INNOVATOR
exchange-traded funds

The Innovator S&P Investment Grade Preferred ETF

EPRF 2018 Q4 Update

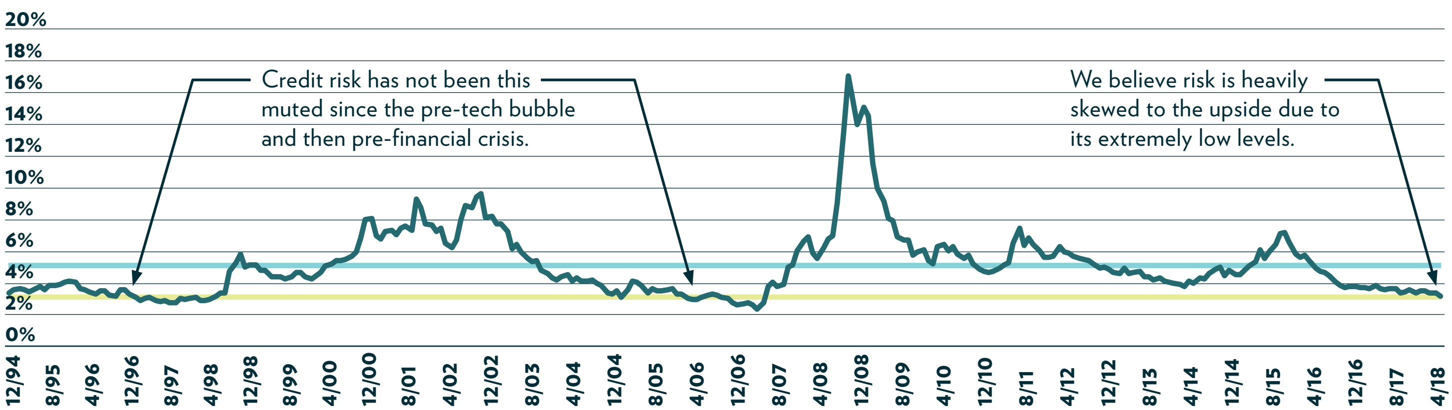
The Innovator S&P Investment Grade Preferred ETF (EPRF) is the only 100% investment grade preferred ETF. EPRF is based on the S&P U.S. High Quality Preferred Stock Index, which selects fixed, floating or variable investment grade preferred issues (BBB- or higher) from U.S. listed preferred stocks.

Following rate hikes and further compression in credit spreads, we focus on three reasons to consider investment grade preferreds.

1 INVESTMENT GRADE IS CHEAP COMPARED TO JUNK

Investors are being compensated to take on credit risk for higher yields at the lowest levels since 1998 (pre-tech crash) and 2007 (pre-Great Recession). Said another way, investment grade is cheap as evidenced by investment grade preferreds trading at over 3% discounts to par.

CREDIT SPREADS AT LOWEST LEVELS SINCE 2007



● % HY - Corporate YTM ● Average ● Today

Source: Bloomberg L.P. from Dec. 1994 to Sept. 2018.

2 BELOW INVESTMENT GRADE CREDIT IS RISKY

A small jump in credit risk poses a much greater risk to investors than another increase in interest rates. During a minor spike from July 2014 to February 2016, below investment grade underperformed investment grade by nearly 17%. Credit quality matters within the preferred space as well.

JUNK VS. INVESTMENT GRADE RELATIVE PERFORMANCE

An increase in credit spreads doesn't bode well for junk rated credit.

Source: Bloomberg L.P. as of Sept. 2018. Credit spreads are measured as the difference in yields of the ICE BofAML US High Yield Index and the ICE BofAML US Corporate & Govt. Index.

3 IMPROVE PORTFOLIO CREDIT QUALITY + MANAGE RATE RISK

Investment grade preferreds offer above average yield, moderately low duration, without sacrificing credit quality. In fact, EPRF is the only preferred ETF that only includes investment grade preferreds. In October 2018 the universe of preferreds was expanded to include investment grade variable and floating rate preferreds.

● Fixed Rate 85%

● Floating / Variable 15%

● % Investment Grade 100%

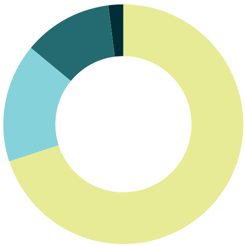
Source: Bloomberg L.P. and Innovator as of October 22nd, 2018.

EPRF

About the Innovator S&P Investment Grade Preferred (EPRF)

Expense Ratio	0.47%
Wtd. Avg. Discount to Par	-3.10%
% Trading Below Par	69%
% Investment Grade	100%
QDI Eligible	57%
Cumulative Preferreds	35%
30-Day SEC Dividend Yield	5.60%

SECTOR WEIGHTS



Financials	70%
Real Estate	16%
Utilities	12%
Industrials	2%

Source: Bloomberg L.P. as of October 22nd, 2018.

S&P and Moody's study the financial condition of an entity to ascertain its creditworthiness. The credit ratings reflect the rating agency's opinion of the holdings financial condition and histories. For information on the rating agencies methodology, visit http://www.standardandpoors.com or https://www.moodys.com.

Investing involves risks. Principal loss is possible. The Fund's return may not match the return of the Index. The fund invests in preferred securities which may be subject to many of the risks associated with debt securities, including interest rate risk. The fund invests in equity securities which may be subject to volatile price fluctuations. Because the fund is non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund, changes in the market value of a single investment could cause greater fluctuations in share price.

The Fund's investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus contains this and other important information, and it may be obtained at innovatoretfs.com. Read it carefully before investing.