

# Using Buffer ETFs™ to Pursue Outperformance of Fixed Income

For clients seeking more upside from their conservative allocations through equity exposure - without significantly increasing risk - consider these strategic shifts using Innovator ETFs® as potential solutions:

## CASH & MONEY MARKET FUNDS

### *Investor Rationale*

Avoid all exposure to market loss



## **JAJL**

100% Buffer ETFs™



**Buffers against 100%** of losses\*



Seek higher return potential relative to **ultra-short fixed income**



**Tax efficient**<sup>1</sup>

## SHORT-TERM BONDS

### *Investor Rationale*

Take on incremental risk beyond cash, in pursuit of incrementally higher return



## **BFRZ**

Managed 100 Buffer ETF™



**Managed 100% buffer**, from Parametric



Seek higher return potential relative to **short-term fixed income**



**Tax efficient**<sup>1</sup>

## CORE BONDS

### *Investor Rationale*

Portfolio diversification to offset equity risk



## **BALT**

Defined Wealth Shield ETF



**Buffer against first 20%** of quarterly losses



Seek higher return potential relative to **core fixed income**

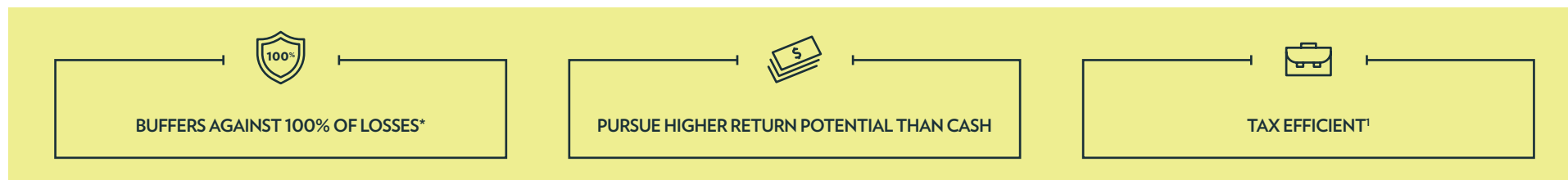


**Tax efficient**<sup>1</sup>

## Cash & Money Market Funds

The primary reason investors maintain allocations to cash and money market funds is to avoid exposure to market losses.

The characteristics of **100% Buffer ETFs™** make them a potential solution to protect against market losses while aiming to increase upside potential through equity exposure:

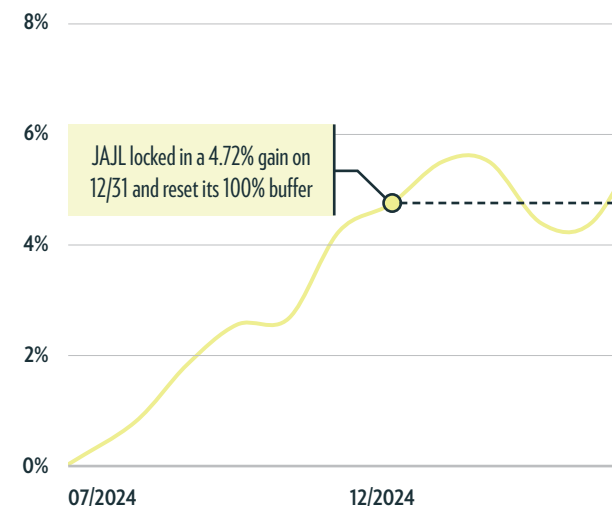


Innovator's Equity Defined Protection ETF® (JAJL) is an example of how 100% Buffer ETFs™ may offer higher return potential relative to cash, with protection against 100% of losses\* over each outcome period:

### ILLUSTRATIVE SCENARIO

	INVESTOR 1	INVESTOR 2
<b>7/1/24</b>	Buys JAJL	Buys 3-Mo T-Bill
<b>10/1/24</b>	Continues to Hold JAJL	Rolls Into New 3-Mo T-Bill
<b>12/31/24</b>	<ul style="list-style-type: none"> <li>» Locks in 4.72% Return Over Six Months</li> <li>» Starts New 6-Month Outcome Period</li> <li>» <i>New 100% Buffer</i></li> <li>» <i>New Upside Cap</i></li> <li>» No Taxable Event</li> </ul>	<ul style="list-style-type: none"> <li>» Locks in 2.61% Pre-Tax Return Over Six Months</li> <li>» Incurs a Tax Liability</li> <li>» Earns 1.55% After Tax</li> <li>» Rolls into new 3-Mo T-Bill</li> </ul>

### JAJL CUMULATIVE RETURN



Source: Bloomberg, Innovator, 7/1/24 - 5/31/25. T-Bill performance represented by the S&P U.S. Treasury Current 3-Month Bill Index. This illustration makes the following assumptions: (1) an investor continues to hold JAJL; (2) a tax rate of 40.80% for a T-Bill investor. *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 quoted. Visit [innovatoretfs.com/performance](https://innovatoretfs.com/performance) for current month-end and standardized performance.*

## Short-Term Bonds

SUBADVISOR ► Parametric

The primary reason investors allocate to short-term bond ETFs is to pursue returns incrementally higher than cash, by taking on additional incremental risk.

The characteristics of *Innovator's Managed 100 Buffer ETF™ (BFRZ)* make it a potential diversifier for investors that favor equity exposure:



MANAGED 100% BUFFER



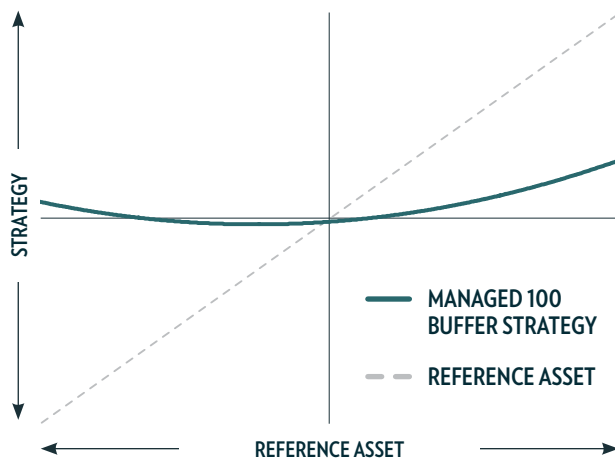
HIGHER RETURN POTENTIAL THAN  
SHORT-TERM FIXED INCOME



TAX EFFICIENT¹

By combining laddered put options with short-dated covered calls, *BFRZ* can be an all-weather investment, offering the potential for gains in both up and down markets.

MANAGED 100 BUFFER VS EQUITY

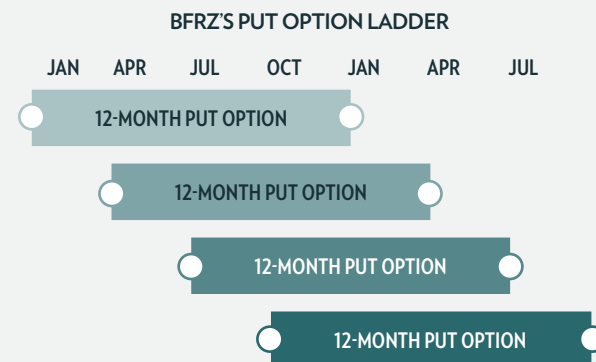


For illustrative purposes only.

The fixed income laddering conducted by short-term fixed income strategies help manage interest-rate risk, but increases the range of potential returns relative to single issue fixed income. Similarly, laddering put options helps to mitigate timing risk but results in a wider range of potential returns than a single put option.

	PUT OPTION	LADDERED PUTS	FIXED INCOME	LADDERED FIXED INCOME
Return Profile	Defined Protection	Managed Protection	Defined YTM	Managed YTM
Time-Period Return	Precise	Range	Precise	Range

For illustrative purposes only.



## Core Fixed Income

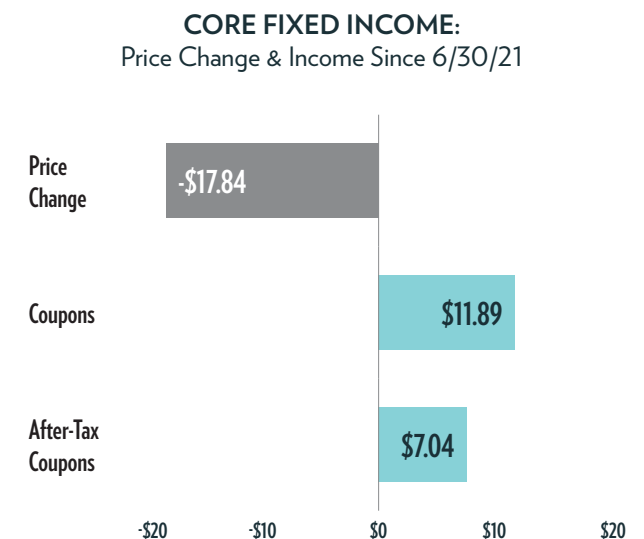
The primary reason investors allocate to core fixed income is for portfolio diversification, specifically to mitigate equity risk.

For investors seeking hedged equity exposure, the characteristics of Innovator's Defined Wealth Shield ETF (BALT) make it a potential diversifier from core fixed income:



With less than half the volatility and a small fraction of the drawdown of core bonds, BALT has been a compelling solution for a defensive allocation.

	PRE-LIQUIDATION / PRE-TAX		PRE-LIQUIDATION / POST-TAX	
6/30/21 - 3/31/25	BALT	CORE FIXED INCOME	BALT	CORE FIXED INCOME
Return	5.45%	-1.22%	5.45%	-2.57%
Volatility	3.0%	6.4%		
Max Drawdown	-2.16%	-17.87%		
Sharpe	0.63	-		



Source: Bloomberg, Innovator. Core fixed income represented by the ICE BofA US Broad Market Index. Assumes highest federal income tax rate on coupons. *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 quoted. Visit [innovatoretf.com/performance](https://innovatoretf.com/performance) for current month-end and standardized performance.*



STANDARDIZED PERFORMANCE	YTD	1 YEAR	3 YEAR	INCEPTION
BALT NAV	-0.17%	7.28%	6.63%	5.45%
BALT Closing Price	-0.13%	7.25%	6.65%	5.48%
JAJL NAV	-0.33%	-	-	4.38%
JAJL Closing Price	-0.37%	-	-	4.42%

Data as of 3/31/2025. BALT Expense Ratio: 0.69%; Inception Date: 6/30/2021. JAJL Expense Ratio: 0.79%; Inception Date: 6/30/2024.

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. Visit [innovatoretfs.com/SFLR](http://innovatoretfs.com/SFLR) for current month-end and standardized performance.

Shares are bought and sold at market price, not net asset value (NAV), and are not individually redeemable from the fund. NAV represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where fund shares are listed.

*\*Before fees and expenses.*

*<sup>1</sup>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.*

*<sup>2</sup>ETFs are not backed by the faith and credit of an issuing institution, so they are not exposed to credit risk.*

**The Funds are not equivalent to cash or bonds. Buffer ETFs™ do not provide income and may not be a suitable alternative to bonds. 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 rise for an investor to profit. At time, bond prices have risen when equities have fallen as investors seek safety outside of equities. Bonds are higher in the capital structure than equities and therefore are perceived to carry lower risk of loss. An investment in Buffer ETFs™ could involve significant risks not associated with cash or bonds.**

This material does not constitute tax advice. Investors should consult with tax professionals for tax advice and not rely upon information disseminated by Innovator. Past distributions are not indicative of future distributions. Transactions

in ETF shares may result in brokerage commissions and will generate tax consequences. Investors should consider their current and anticipated investment horizon and income tax bracket when making an investment decision as illustrations herein do not reflect these factors. This material assumes an ordinary income tax rate of 40.8% which is inclusive of the Net Investment Income Tax Rate of 3.8%.

**The Funds 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 Funds is right for you, please see “Investor Suitability” in the applicable prospectus.**

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.

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](http://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 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.

There is no guarantee the Funds will be successful in providing the sought-after protection. If the Outcome Period has begun and the Underlying ETF has increased in value, any appreciation of the Fund by virtue of increases in the Underlying ETF since the commencement of the Outcome Period will not be protected by the Buffer, and an investor could experience losses until the Underlying ETF returns to the original price at the commencement of the Outcome Period.

These Funds are 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 3-months, 6-months, 1-year, or 2-years 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.

**BALT Risk.** Although the ETF targets a 20% buffer, it may fall into a range of 15-20%; there is no guarantee that the buffer will be within this range or that the Fund will provide the buffer.

**BFRZ Risk.** The Fund seeks to provide risk-managed investment exposure to the U.S. Large Capitalization Companies represented by the Solactive GBS United States 500 Index (Equity Index) through its hedging strategy. There is no guarantee that the Fund will be successful in providing risk-managed investment exposure to the Equity Index. The Fund seeks to achieve its investment objective by purchasing a series of put option contracts with “laddered” expiration dates, up to a year, that are three months apart. The Fund will also systemically sell short-dated call option contracts, which have an expiration date of approximately

two weeks, with an objective of funding the purchases of put option contracts.

**The Fund seeks to provide a series of “buffers” that each aim to protect the Fund against 100% of losses experienced by U.S. large cap indices, as measured at the end of one-year periods and before fees and expenses. The implementation of the buffers is not guaranteed. As a result of the Fund’s laddered investment approach, on an ongoing basis the Fund will experience investment buffers that are expected to be greater or less than the 100% buffer sought-after by an individual Options Portfolio.**

The Fund seeks to provide capital appreciation while seeking to limit the amount of losses experienced by investors. The Fund does not provide principal protection or non-principal protection, and an investor may experience losses on its investment. In a market environment where the Equity Index is generally appreciating, the Fund may underperform the Equity Index and/or similarly situated funds.

The Sub-Adviser will seek to “ladder” the Fund’s option contracts by entering into a new purchased put option contract packages every three-months. After a put option contract expires, the Fund will enter into a new put option contract with one-year expiration date that are staggered every three months. Given the nature of put option contracts used, the strategy has the potential to generate positive returns in negative and very negative market environments. Any such positive returns are not guaranteed.

Because the Fund ladders its option contracts and due to the Fund’s put option contracts having different terms (including expiration dates), different tranches of put option contracts may produce different returns, the effect of which may be to reduce the Fund’s sought-after protection. Therefore, at any given moment the Fund may not receive the benefit of the sought-after protection on losses that could have been available from an Options Portfolio with a single expiration date.

**FLEX Options Risk.** The Funds 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 Funds could suffer significant losses. Additionally, FLEX Options may be less liquid than standard options. In a less liquid market for the FLEX Options, the Funds 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. Innovator is not providing this information as investment advice.

*The Funds’ investment objectives, risks, charges and expenses should be carefully considered before investing. The prospectus and summary prospectus contain this and other important information, and it may be obtained at [innovatoretfs.com](http://innovatoretfs.com). Read it carefully before investing.*

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