INNOVATOR exchange-traded funds

Innovator Defined Outcome ETFs™

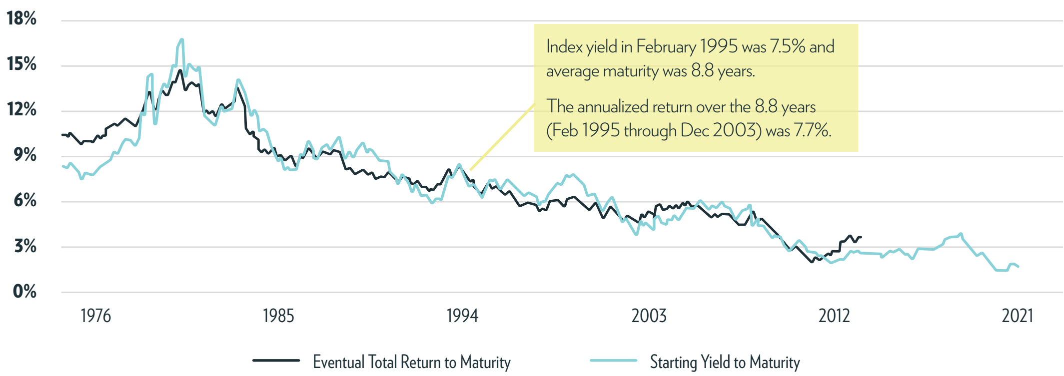
2022: Bonds to Buffers?

1 STATE OF THE BOND MARKET

BOND MARKET YIELDS HAVE BEEN A MAJOR INDICATOR OF BOND MARKET RETURNS

For nearly half a century, investors have used a defensive allocation to bonds for the purpose of managing investment risk. The decades-long bull market in bonds made this a viable strategy, as investors received both the defensive characteristics of bonds, plus the attractive returns propelled by falling yields:

Bloomberg US Aggregate Bond Index: Starting Yield vs. Subsequent Total Return



Bloomberg US Aggregate Bond Index 40-Year Annualized Return: 7.7%

Yield to Maturity[1]:

9/30/1981: 16.5%
9/30/2021: 1.6%

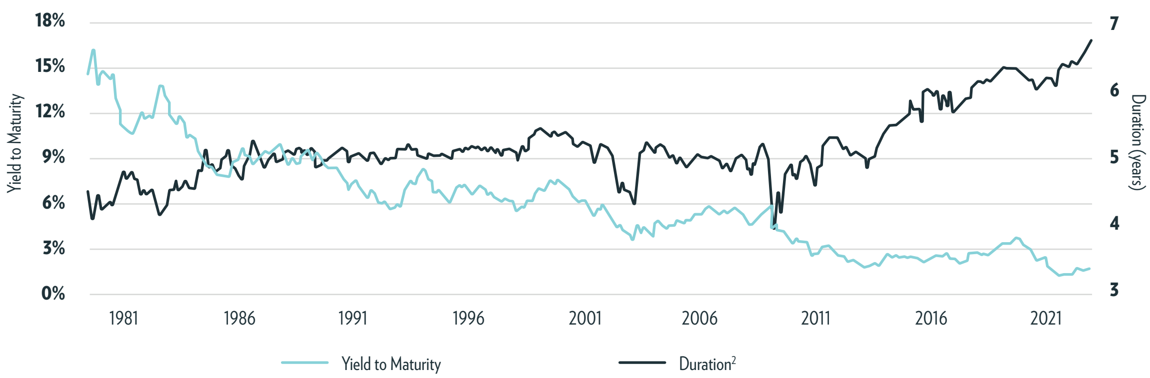
Source: Bloomberg, as of 9/30/21

As indicated in the chart, the bond market's yield to maturity has been a major indicator of its total return. At the end of 2021, low yields are hinting that future returns are likely to be much lower than the returns of decades past.

YIELDS ARE LOW AND RATE-RISK IS HIGH

In the early 1980s, bond investors were rewarded handsomely for the interest-rate risk they took on, earning four percentage points of yield for each year of duration.

Bloomberg US Aggregate Bond Index: Yield to Maturity vs. Duration



Yield to Maturity:

9/30/1981: 4.0%
9/30/2021: 0.2%

Source: Bloomberg, as of 9/30/21

In addition to bond yields falling to historic lows, interest-rate risk has risen to all-time highs. With a duration of nearly seven years, a 1-percentage-point increase in the index's yield to maturity indicates a potential 7% decline in prices.

Put simply, bond investors have never risked so much, to earn so little.

Defined Outcome ETFs have characteristics unlike many other traditional investment products and may not be suitable for all investors. For more information regarding whether an investment in the Fund is right for you, please see "Investor Suitability" in the prospectus.

2 THE FUTURE OF BONDS IN PORTFOLIOS

The S&P 500 declined a swift 32% in March of 2020. During this drawdown, bonds provided a measured level of security and risk-mitigation in portfolios. But, given the challenges presented above, do bonds make sense going forward? As outlined in section 1, challenges abound on the bond front, pushing investors to consider alternatives to the defensive side of the equation in the face of historically low yields and high duration[2].

Let's take a look at an example wherein we assume the following:

2% YIELD, 6 YEAR DURATION

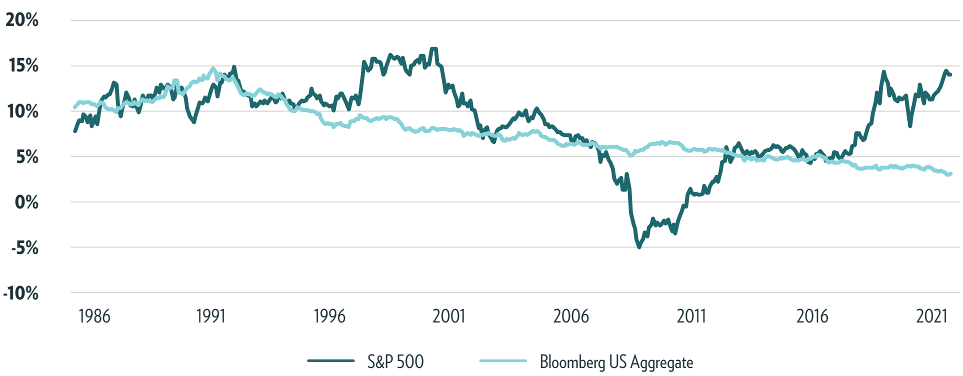
YIELD CHANGE	BOND RETURN
-0.50%	5%
FLAT	2%
1.00%	-4%
2.00%	-10%

Bond Return = price return + yield
(Price return = duration * yield change)

Given the consensus view that rate hikes are coming, advisors should position for lower future bond returns.

3 IMPLEMENTATION

Rolling 10-Year (120-Month) Returns



ROLLING 10-YEAR AVERAGES (120-MONTH)

	S&P 500	BLOOMBERG US AGGREGATE
Return	8.6%	7.6%
Volatility[3]	15.0%	4.6%
Drawdown[4]	-34.8%	-5.3%

Source: Bloomberg, as of 11/30/2021.

Looking at rolling 10-year returns, equities tend to outperform bonds over long time horizons but with significantly higher volatility. The outlook going forward for bonds and equities appears less promising due to low starting bond yields and heightened equity valuations. That being said, many investors continue to increase their exposure to unhedged equities to make up for historically low yields in their bond allocation. Innovator Defined Outcome ETFs™ provide investors exposure to U.S. equity markets to a cap, with built in buffers. This has the potential to provide a higher upside than current bond yields and with lower volatility than unhedged equity.

While investors have traditionally incorporated bonds as a portfolio ballast and income-provider, the current environment (low yields, high interest rate sensitivity, increasing correlations) is leading many to consider defensive alternatives. The opportunity cost of holding bonds may be too high for certain investors, so how can they increase return potential to offset potential headwinds?

Advisors have several options:

1. Increase allocation to equities (70/30, 80/20, etc.)
2. Increase allocation to riskier debt (e.g. High Yield), therefore increasing interest rate risk
3. Allocate to alternatives (e.g. TIPS, private credit, etc.)

OR 4. Utilize Defined Outcome Buffer ETF strategies to buffer downside risk while maintaining upside equity exposure to a cap

4 HOW DID DEFINED OUTCOME ETFs™ STACK UP AGAINST BONDS IN 2021?

In 2021, PJAN (Innovator US Equity 15% Power Buffer) + UJAN (Innovator US Equity 30% Ultra Buffer) outperformed core bonds, corporate bonds, and high yield and exhibited risk characteristics that may appeal to investors seeking defensive equity based alternatives.[5]

2021	PJAN	UJAN	CORE BONDS	CORPORATES	HIGH YIELD	U.S. TREASURIES	S&P 500
Return	8.8%	5.9%	-1.5%	-0.9%	5.3%	-2.3%	28.6%
Volatility	4.7%	3.6%	3.4%	4.5%	2.2%	4.0%	13.1%
Max Drawdown	-2.1%	-1.3%	-3.8%	-5.1%	-2.0%	-4.7%	-5.1%

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. For the most recent month-end performance go to innovatoretfs.com.

IMPORTANT NOTE: This is a small sample size and does not incorporate a full market cycle or a period of significant draw down. Investors should not base an investment decision on this period alone and should consider potential risks before investing.

Core Bonds represented by the ICE BofA US Broad Market Index [6].

Corporates represented by the ICE BofA US Corporate Index[7].

High Yield represented by the ICE BofA US High Yield Index[8].

U.S. Treasuries represented by the ICE BofA US Treasury & Agency Index[9].

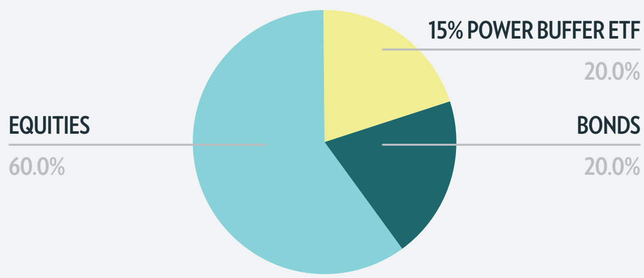
Below are 3 scenarios where investors can incorporate Innovator Defined Outcome ETFs™ as a defensive, equity-based alternative to bonds:

SCENARIO 1

An investor is concerned about rising interest rates in the coming years and is underweight bonds. Rather than increase his allocation to unhedged equities, the investor can incorporate a buffer ETF which we believe may serve as a defensive hybrid between equities + bonds.

Potential allocation: 60% Equities, 20% Power Buffer ETF, 20% Bonds

60/40 WITH 15% POWER BUFFER ETF



Series:

» *Innovator U.S. Equity Power Buffer ETF series:* U.S. Equity Power Buffer ETF provides 1:1 return of SPY to a cap with a **15% downside buffer against losses over a 1-year outcome period**.

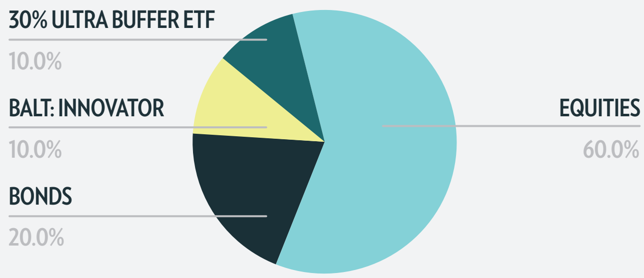
The funds only seek to provide their investment objective, which is not guaranteed, over the course of an entire outcome period. Investors who purchase shares after, or sell shares before, the end of an outcome period will experience very different outcomes than the funds seek to provide. There is no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

SCENARIO 2

An investor is concerned about low yields on her bond allocation. 1.6% annual yield on core bonds (as measured by Bloomberg US Aggregate Bond Index) will not meet her investment goals. To increase upside potential, she may incorporate the Innovator Ultra Buffer ETF + Innovator Defined Wealth Shield ETF as potential equity based defensive alternatives to bonds.

Potential allocation: 60% Equities, 20% Bonds, 10% BALT, 10% Ultra Buffer ETF

60/40 WITH BALT + ULTRA BUFFER



Series:

» ***Innovator Defined Wealth Shield ETF (BALT):*** BALT provides 1:1 returns of SPY to a cap with a 20% downside buffer that is reset on a quarterly basis. Investors may use BALT if they are seeking to maintain a defensive posture but favor equities over bonds.

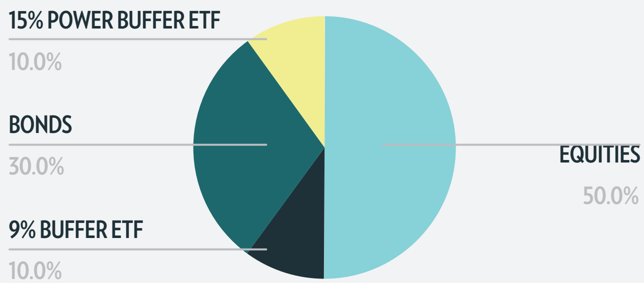
» ***Innovator U.S. Equity Ultra Buffer ETF series:*** The U.S. Equity Ultra Buffer ETF provides 1:1 returns of SPY to a cap with a **30% downside buffer (-5% to -35%) against losses over a 1-year outcome period**.

SCENARIO 3

An investor began the year with a balanced 60/40 portfolio but 2021 equities' outperformance and bonds' underperformance has led to an imbalance of 65% stocks/35% bonds. Concerned about high equity valuations and low bond yields, the investor can incorporate Innovator Buffer ETFs as a potential equity-based defensive alternative to the traditional 60/40 portfolio.

Potential allocation: 50% Equities, 10% Buffer ETF, 30% Bonds, 10% Power Buffer ETF

PORTFOLIO WITH 9% + 15% BUFFER ETFS



Series:

» ***Innovator U.S. Equity Buffer ETF series:*** The U.S. Equity Buffer ETF provides 1:1 returns of SPY to a cap with a **9% downside buffer against losses over a 1-year outcome period**.

» ***Innovator U.S. Equity Power Buffer ETF series:*** The U.S. Equity Power Buffer ETF provides 1:1 returns of SPY to a cap with a **15% downside buffer against losses over a 1-year outcome period**.

CONCLUSION

For over a decade, investors have enjoyed strong returns from the traditional 60/40. The market's setup for the next decade is much different than the previous. Historically low yields, increased duration (interest-rate sensitivity), and high inflation pose serious threats to bondholders. While there are many alternatives available to investors, very few provide them with a Defined Outcome. With lower potential returns on the horizon, Innovator's Defined Outcome ETFs™ offer a liquid, low-cost, and tax-efficient[10] solution for investors who are looking for potential defensive equity based alternatives to bonds in the current low interest rate, high equity risk environment.

STANDARDIZED PERFORMANCE

	YTD	1 Year	3 Year	Since Inception	Inception Date
PJAN NAV	8.87%	8.87%	9.86%	9.86%	12/31/18
PJAN Closing Price	8.80%	8.80%	9.88%	9.88%	12/31/18
UJAN NAV	5.91%	5.91%	7.97%	7.97%	12/31/18
UJAN Closing Price	8.79%	5.79%	7.99%	7.99%	12/31/18

Data as of 12/31/2021. 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. Visit innovatoretfs.com/define for current month-end performance.

An Important Note about Buffers and Bonds

BALT seeks to track the return of the SPDR S&P 500 ETF Trust (SPY), to a cap, while targeting a 20% buffer against losses over the quarterly outcome period. UJAN seeks to track the return of SPY, to a cap, while buffering against 30% (-5% to -35%) of losses over the outcome period. Both strategies use FLEX options to gain exposure. Buffer ETFs carry equity risk, which has historically been greater than bond risk. In order to produce a positive return, BALT and UJAN need equities to rise. If the equities fall more than the predetermined buffer, investors risk a loss.

Unlike bonds, Defined Outcome ETFs cannot rise when equities fall. Unlike equities, bonds pay coupons and their returns are not directly tied to the equity market. The price of a bond does not need to increase for an investor to profit. In addition, the price of bonds are affected by supply and demand. As a result bonds price have historically risen when equities have fallen as investors seek safety outside of equities. Bonds have maturity dates at which point principal must be repaid or a default occurs. Bonds are higher in the capital structure than equities and therefore carry significantly lower risk of loss.

In addition, Buffer ETFs do not provide income which is the typical investment objective of bond funds. The underlying options provide exposure to the price-return of their respective reference asset and therefore investors do not receive dividends or investment income through an investment in a Buffer fund.

[1]**Yield to Maturity:** Yield to maturity is the return of a bond if held to its maturity date.

[2]**Duration:** In general, duration represents the expected percentage change in the value of a security for an immediate 1% change in interest rates. For example, the price of a debt security with a three year duration would be expected to drop by approximately 3% in response to a 1% increase in interest rates. As the value of a debt security changes over time, so will its duration.

[3]**Volatility**: A statistical measure of the dispersion of returns for a given security or market index.

[4]**Drawdown:** The maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained.

[5]**Buffer, Power Buffer, and Ultra Buffer ETFs** utilize Flex Options and seek to provide exposure to the price return of major equity markets, to a cap, with a defined downside buffer level to help reduce risk over an outcome period.

[6]**ICE BofA US Broad Market Index:** tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, quasi-government, corporate, securitized and collateralized securities.

[7]**ICE BofA US Corporate Index:** tracks the performance of US dollar denominated investment grade rated corporate debt publicly issued in the US domestic market.

[8]**ICE BofA US High Yield Index:** tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

[9]**ICE BofA US Treasury & Agency Index:** tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market.

[10]ETFs use creation units, which allow for the purchase and sale of assets in the fund collectively. Consequently, ETFs usually generate fewer capital gain distributions overall, which can make them somewhat more tax-efficient than mutual funds. Defined Outcome ETFs™ are not backed by the faith and credit of an issuing institution, so they are not exposed to credit risk.

The fund has characteristics unlike many other traditional investment products and may not be suitable for all investors. For more information regarding whether an investment in the Fund is right for you, please see "Investor Suitability" in the prospectus.

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 incepted. 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 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 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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