

3 Ideas to Position Portfolios for the Remainder of 2022

1. **PROBLEM: Risk Reward Tradeoff For Core Bonds Remains Poor**

SOLUTION: Innovator Defined Wealth Shield ETF (BALT)

RATIONALE: Tie “Lower Risk” Dollars to the Equity Market

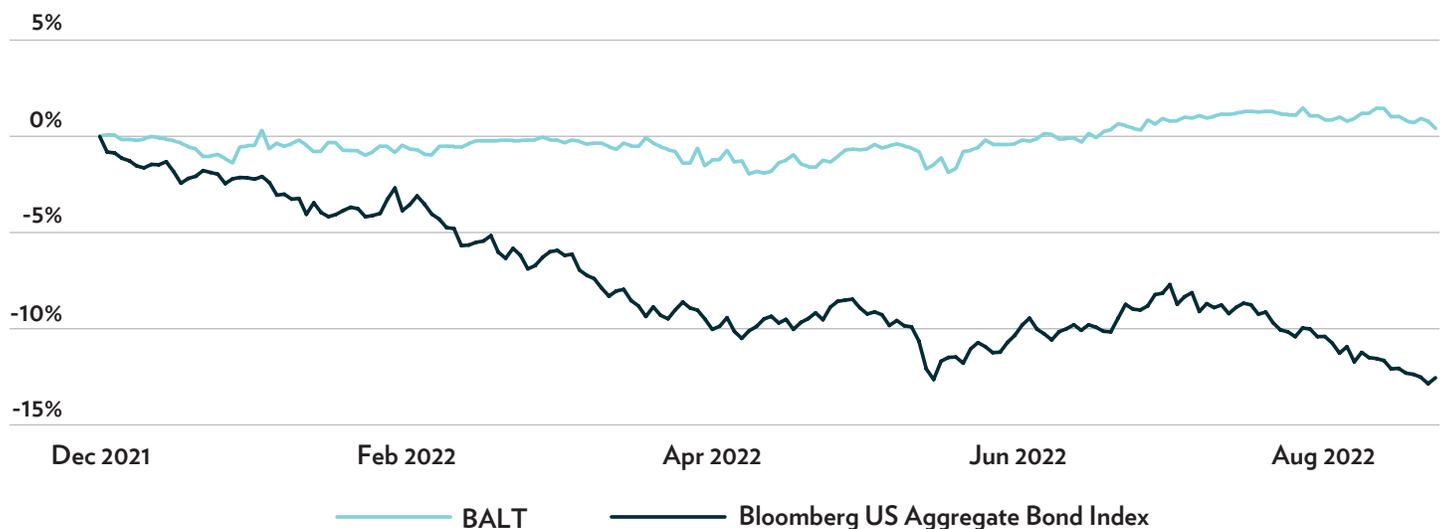
Late last year, we outlined that the risk reward tradeoff for core bonds was extremely poor; higher inflation was likely to put downward pressure on bond prices, low starting yields would limit upside potential, and the common risks facing both equities and bonds were likely to diminish diversification benefits.

While bond yields may be meaningfully higher today, we do not believe the backdrop has changed. We believe higher interest rates remain part of the solution to the inflation dilemma, upside potential continues to be limited by starting yields, and bonds are likely to continue moving in tandem with equities, simply for the fact that key risks (inflation, rates, Fed) continue to be shared.

Given this view, we believe investors may be better off tying their “lower risk” dollars to the equity market as opposed to the bond market. When the shared risks mentioned above eventually resolve, equities are likely to benefit more than bonds.

Innovator Defined Wealth Shield ETF (BALT) offers investors upside exposure to SPY—the SPDR S&P 500 ETF—up to a cap with a fresh 20% buffer each quarter. Historically, BALT has delivered volatility more in line with bonds than equities, and with a starting cap in the 4th quarter of 2.2% we believe BALT may continue to be a timely solution given the current backdrop.

BALT VS. BLOOMBERG US AGGREGATE BOND INDEX



Source: Bloomberg, as of 9/21/2022
 Past performance is not a guarantee of future results. An investment cannot be made directly in an index.

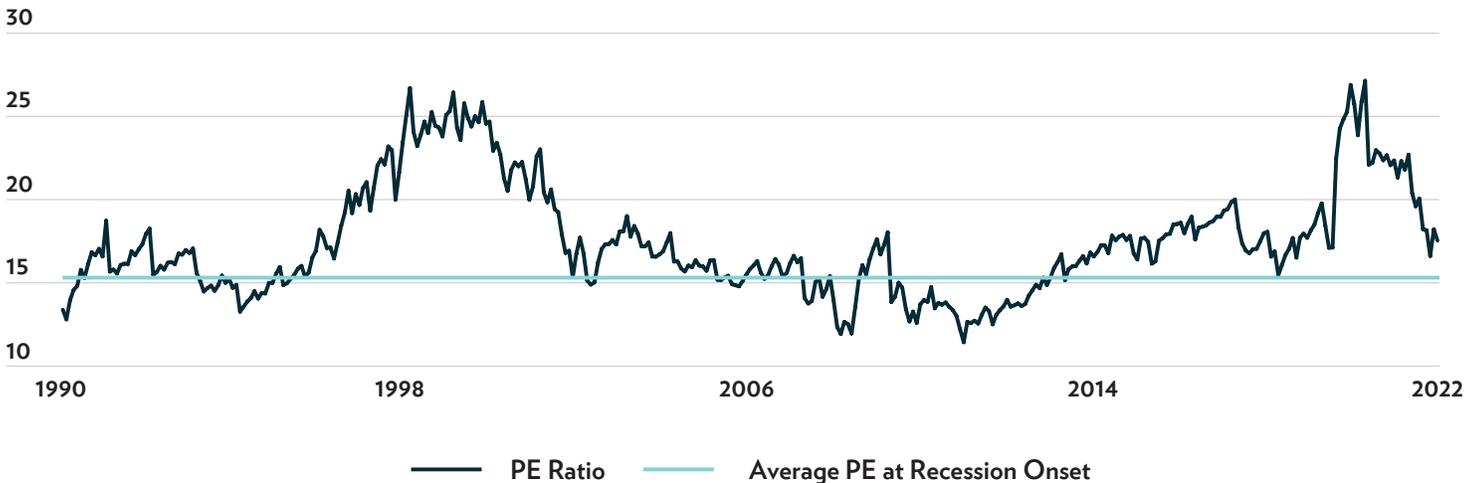
2. PROBLEM: Hedging a Hard Landing and Soft Landing at the Same Time

SOLUTION: Innovator U.S. Equity Power Buffer ETF – October (POCT)

RATIONALE: Be prepared for both further downside or a market recovery

Uncertainty across the market is extremely high. Putting the current backdrop in context, never in history has the Fed hiked rates with inflation above 5% and been able to get it under control without a recession. Despite these fears and a deteriorating macro backdrop, equity valuations remain comfortably above prior recessionary levels.

S&P 500 Valuation 1990-2022



Source: Bloomberg, as of 8/31/2022

While valuations may be more favorable than they were at the start of the year, the market does not appear to be fully discounting the hit to growth that it may take to bring inflation under control. As such, we continue to focus on managing any near-term repricing risk while remaining invested.

Innovator Power Buffer October ETF (POCT) recently reset with a fresh 15% buffer over the next 12 months, and a favorable cap of 17%. Given these parameters, we believe this strategy can help hedge any further discounting to equities that may materialize, while also offering meaningful upside exposure should these risks ease.

3. PROBLEM: Growth In The Face Of High Inflation

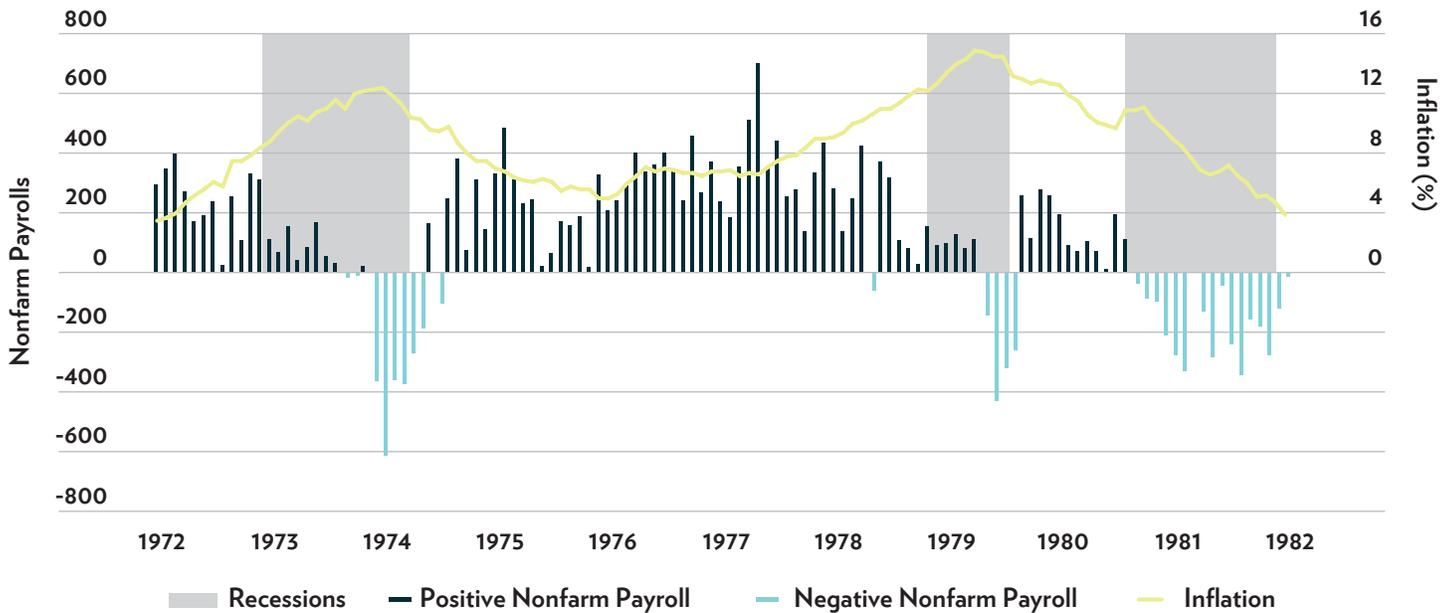
SOLUTION: Innovator U.S. Equity Accelerated 9 Buffer ETF – October (XBOC) or Innovator Double Stacker 9 Buffer ETF – October (DBOC)

RATIONALE: Be prepared for both further downside or a market recovery

Pockets of the US economy have slowed; however, the labor market has been extremely resilient up to this point thus supporting consumer spending habits. While this strength may support the view that the US is not yet in a recession, it also highlights how much work the Fed may have left. If history is any indication, controlling inflation without a hit to the job market will be nearly impossible (see example below from 1972 through 1982, the last time inflation was this high).



Nonfarm Payrolls and Inflation



Source: Bloomberg

If the Fed is to rein in inflation, it cannot stop tightening until the job is done. The reality is, this could be a drawn-out process resulting in slow growth for some time. As such, we believe preparing portfolios not only for near term drawdowns, but also for lower equity market returns is prudent.

Innovator US Equity Accelerated 9 Buffer ETF™ (XBOC) offers investors 2X upside exposure on SPY, up to a 17% cap over the 12-month outcome period. Additionally, the strategy provides a 9% downside Buffer.

Innovator Double Stacker 9 Buffer ETF™ (DBOC) offers investors upside exposure on SPY and QQQ, up to a 21% cap, while also providing a buffer against the first 9% of losses, over the full outcome period.

Given the current threats of negative or slow economic growth, XBOC provides a potential solution to hedge both near-term drawdown risk as well as lower equity returns.



BALT Performance

	YTD	1 Year	Inception
BALT NAV	-0.40%	0.45%	0.45%
BALT Closing Price	-0.39%	0.55%	0.55%

Data as of 6/30/2022. The Fund inception on 6/30/2021. Performance quoted represents past performance, which is no guarantee of future results. Investment returns and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Returns less than one year are cumulative. One cannot invest directly in an index.

The Bloomberg US Aggregate Bond Index serves as a proxy for core bonds.

Note Buffer ETFs carry equity risk and their performance is tied to the equity market. To achieve a positive return, equity markets must be positive.

Opinions and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided is reliable but should not be assumed to be accurate or complete. Buffer ETFs may not be suitable for all investors.

The funds only seek to provide their investment objective, which is not guaranteed, over the course of an entire outcome period. Investors who purchase shares after or sell shares before the end of an outcome period will experience very different outcomes than the funds seek to provide. There is no guarantee the funds' will achieve their investment objective.

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 Options Clearing Corporation (OCC). 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.

BALT is designed to provide point-to-point exposure to the price return of the reference asset via a basket of Flex Options. As a result, the ETFs are not expected to move directly in line with the reference asset 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 inceptioned. After the conclusion of an outcome period, another will begin.

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 Fund only seeks to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against reference asset losses during the Outcome Period. You will bear all reference asset losses exceeding the buffer. 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 predetermined 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 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.

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