV	16.21%	0.14%	4.17%	5.44%	19.77%	9.05%	7.74%	-22.52%	15.04%	5.17%
ICE BofA Core Plus Fixed Rate Preferred Securities Index	10.38%	-1.74%	1.82%	3.76%	17.42%	7.38%	3.27%	-20.71%	9.62%	5.15%

The performance data quoted represents past performance; past performance does not guarantee future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month end may be obtained by visiting [innovativeportfolios.com](http://innovativeportfolios.com). Returns for periods shorter than one year are not annualized. ETFs shares trade at market price (not NAV) and are not individually redeemable with the issuing fund. Brokerage commissions and expenses will reduce the returns.

Prior to listing date, the ETF operated as a mutual fund. The Fund's objectives, policies, guidelines, and restrictions are in all material respects equivalent to those of the predecessor mutual fund, Preferred-Plus, which was created for reasons entirely unrelated to the establishment of a performance record.

The NAVs of the predecessor mutual fund are used for both NAV and market price performance from inception to listing. For ETFs, the market price return is calculated from closing prices as determined by the fund's listing exchange. If you trade your shares at another time, your return may differ. For the period from inception date to listing date, the NAV of the fund is used as a proxy for the market price to calculate returns.

# IPPP PREFERRED-PLUS ETF

## PORTFOLIO CONSTRUCTION

**1ST | Macro Outlook:** Develop opinions about the economy, markets, and interest rates.

**2ND | Screen:** Filter retail and preferred closed-end funds for yield, duration, liquidity, credit quality, and structure.

**3RD | Decision:** Select from the screened holdings based on pricing and attractive opportunities which can include undervalued sectors and/or companies.

**4TH | Options:** Create Bull Put Spreads on an S&P 500 ETF or Index which involves selling a put option while simultaneously purchasing a put option with the same expiration, at a lower strike price.

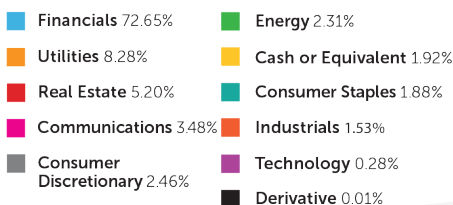
A put option is a contract that allows the buyer the right, but not the obligation, to sell a specified quantity of an underlying security at predetermined price (strike) at (or before) a predetermined future date (expiration).

### TOP HOLDINGS

COMPANY	SECTOR	% NET ASSETS
Synovus Financial Corp 5.875% Pfd 7/01/24	Financials	2.02%
Athene Holding Ltd 6.35% Pfd 6/30/29	Financials	1.98%
JPMorgan Chase & Co 5.75% Pfd 12/01/23	Financials	1.88%
KeyCorp 6.20% Pfd 12/15/27	Financials	1.71%
Banc of California Inc 7.75% Pfd 9/01/27	Financials	1.63%
WESCO International Inc 10.625% Pfd 6/22/25	Industrials	1.52%
American Equity Invest Life Holding Co 5.95% Pfd 12/01/24	Financials	1.50%
BrightHouse Financial Inc 6.75% Pfd 6/25/25	Financials	1.49%
Morgan Stanley 5.85% Pfd 4/15/27	Financials	1.48%
Energy Transfer Operating LP 7.60% Pfd 5/15/24	Energy	1.48%

*Holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Sector allocation excludes written (short) put options.*

### SECTOR ALLOCATION



### COUPON STRUCTURE<sup>3</sup>

COUPON STRUCTURE (%)	FUND MARKET VALUE
Fixed-Rate Securities	53.1%
Fixed-to-Fixed Rate Securities	0.0%
Fixed-to-Floating Rate Securities	41.3%
Floating Rate Securities	3.7%
Other Securities	1.9%

### ISSUER CREDIT BREAKDOWN<sup>4</sup>

CREDIT QUALITY (%)	FUND MARKET VALUE
AAA	0.0%
AA	12.3%
A	26.7%
BBB	37.2%
BB	6.6%
B	0.3%
NR	14.9%
Cash & Equivalents	1.9%

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Innovative Portfolios, LLC is investment advisor to Preferred-Plus ETF.

**Investors should carefully consider investment objectives, risks, charges and expenses. This material must be preceded or accompanied by a prospectus.**

**Investing involves risk, including possible loss of principal.**

**Derivative Securities Risk:** The Fund invests in options that derive their performance from the performance of the S&P 500 Index. Derivatives, such as the options in which the Fund invests, can be volatile and involve various types and degrees of risks, depending upon the characteristics of a particular derivative. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in a derivative could have a substantial impact on the performance of the Fund. The Fund could experience a loss if its derivatives do not perform as anticipated, or are not correlated with the performance of their underlying asset or if the Fund is unable to purchase or liquidate a position because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives.

**Preferred Securities Risk:** Preferred securities generally are subordinated to bonds and other debt instruments in a company's capital structure and therefore will be subject to greater credit risk than those debt instruments. In addition, but not limited to, preferred securities are subject to other risks, such as being called by the issuer before its stated maturity, subject to special redemption rights, having distributions deferred or skipped, rising interest rates causing the value to decline, having floating interest rates or dividends, and having limited liquidity. Preferred securities that do not have a maturity date are perpetual investments.

<sup>(1)</sup> As disclosed in the January 31, 2024, prospectus.

<sup>(2)</sup> Acquired Fund Fees and Expenses are the indirect costs of investing in other investment companies.

<sup>(3)</sup> Fixed-to-Fixed Rate Securities step from one fixed rate to another based on a schedule. Fixed-to-Floating Rate Securities pay a fixed coupon for a set number of years, then convert to a variable coupon for the remaining life of the security that is based on a benchmark rate, such as the 3-month LIBOR. Other includes income-producing securities that do not have a specified coupon structure. Examples would include, but are not limited to, shares of income-oriented EFTs or other closed-end funds.

<sup>(4)</sup> Issuer credit ratings represent the issuer's overall credit creditworthiness and financial strength and not the issue rating which refers to specific financial obligations and considers ranking in the capital structure. Ratings shown are the highest rating given by one of the following national rating agencies: S&P, Moody's, Fitch, DBRS or AM Best. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC/CC/C and D are below-investment grade ratings. Holdings designated NR are not rated by these national rating agencies. Excludes credit spread put options.

Indices are shown for comparative purposes only and may not necessarily be representative of the fund's portfolio. An investor cannot invest directly in an index, and index performance does not reflect the deduction of any fees, expenses or taxes.

**ICE BofA Core Plus Fixed Rate Preferred Securities Index** is an index designed to measure the performance of fixed rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market with a rating of at least B3 (based on an average of Moody's, S&P and Fitch) and an investment-grade country risk profile.

Preferred-Plus ETF is distributed by Foreside Fund Services, LLC.