



Preferred-Plus (INPPX & IPPPX)

Preferred-Plus is a professionally managed mutual fund that seeks to deliver income.

The Preferred-Plus Fund's primary investment objective is to provide current income. The Fund's strategy is twofold:

- Investing in U.S. Preferred stocks
- Utilizing an option overlay strategy to enhance overall distribution to shareholders

[Preferred-Plus Fact Sheet](#) ↓

Preferred-Plus Key Facts

TOTAL NET ASSETS:

(AS OF MARCH 31, 2019)

PORTFOLIO

A Share—

MANAGER:

\$53,309.44

Innovative Portfolios,
LLC

I Share — \$53,311.35

SHARE CLASS**SHARE CLASSES:****LAUNCH DATE:**

A Share (INPPX)

12/24/2018

I Share (IPPPX)

US CATEGORY**MORNINGSTAR****GROUP:****CATEGORY:**

Taxable Bond

US Fund Preferred
Stock**DISTRIBUTION****CUSIP:****FREQUENCY:**

A Share

Quarterly

— 19423L201

I Share — 19423L300

NUMBER OF**NAV PER SHARE:****HOLDINGS:**

(AS OF MARCH 31, 2019)

(AS OF MARCH 31, 2019)

\$10.66

23

EXPENSE RATIOS:¹**MINIMUM**

A SHARE

INVESTMENT:

Gross Expense Ratio

A Share — \$5,000

3.07%

initial

Net Expense Ratio

I Share — \$100,000

1.80%

initial

I SHARE

Gross Expense Ratio

2.74%

Net Expense Ratio

1.55%

Preferred-Plus Methodology

Preferred-Plus seeks to potentially provide gross annual income from Preferred Stock dividends of 5-6% and gross annual income from an option premium of 1-2%.

Fundamental Analysis & Research

Research identifies securities that offer sufficient liquidity and quality among different types of

Portfolio Construction

Focuses on diversification among a variety of Preferred Shares; Retail (\$25 Par),

Generation of Income

The fund seeks to provide income from the Preferred Shares and, in addition, to generate consistent

Preferred securities. Research focus includes credit quality, yield, and structure in order to evaluate relative risk and reward characteristics.

Institutional (\$1,000 Par), and Preferred Closed End Funds.

Construction includes an option overlay strategy seeking a credit spread on the S&P 500 Index. The option overlay:

- sells/writes an out-of-the-money short put option bi-monthly
- also purchases an out-of-the-money long put option below the short option position
- uses the long put option to potentially hedge any significant downside risk posed by the short put

income from the option premium of an option overlay strategy.



Preferred-Plus Portfolio Managers



DAVE GILREATH, CFP®
MANAGING DIRECTOR
CHIEF INVESTMENT OFFICER
PORTFOLIO MANAGER



**EDWARD "JR" HUMPHREYS II,
CFA, CAIA**
SENIOR PORTFOLIO MANAGER

Why Would I Own Preferred-Plus?



Income

Preferred-Plus invests in U.S. Preferred Stocks that pay dividends. The additional option overlay offers the potential for enhancing both total return and cash flow to shareholders.



Diversified Income Stream

The Preferred-Plus strategy includes income-producing Preferred Stocks and potential for premium income from an option overlay. The portfolio is diversified among and within Retail Preferred Shares (\$25 Par), Institutional Preferred Shares (\$1,000 Par), and Preferred Closed End Funds.²



Complements Overall Portfolio

Preferred-Plus offers the potential to add diversification to the income allocation of the portfolio construct, while the option income may potentially provide an alternative income stream to traditional income vehicles like bonds.



Higher Yield

Preferreds historically offer higher yield than traditional income investments represented by the S&P US Aggregate Bond Index, but come with a higher volatility if measured by the standard deviation. Preferred securities may also offer a tax advantage over bonds—able to be taxed as qualified income while bonds are taxed as ordinary income.



Professional Management

Professional Money Management with access to institutional-level Preferred Shares with experienced option traders managing the overlay.

Mutual fund investing involves risk. Principal loss is possible.

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. A prospectus containing this and other information may be obtained by calling [1-800-869-1679](tel:1-800-869-1679) or clicking [here](#). Please read the prospectus carefully before investing.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

Distributed by Arbor Court Capital, LLC (Member FINRA)

Important Information

Expense Ratio as disclosed in the December 10, 2018 prospectus:

A Share

Gross Expense Ratio 3.07%

Net Expense Ratio 1.80%

I Share

Gross Expense Ratio 2.74%

Net Expense Ratio 1.55%

(1) Expense ratio as disclosed in the December 10, 2018 prospectus. Innovative Portfolios, LLC, the Fund's investment advisor (the Advisor), has contractually agreed to waive its fee and/or reimburse expenses, at least through January 31, 2020, so that the Fund's total annual operating expenses (excluding acquired fund fees and expenses, taxes and extraordinary expenses) do not exceed 1.75% for the class A shares and 1.50 for the class I shares.

(2) Par: Equal to the nominal or face value of a security. Par value has no relation to market value, the market price for a bond or preferred stock may be above or below par. Par value has importance with bonds and preferred stock, as preferred dividends and bond interest are normally stated as a percentage of the par value of a preferred stock or bond issue.

Portfolio holdings are subject to change without notice. The mention of specific securities is not a recommendation or solicitation to buy, sell or hold any particular security.

NAV per share is as of the prior day's market close of regular trading on the NYSE, generally 4:00 p.m. Eastern time, on each day the NYSE is open for trading.

The Fund invests in options. All investment strategies carry risk, and transactions in options may carry a high degree of risk. Investors should carefully consider a Fund's risks and investment objectives as an investment in a Fund may not be appropriate for all investors and is not designed to be a complete investment program. Investing in the Funds involves risk. It is possible that investing in the Funds may result in a loss. Before making an investment/allocation decision, investors and registered investment advisers (RIAs) allocating to clients' account should consider the suitability of this investment with respect to such investor's or client's net worth, income, age, and risk tolerance. Investment should be avoided where an investor has a short-term investing time horizon and/or cannot bear the loss of some or all of their investment. Before investing in the Fund, investors and RIAs allocating to client's account should read the discussion of risks of investing in the prospectus. You can obtain a prospectus by clicking [here](#).

This material represents an assessment of the market environment at a specific point in time and should not be relied upon as investment advice, does not constitute a recommendation to

buy or sell a security or other investment and is not intended to predict or depict performance of any investment. This material is not being provided in a fiduciary capacity and is not intended to recommend any investment policy or investment strategy or take into account the specific objectives or circumstances of any investor. Please consult with your investment, tax or legal adviser regarding your individual circumstances prior to investing.

The Funds are offered only to United States residents, and information on this site is intended only for such persons.



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