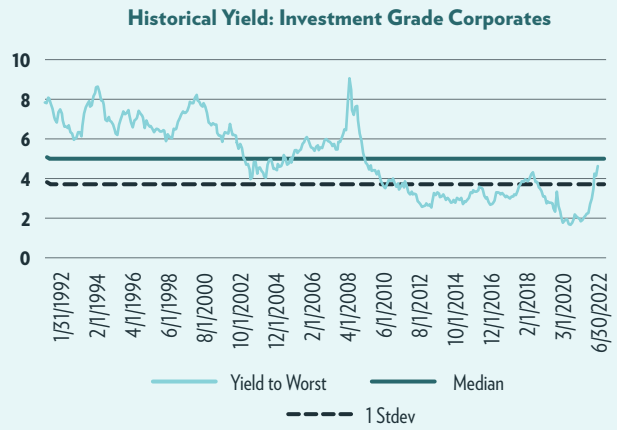
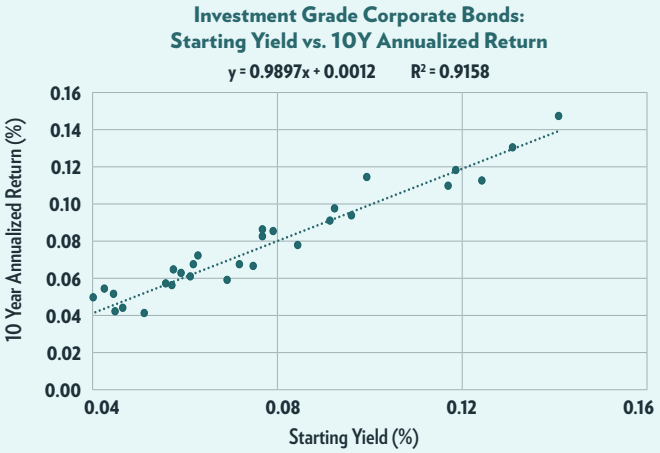
Defined Outcome ETF Case Study: Investment Grade Corporate Bonds

Investment grade corporate bonds have historically played a key role within a well-diversified portfolio, offering low correlation and low beta to equity markets, while producing generally stable income and strong returns. Today, ultra-low yields have left many investors questioning their bond allocations within a portfolio, and rightly so. Over the last ~20 years, expected yield has accounted for ~85% of the total return of investment grade corporates, highlighting just how important starting yield levels are to total returns. Given these dynamics, we believe it may be difficult for corporate bonds to provide meaningful income and risk management going forward. As such, investors may consider a potential alternative equity-based solution.



Source Bloomberg LP as of 6/30/2022, Yield to Worst, Bloomberg US IG Corporate TR Index

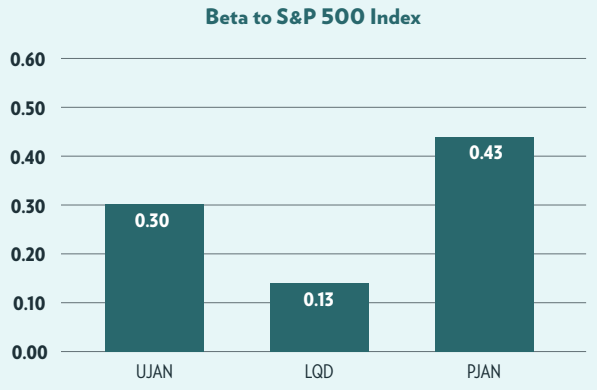


Source: Bloomberg US IG Corporate Bond TR Index

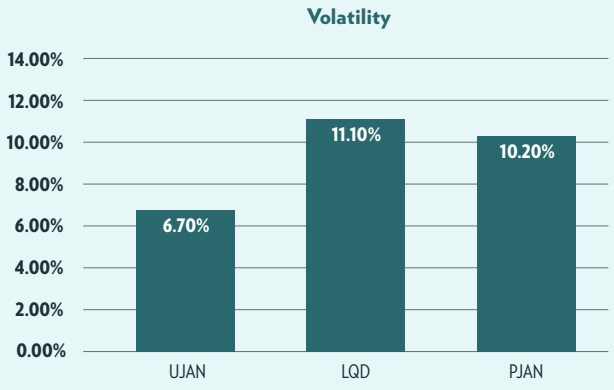
DEFINED OUTCOME ETFs VS. INVESTMENT GRADE CORPORATE BONDS

The following case study demonstrates how Innovator Buffer ETFs may be used as a substitute for investment grade corporate bonds, providing many of the same attribute's investors appreciate about the asset class (e.g., risk management and potentially impactful returns), while avoiding the current fixed income backdrop.

The charts below highlight how the historical beta and volatility of two of Innovator's 30% and 15% Buffer ETFs (UJAN & PJAN) compare to LQD--iShares iShares Investment Grade Corporate ETF. Given the historical risk metrics below, we believe using a combination of these two Buffer ETFs may provide an alternative solution to investment grade corporate bonds.



Source Bloomberg LP as of 6/30/2022
Data from earliest common inception of 1/2/2019-6/30/2022



Source Bloomberg LP as of 6/30/2022
Data from earliest common inception of 1/2/2019-6/30/2022

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/define and ishares.com/lqd for current month-end performance.

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.

UNDERSTANDING THE RISK PROFILE OF INVESTMENT GRADE BONDS & DEFINED OUTCOME ETFs™

The risk return statistics below highlight how three different combinations of UJAN and PJAN have behaved relative to LQD since their inception in January of 2019. Overall, the Buffer ETFs demonstrated a lower volatility, lower max drawdown, and higher higher beta, while increasing the Sharpe Ratio relative to LQD.

COMBINATION 1

	65% UJAN/35% PJAN	LQD
Annualized Return	16.8%	7.0%
Standard Deviation	9.2%	11.1%
Beta	0.39	0.13
Maximum Drawdown	-16.1%	-21.8%

COMBINATION 2

	75% UJAN/25% PJAN	LQD
Annualized Return	16.4%	7.0%
Standard Deviation	8.8%	11.1%
Beta	0.38	0.13
Maximum Drawdown	-15.3%	-21.8%

COMBINATION 3

	85% UJAN/15% PJAN	LQD
Annualized Return	16.0%	7.0%
Standard Deviation	8.4%	11.1%
Beta	0.36	0.13
Maximum Drawdown	-14.5%	-21.8%

Source Bloomberg LP as of 6/30/2022, Data since earliest common inception of 1/2/2019
Note: This is a small sample size given the limited history of defined outcome products not having a full market cycle of history. Investor's should consider potential risks before investing
This combination was selected as it has historically provided a volatility similar to LQD.

Moving forward, we believe this combination of Buffer ETFs may be a compelling alternative to investment grade corporate bonds, given how low starting yields are today.

To see what Buffer ETFs look like in your portfolio, please reach out to your Regional Consultant.

An Important Note about Buffers and Bonds

Buffer ETFs seeks to track the return of a reference asset (benchmark index), to a cap, while targeting a predetermined buffer against loss over an outcome period. The funds 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, Buffer ETFs 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 ETF.

The purpose of some of the information in this material is to provide Investors with a means to evaluate investment strategies of PJAN and UJAN as compared to LQD. All funds are managed differently and do not react the same to economic or market events. The investment objectives, strategies, policies or restrictions of other funds may differ and more information can be found in their respective prospectuses. Therefore, we generally do not believe it is possible to make direct fund to fund comparisons in an effort to highlight the benefits of a fund versus another similarly managed fund.
See the end of this PDF for important disclosures.

	YTD	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
PJAN NAV	-9.63%	-7.33%	2.94%	-	-	5.31%
PJAN Closing Price	-9.74%	-7.43%	2.93%	-	-	5.29%
UJAN NAV	-7.83%	-5.98%	2.33%	-	-	4.34%
UJAN Closing Price	-7.82%	-5.97%	2.37%	-	-	4.36%
LQD NAV	-16.26%	-16.19%	-1.38%	1.20%	2.64%	4.54%
LQD Closing Price	-16.08%	-16.14%	-1.40%	1.18%	2.60%	4.52%

Data as of 6/30/2022. PJAN and UJAN incepted on 12/31/2018 and have a 0.79% expense ratio. LQD incepted on 7/22/2002 and has a 0.14% expense ratio. 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. Visit innovatoretfs.com/define and ishares.com/lqd for current month-end performance.

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.

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

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 Funds only seek to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against losses of the SPY 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 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.

Innovator ETFs are distributed by Foreside Fund Services, LLC.

Milliman Financial Risk Management LLC is the fund's investment sub-adviser.

Fund Ticker/ Name	PJAN, Innovator US Equity Power Buffer January ETF	UJAN, Innovator US Eqyuty Ultra-Buffer January ETF	LQD, iShares iBoxx $ Investment Grade Corporate Bond ETF
Inception Date	1/2/2019	1/2/2019	7/22/2002
Objective	The Innovator U.S. Equity Power Buffer ETF seeks to track the return of the SPDR S&P 500 ETF Trust (SPY), up to a predetermined cap, while buffering investors against the first 15% of losses over the outcome period. The ETF can be held indefinitely, resetting at the end of each outcome period, approximately annually.	The Innovator U.S. Equity Ultra Buffer ETF seeks to track the return of the SPDR S&P 500 ETF Trust (SPY), up to a predetermined cap, while buffering investors against losses from -5% to -35% over the outcome period. The ETF can be held indefinitely, resetting at the end of each outcome period, approximately annually.	The iShares iBoxx $ Investment Grade Corporate Bond ETF seeks to track the investment results of an index composed of U.S. dollardenominated, investment grade corporate bonds.
Expense Ratio	0.79%	0.79%	0.14%
Index	CBOE S&P500 Buffer Protect Index Balanced Series	CBOE S&P500 (-5% to -35%) Buffer Product Index January Series	Markit iBoxx USD Liquid Investment Grade Index
Principal Risks	PJAN targets a 15% buffer every 12 months; there is no guarantee that the buffer will be within this range or that the Fund will provide the buffer. 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.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. The Funds are designed to provide point-to-point exposure to the price return of a 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. 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 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 predetermined buffer, an investor purchasing shares at that price may not benefit from the buffer. 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Shares are not actively managed and are subject to risks similar to those of investment grade corporate bonds. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Underlying Index. The Fund is subject to certain other risks. The fund carries concentration risk, valuation risk, security risk, tracking error risk, call risk asset class risk, cyber security risk, credit risk, financial sector risk, authorized participant concentration risk, infection illness risk, geographic risk, income risk, index risk, interest rate risk, market risk, management risk, securities lending risk, operational risk, risk of investing in the US, market trading risk, issuer risk; all of which are detailed in the fund prospectus.
AUM	$512mm	$115.7mm	$36.6B