

**MARKET PERSPECTIVES: JULY 2022**

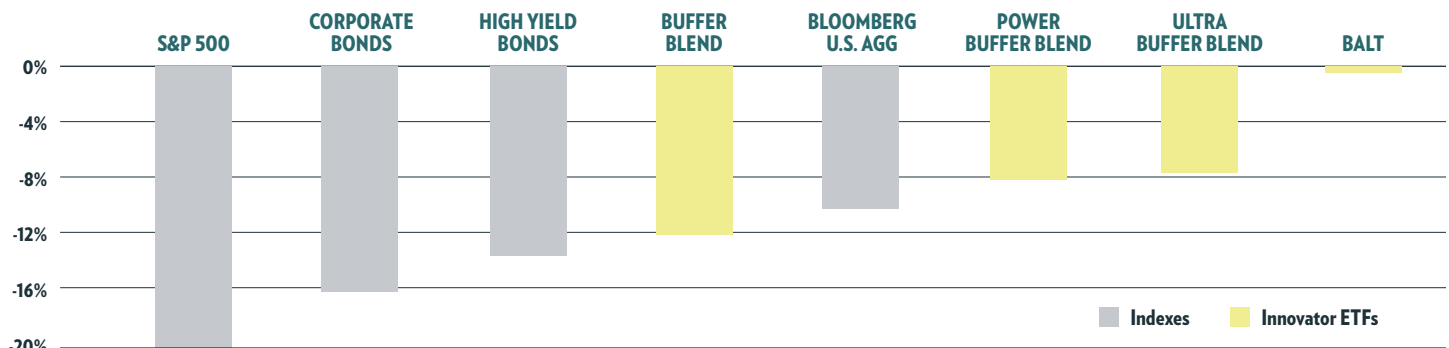
# Buffer ETFs™ Stand Out During Recent Market Declines

Recent global economic instability has revealed a number of risks facing investment portfolios:

- » **Volatility** – equity markets experienced drawdowns exceeding -20% in 2022.<sup>1</sup>
- » **Inflation** – prices of goods and services are up substantially. Annual inflation is the highest it's been since 1981.<sup>2</sup>
- » **Bond price risk** – rising interest rates generally means falling bond prices, and higher bond-equity correlation...breaking the historical link between bonds and portfolio risk mitigation.

We believe Buffer ETFs™ offer a strong value proposition in the prevailing market environment. Investing in the market with built-in buffers may be a prudent approach to both accessing equity market growth potential, while managing downside risk at the same time.

**THE POWER OF U.S. EQUITY BUFFER ETFS (YTD RETURN THROUGH 6/30/2022)**



	S&P 500	CORPORATE BONDS	HIGH YIELD BONDS	BUFFER BLEND	BLOOMBERG U.S. AGG	POWER BUFFER BLEND	ULTRA BUFFER BLEND	BALT
<b>RETURN</b>	-20.0%	-16.2%	-13.8%	-12.1%	-10.3%	-8.1%	-7.8%	-0.4%
<b>VOLATILITY IN RELATION TO S&amp;P 500</b>	100%	40%	34%	66%	29%	46%	35%	17%
<b>DRAWDOWN IN RELATION TO S&amp;P 500</b>	100%	79%	60%	64%	55%	44%	37%	9%

Corporate Bonds are represented by the Markit iBoxx USD Liquid Investment Grade Index. High Yield Bonds are represented by the Markit iBoxx USD Liquid High Yield Index. Buffer Blend represents an equally-weighted portfolio of all the monthly U.S. Equity Buffer ETFs™. Power Buffer Blend represents an equally-weighted portfolio of all the monthly U.S. Equity Power Buffer ETFs™. Ultra Buffer Blend represents an equally-weighted portfolio of all the monthly U.S. Equity Ultra Buffer ETFs™. S&P 500 Index is a broad measure of US large capitalization stocks.

**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. The most recent month-end performance can be found at [innovatoretfs.com](http://innovatoretfs.com).**

**ABOUT BUFFER ETFS™**

Innovator Buffer ETFs™ are designed to deliver the upside potential of the equity markets, with a built-in buffer (of 9%, 15% or 30%), over an outcome period (one year, or three months). The chart above illustrates the power of each buffer level to potentially reduce volatility and drawdowns, no matter how swiftly the market moves.

Innovator is Leading the Defined Outcome ETF Revolution™, with the world’s first and largest lineup of Defined Outcome ETFs. The ETF wrapper enables outcome-based strategies to be implemented in a cost-efficient, transparent, liquid and tax efficient manner.

**IMPLEMENTATION OF BUFFER ETFS™**

1. **Invest at the beginning of an outcome period:** many advisors choose to allocate assets to a single Buffer ETF at the beginning of an outcome period, to capture the entire outcome-period performance.
2. **Invest during an outcome period:** it’s also common for advisors to invest during the outcome period, as opportunities arise.

In either approach, the defined outcome values (e.g., cap, buffer and days remaining in the outcome period) can be known prior to investing through the use of an easy-to-use pricing tool on Innovator’s website ([innovatoretfs.com/define/#pricing](http://innovatoretfs.com/define/#pricing)).



<sup>1</sup>Source: Bloomberg, S&P 500 Index data 12/31/2021 – 6/30/2022. Drawdown from 01/01/22 – 6/13/22 was -21.83%.

<sup>2</sup>Source: St. Louis FED, Consumer Price Index (CPIAUCSL) as of May 2022. <https://fred.stlouisfed.org/series/CPIAUCSL>

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 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.

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. The underlying Defined Outcome ETFs are not backed by the faith and credit of an issuing institution, so they are not exposed to credit risk.

**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. These Funds are designed to provide point-to-point exposure to the price return of the Index via a basket of Flex Options. As a result, the ETFs are not expected to move directly in line with the Index 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 inception. 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](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 Index 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 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](http://innovatoretfs.com). Read it carefully before investing.***

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