INNOVATOR
exchange-traded funds

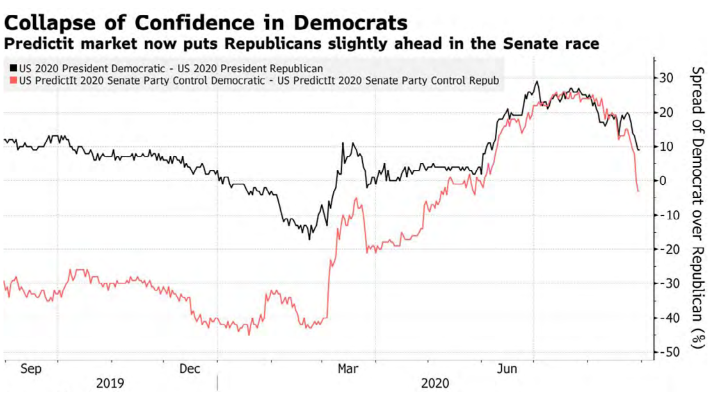
Innovator Defined Outcome ETFs™

2020 ELECTION SERIES: PART 3

Autumn Volatility and the Upcoming Presidential Election

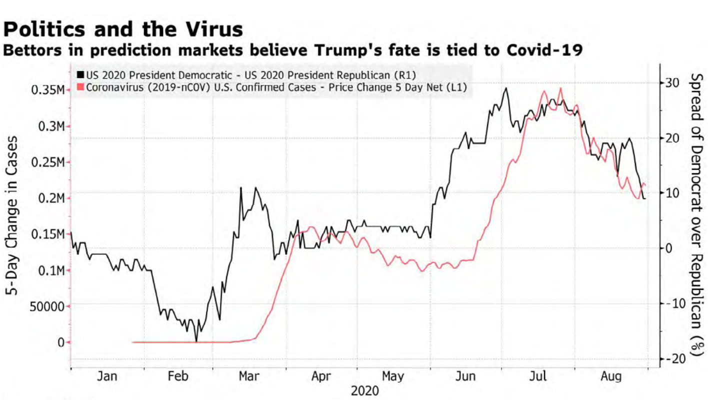
- The upcoming election is approaching quickly.
- Innovator anticipates increased volatility not only leading up to the election, but also afterwards.
- The September, October, November, January, April, and May series are tactical ideas to hedge potential market volatility over the upcoming months.

As the 2020 election nears, expectations for the outcome are growing increasingly volatile. While the previously generous polling lead Biden and the Democrats enjoyed has narrowed, according to the rolling average of polls from Real Clear Politics, betting and prediction markets show a rapid tightening with rising odds for Trump and the Republicans, according to Real Clear Politics and Predictit, respectively. As predictions tend to lead polls, further volatility could lie ahead for the odds of the 2020 election outcome.



Source: Bloomberg

A decrease in new coronavirus cases appears to be a driving force in the turnaround for the GOP. With schools reopening and flu season approaching on one hand and the nearing of vaccine approvals on the other, the future course of the virus and its impact on expectations for the election is unknown.



Source: Bloomberg

Though neither polls nor betting markets were reliable four years ago, investors certainly have a lot to consider when assessing potential equity market behavior depending on the outcome, if history is a guide. In an article entitled, "Presidential Elections and Stock Returns," Fidelity Management & Research Company (FMRCO) states that on average, **"[during the first two years] the market does better following a Republican win (+8.3%) than a Democratic win (+5.8%), but over a full 4-year term the average difference virtually disappears and we are left with +8.6% vs. +8.8% for Republican presidencies and all presidencies respectively. When there is a sweep, this difference is even more extreme. When the Republicans sweep, the 2-year average forward return is +12.2% and when the Democrats sweep it is a mere +3.4%. But again, after 4 years the difference in average returns is almost gone (+8.6% vs. +8.2%)."**

What did the S&P 500 return and volatility look like during President Obama's first two years compared to President Trump's?

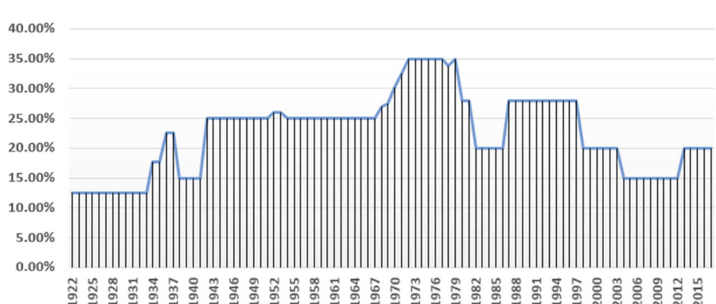
S&P 500 RETURN	OBAMA			TRUMP		
	2009	2010	Annualized period	2017	2018	Annualized period
S&P 500 Return	26.46%	15.06%	20.62%*	21.82%	-4.38%	7.91%*
S&P 500 Volatility	27.30%	18.10%	23.10%*	6.68%	17.36%	12.96%*

*2 yr. Annualized Return and Volatility figures provided. Past performance is not indicative of future results. You cannot invest directly in a index.

DID YOU KNOW?

In tax proposals earlier this year, Biden has proposed raising the ordinary tax rate from 37% to 39.6% for taxpayers with incomes above $400,000. Additionally, he has proposed taxing capital gains at the same rate (39.6%) as ordinary income for households earning more than $1 million; currently, the long-term capital gains tax rate is 20%. From a historical perspective, this jump to 39.6% would be the highest maximum capital gains tax rate and likely face harsh opposition.

HISTORICAL MAXIMUM CAPITAL GAINS TAX RATES

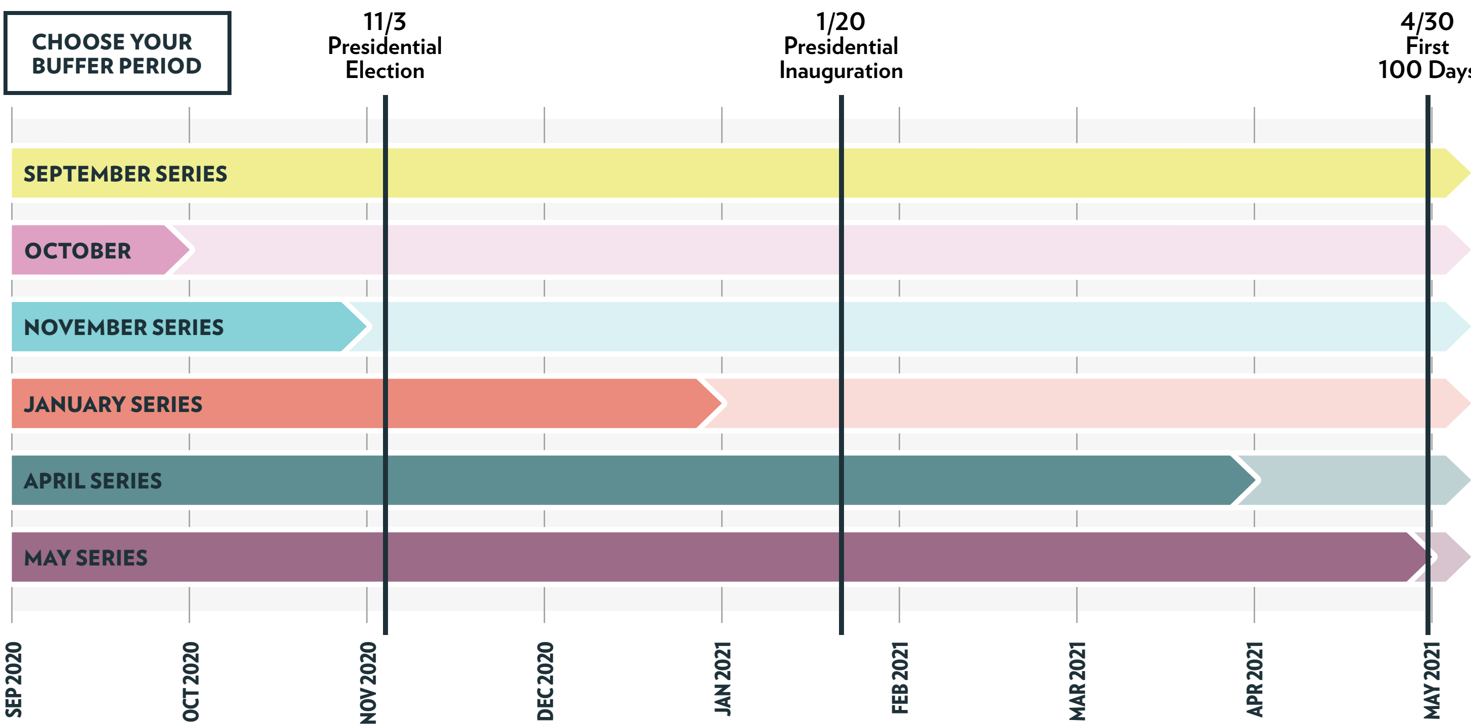


Source: The Motley Fool and Wolters Kluwer Tax & Accounting

The global coronavirus pandemic brought the US to its knees after it was first formally recognized as a public health threat in March. The number of lives lost globally, and in the US specifically, is only one measure of its impact. The economy has also felt the continued effects of the COVID crash that occurred from February 19 to March 23, including an unemployment rate of 10.4% at the end of June (International Monetary Fund) and falling consumer confidence expressed by a drop in spending. These measures have since stabilized but we do not anticipate a dramatic improvement over the next few months, in spite of the equity markets (e.g. S&P 500 Index, Nasdaq 100 Index), hitting all-time highs.

While we do not make predictions on who will win, we do agree with Jeffrey Gundlach, CEO of DoubleLine Capital, who recently said, "I expect significant market volatility, which is usually the case in and around a presidential election. I think that this go-round, I would expect to see much, much greater volatility."

Innovator believes the market will experience more volatility, not only leading up to the election, but also leading up to the official inauguration, and the first 100 days of the presidency. This does not generally favor typical equity funds. However, the monthly Innovator Defined Outcome ETFs seek to provide built-in downside buffers to mitigate losses in exchange for an upside cap. These caps tend to increase in more volatile market environments. Depending on how long an investor desires a buffer, there are multiple options within the Innovator product lineup. There are funds that recently reset their caps and buffers as well as funds that are many months into their outcome periods. These different options can provide up to 12 months remaining buffers and caps before resetting on an annual basis.



Regardless of whether a Democrat or Republican president wins office, an Innovator Defined Outcome ETF can offer upside market potential to a cap, with a built-in buffer to limit downside losses. The table below shows the average annual upside caps that we offered over the past year. The upside caps are for each monthly series and do not represent returns, but the maximum upside potential over the outcome period. In Innovator's opinion, the average upside cap for each of these series is compelling compared to the previously discussed 2 and 4 year market returns based on past elections.

Innovator believes staying invested in the US Large Cap market, through the Innovator S&P 500 Buffer, Power Buffer, or Ultra Buffer ETF, may be beneficial as the downside buffer level (9%, 15%, and 30% respectively), upside growth potential to a cap, and outcome period are all known prior to investing. Innovator issues these ETFs monthly, they reset annually and can be held indefinitely. Further, unlike other options-based strategies available in mutual funds or other investment vehicles, Innovator believes the Defined Outcome ETFs provide an attractive alternative due to their transparency, intra-period liquidity, and the tax efficiency benefits of the ETF wrapper.

HISTORICAL MARKET PERFORMANCE, FIRST TWO YEARS AFTER A:

Republican win	+8.3%
Democratic win	+5.8%

INNOVATOR ETFS	BUFFER	AVERAGE UPSIDE CAP
Buffer Series	9%	15.33%
Power Buffer Series	15%	10.55%
Ultra Buffer Series	30% *(from -5% to -35%)*	7.83%

The funds seek to generate returns that match the S&P 500 Price Index, up to the Cap on potential upside returns, while limiting downside losses over a 1 year period, before fees and expenses.

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, cap change risk, capped upside return risk, correlation risk, liquidity risk, management risk, market maker risk, market risk, non-diversification risk, operation risk, options risk, trading issues risk, upside participation risk and valuation risk. For a detail list of fund risks see the prospectus.

FLEX Options Risk. The Fund will utilize FLEX Options issued and guaranteed for settlement by the OCC (Options Clearing Corporation). In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the Fund could suffer significant losses. Additionally, FLEX Options may be less liquid than standard options. In a less liquid market for the FLEX Options, the Fund may have difficulty closing out certain FLEX Options positions at desired times and prices. The values of FLEX Options do not increase or decrease at the same rate as the reference asset and may vary due to factors other than the price of reference asset.

These Funds are designed to provide point-to-point exposure to the price return of the S&P 500 via a basket of Flex Options. As a result, the ETFs are not expected to move directly in line with the S&P 500 during the interim period.

Investors purchasing shares after an outcome period has begun may experience very different results than funds' investment objective. Initial outcome periods are approximately 1-year beginning on the funds' inception date. Following the initial outcome period, each subsequent outcome period will begin on the first day of the month the fund was incepted. After the conclusion of an outcome period, another will begin and the funds will receive a new cap and reset its buffer.

Fund shareholders are subject to an upside return cap (the "Cap") that represents the maximum percentage return an investor can achieve from an investment in the funds' for the Outcome Period, before fees and expenses. If the Outcome Period has begun and the Fund has increased in value to a level near to the Cap, an investor purchasing at that price has little or no ability to achieve gains but remains vulnerable to downside risks. Additionally, the Cap may rise or fall from one Outcome Period to the next. The Cap, and the Fund's position relative to it, should be considered before investing in the Fund. The Funds' website, www.innovatoretfs.com, provides important Fund information as well information relating to the potential outcomes of an investment in a Fund on a daily basis.

The Funds only seek to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against S&P 500 Price Index losses during the Outcome Period. You will bear all S&P 500 Price Index losses exceeding 9%. Depending upon market conditions at the time of purchase, a shareholder that purchases shares after the Outcome Period has begun may also lose their entire investment. For instance, if the Outcome Period has begun and the Fund has decreased in value beyond the pre-determined buffer, an investor purchasing shares at that price may not benefit from the buffer. Similarly, if the Outcome Period has begun and the Fund has increased in value, an investor purchasing shares at that price may not benefit from the buffer until the Fund's value has decreased to its value at the commencement of the Outcome Period.

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

Unlike mutual funds, the Funds may trade at a premium or discount to their net asset value. ETFs are bought and sold at market price and not individually redeemed from the fund. Brokerage commissions will reduce returns.

Innovator ETFs are distributed by Foreside Fund Services, LLC.