

# Use Cases for Defined Outcome ETFs

1 YR MARKET OPINION:		Moderately Bearish			Moderately Bullish	
TRADE IDEA:		100% Power Buffer ETF			50% S&P 500 50% Power Buffer ETF	
S&P 500 INDEX	3 MONTH T-BILL (CURRENT YIELD 0.095%)	50 / 50: S&P 500 + T-BILL (BASELINE PORTFOLIO)	POWER BUFFER ETF (15% POWER BUFFER DEFINED OUTCOME ETF W/ 11.00% CAP)	EXCESS RETURN	50 / 50: S&P 500 + POWER BUFFER ETF	EXCESS RETURN
20.00%	0.10%	10.05%	11.00%	0.95%	15.50%	5.45%
19.00%	0.10%	9.55%	11.00%	1.45%	15.00%	5.45%
18.00%	0.10%	9.05%	11.00%	1.95%	14.50%	5.45%
17.00%	0.10%	8.55%	11.00%	2.45%	14.00%	5.45%
16.00%	0.10%	8.05%	11.00%	2.95%	13.50%	5.45%
15.00%	0.10%	7.55%	11.00%	3.45%	13.00%	5.45%
14.00%	0.10%	7.05%	11.00%	3.95%	12.50%	5.45%
13.00%	0.10%	6.55%	11.00%	4.45%	12.00%	5.45%
12.00%	0.10%	6.05%	11.00%	4.95%	11.50%	5.45%
11.00%	0.10%	5.55%	11.00%	5.45%	11.00%	5.45%
10.00%	0.10%	5.05%	10.00%	4.95%	10.00%	4.95%
9.00%	0.10%	4.55%	9.00%	4.45%	9.00%	4.45%
8.00%	0.10%	4.05%	8.00%	3.95%	8.00%	3.95%
7.00%	0.10%	3.55%	7.00%	3.45%	7.00%	3.45%
6.00%	0.10%	3.05%	6.00%	2.95%	6.00%	2.95%
5.00%	0.10%	2.55%	5.00%	2.45%	5.00%	2.45%
4.00%	0.10%	2.05%	4.00%	1.95%	4.00%	1.95%
3.00%	0.10%	1.55%	3.00%	1.45%	3.00%	1.45%
2.00%	0.10%	1.05%	2.00%	0.95%	2.00%	0.95%
1.00%	0.10%	0.55%	1.00%	0.45%	1.00%	0.45%
0.00%	0.10%	0.05%	0.00%	-0.05%	0.00%	-0.05%
-1.00%	0.10%	-0.45%	0.00%	0.45%	-0.50%	-0.05%
-2.00%	0.10%	-0.95%	0.00%	0.95%	-1.00%	-0.05%
-3.00%	0.10%	-1.45%	0.00%	1.45%	-1.50%	-0.05%
-4.00%	0.10%	-1.95%	0.00%	1.95%	-2.00%	-0.05%
-5.00%	0.10%	-2.45%	0.00%	2.45%	-2.50%	-0.05%
-6.00%	0.10%	-2.95%	0.00%	2.95%	-3.00%	-0.05%
-7.00%	0.10%	-3.45%	0.00%	3.45%	-3.50%	-0.05%
-8.00%	0.10%	-3.95%	0.00%	3.95%	-4.00%	-0.05%
-9.00%	0.10%	-4.45%	0.00%	4.45%	-4.50%	-0.05%
-10.00%	0.10%	-4.95%	0.00%	4.95%	-5.00%	-0.05%
-11.00%	0.10%	-5.45%	0.00%	5.45%	-5.50%	-0.05%
-12.00%	0.10%	-5.95%	0.00%	5.95%	-6.00%	-0.05%
-13.00%	0.10%	-6.45%	0.00%	6.45%	-6.50%	-0.05%
-14.00%	0.10%	-6.95%	0.00%	6.95%	-7.00%	-0.05%
-15.00%	0.10%	-7.45%	0.00%	7.45%	-7.50%	-0.05%
-16.00%	0.10%	-7.95%	-1.00%	6.95%	-8.50%	-0.55%
-17.00%	0.10%	-8.45%	-2.00%	6.45%	-9.50%	-1.05%
-18.00%	0.10%	-8.95%	-3.00%	5.95%	-10.50%	-1.55%
-19.00%	0.10%	-9.45%	-4.00%	5.45%	-11.50%	-2.05%
-20.00%	0.10%	-9.95%	-5.00%	4.95%	-12.50%	-2.55%
-25.00%	0.10%	-12.45%	-10.00%	2.45%	-17.50%	-5.05%
-30.00%	0.10%	-14.95%	-15.00%	-0.05%	-22.50%	-7.55%
-35.00%	0.10%	-17.45%	-20.00%	-2.55%	-27.50%	-10.05%
-40.00%	0.10%	-19.95%	-25.00%	-5.05%	-32.50%	-12.55%

For a client with a moderate portfolio (we define this as a 50% equities/50% cash position), we illustrate how Innovator Defined Outcome ETFs can be added as a replacement to T-bills to offer better potential excess returns in highly positive environments, or used as a whole alternative to the 50/50 portfolio in down markets.

*Note: The 3 month T-bill yield has gone from 1.49% earlier this year to 0.095%.*

## KEY OBSERVATIONS

(using the assumptions outlined in our model, including those for cash yield, etc.):

1. If your client believes the market will return greater than 10% for the next year, use the 15% Power Buffer ETF as a replacement to T-bills, noting that the Power Buffer ETF is capped at 11.00%.
2. If your client believes the market will face a modest return of +1% to +10%, either replacing T-bills with the 15% Power Buffer ETF or completely replacing the 50/50 portfolio with the Power Buffer ETF will yield the same excess positive return.
3. If your client is bearish and is expecting returns of -1% to -25%, very attractive outperformance can be achieved replacing a 50/50 portfolio entirely with Defined Outcome ETFs.

ILLUSTRATIVE PURPOSES ONLY of the returns Fund seeks to provide, based upon the performance of the S&P 500 Price Index for a shareholder that holds Shares for the entirety of the Outcome Period. Because the august outcome period has already begun the returns above are not achievable. There is no guarantee that the Fund will be successful in its attempt to provide the Outcomes for an Outcome Period and does not purport to be representative of every possible performance scenario for Shares over the course of an Outcome Period. It is not intended to predict or project the performance of the Fund. Shareholders should not take this information as an assurance of the expected performance of the S&P 500 Price Index or return on the Fund's Shares. The returns that the Fund seeks to provide do not include the costs associated with purchasing shares of the Fund and certain expenses incurred by the Fund.



**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.**

**Technology Sector Risk.** Companies in the technology sector are often smaller and can be characterized by relatively higher volatility in price performance when compared to other economic sectors. They can face intense competition which may have an adverse effect on profit margins.

**Small Cap Risk.** Small cap companies may be more volatile and susceptible to adverse developments than their mid and large cap counterpart. In addition, the small cap companies may be less liquid than larger companies.

**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.

Non-U.S. securities and Emerging Markets are subject to higher volatility than securities of domestic issuers due to possible adverse political, social or economic developments, restrictions on foreign investment or exchange of securities, lack of liquidity, currency exchange rates, excessive taxation, government seizure of assets, different legal or accounting standards, and less government supervision and regulation of securities exchanges in foreign countries.

**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 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](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 Index losses exceeding 9, 15 or 30%. 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](http://innovatoretfs.com). Read it carefully before investing.*

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