Allianz Investment Management LLC

ALLIANZIM BUFFERED ETFS

Deconstructing buffered ETFs

How three layers of options can help mitigate risk and lower volatility while still participating in market growth

What's an option?
An option is a contract that gives the buyer the right to buy or sell securities at an agreed-upon price within a specified time period.

Buffered ETFs are designed to offer a new approach to risk management by allowing investors to participate in the growth potential of the equity markets up to a stated cap, with an explicit downside buffer.

AllianzIM Buffered Exchange-Traded Funds (ETFs) are created with FLEX Options – a type of option that allows customized strike prices, underlying reference assets, and expiration dates. Specifically, the ETFs consist of a basket of FLEX Options with strike prices expiring on a designated date, forming an outcome period. The combination of these options work together to generate the reference asset exposure, buffer, and cap of a buffered ETF as illustrated in the figures below.

Layer 1:
Synthetic 1:1 exposure to the reference asset

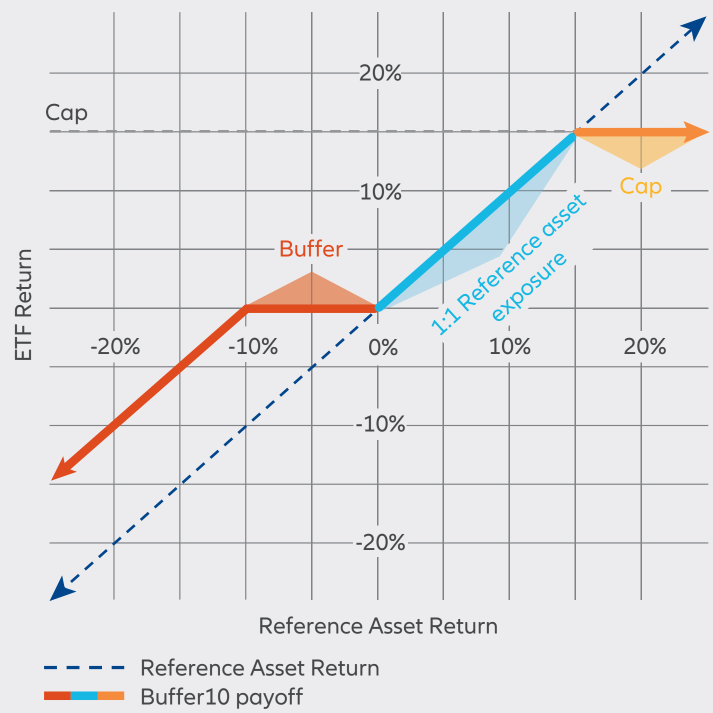
Reference asset exposure means the returns of the investments correlate to the reference asset that the ETF tracks. It's referred to as "synthetic" as it uses options positions to recreate the payoff and risk profile of the reference asset.

Layer 2:
A downside buffer against first losses

A buffer is a stated percentage where the reference asset can decrease, but the loss will not be experienced by the investor until the buffer percentage is reached.

Layer 3:
1:1 participation up to a stated cap

A cap is a specified percentage at which an investor's ability to participate in market growth stops.



This hypothetical example is provided for illustrative purposes only.

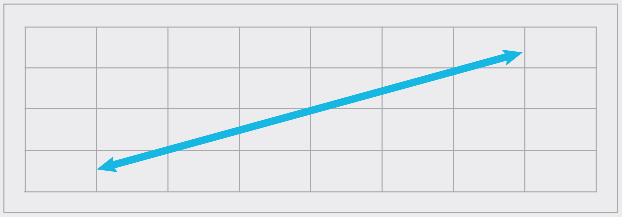
The Buffered ETFs' investment strategies are different from more typical investment products, and the Funds may be unsuitable for some investors. It is important that investors understand the investment strategy before making an investment. For more information regarding whether an investment in the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

ETF-086 (R-4/2024)

A DEEPER LOOK:

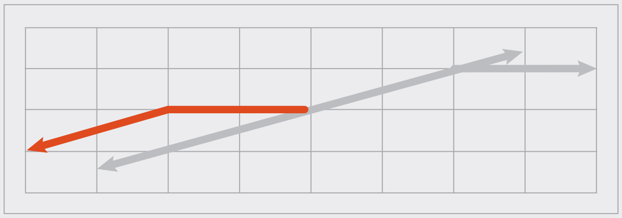
Layer 1: S&P 500® reference asset exposure

The reference asset exposure to the S&P 500 is structured synthetically by purchasing a deep-in-the-money call option.



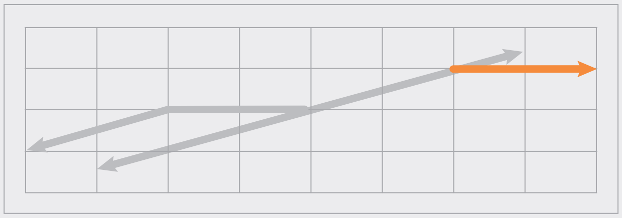
Layer 2: Downside buffer

The buffer is created by a "put spread," which involves buying an at-the-money put and selling an out-of-the-money put, and produces a downside buffer of 10% or 20% relative to the reference asset.



Layer 3: Establish cap

The cap is created by selling an out-of-the-money call.



Call: A call option gives the buyer the right to buy an asset at a specified price.

Put: A put option gives the buyer the right to sell an asset at a specified price.

Strike price: The agreed-upon price at which an underlying asset can be bought or sold.

Deep-in-the-money: An option that has a strike price significantly below (for a call option) or above (for a put option) the market price of the underlying asset.

At-the-money: An option is at-the-money if the strike price and price of the underlying asset are equal.

Out-of-the-money: A call option is out-of-the-money if the underlying price is trading below the strike price of the call. A put option is out-of-the-money if the underlying price is above the put's strike price.

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The S&P 500® measures the performance of the large-cap segment of the market. Considered to be a proxy of the U.S. equity market, the index is composed of 500 constituent companies.

Allianz Investment Management LLC is a registered investment adviser and a wholly owned subsidiary of Allianz Life Insurance Company of North America (Allianz).

Full extent of caps and buffers only apply if held for the stated outcome period. An investor that purchases Fund Shares after the outcome period has begun or sells Fund Shares prior to the end of the outcome period may experience results that are very different from the investment objective sought by the Fund for that outcome period. There is no guarantee that the cap will remain the same after the end of the outcome period.

Flex Options Risk: The Fund will utilize FLEX Options issued and guaranteed for settlement by the Options Clearing Corporation ("OCC"). The Fund bears the risk that the OCC will be unable or unwilling to perform its obligations under the FLEX Options contracts. In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the Fund could suffer significant losses.

FLEX Options are customized equity or index options contracts that trade on an exchange, but provide investors with the ability to customize key contract terms like exercise prices, styles, and expiration dates. An options contract is an agreement between a buyer and seller that gives the purchaser of the option the right, but not the obligation, to buy (in the case of a call option), or to sell (in the case of a put option), a particular asset at a specified future date at an agreed upon price (commonly known as the "strike price").

Investing involves risks. Loss of principal is possible. There is no guarantee the funds will achieve their investment objectives and may not be suitable for all investors. Investors may lose their entire investment, regardless of when they purchase shares, and even if they hold shares for an entire outcome period. Full extent of caps and buffers only apply if held for stated outcome period and are not guaranteed. The cap may increase or decrease and may vary significantly after the end of the outcome period.

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 www.AllianzIMetfs.com and review the prospectus. Investors should read the prospectus carefully before investing.

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