Emerging Markets: From Gray Skies to Green Shoots

We believe emerging market equities represent an increasingly important allocation for investor portfolios. While U.S. stocks' breathless run since the Global Financial Crisis in 2008 has lent itself to heavy home market bias in investor portfolios, there are many reasons to be excited about owning developing market equities. Chief amongst them are:

1. **VALUATIONS**
2. **ECONOMIC GROWTH FORECASTS**
3. **POTENTIAL TO BENEFIT FROM GLOBAL STIMULUS-FUELED RECOVERY OUT OF THE PANDEMIC**
4. **SIMPLE EVENTUAL REVERSION TO THE MEAN**

Though the consensus is for rapid recovery and continued demand, which is likely to lead to economic growth and investment opportunities in emerging markets, the macro-outcomes that could impact shares of companies in the developing world are far from certain and emerging markets have long exhibited risks and characteristics, distinct to this region. Fortunately, we believe there is a way for investors to get the best of both worlds. Through the Innovator MSCI EM Power Buffer ETFs, one can have both direct access to diversified equity exposure with the upside potential of the dynamic emerging market stocks and the ability to reduce the downside risks to those markets.

The Innovator MSCI EM Power Buffer ETF™ seeks to track the return of the iShares MSCI Emerging Markets ETF (EEM), up to a predetermined cap, while buffering investors against the first 15% of losses over the outcome period before fees and expenses. The ETF can be held indefinitely, resetting at the end of each outcome period (approximately annually).

The outcomes that the Fund seeks to provide may only be realized if you are holding shares on the first day of the Outcome Period and continue to hold them on the last day of the Outcome Period, approximately one year. There is no guarantee that the Outcomes for an Outcome Period will be realized or that the Fund will achieve its investment objective.

ASSET CLASS QUILT OF RETURNS (2002-2020)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Commodities 25.9%	Emerging Markets 55.8%	Emerging Markets 26.0%	Emerging Markets 34.3%	Emerging Markets 32.5%	Emerging Markets 39.7%	US Treasuries 13.7%	Emerging Markets 78.9%	Precious Metals 42.7%	US Treasuries 9.8%	Global HY Bonds 19.6%	S&P 500 32.4%	REITS 27.2%	REITS 2.1%	Global HY Bonds 14.3%	Emerging Markets 37.8%	Cash 1.9%	S&P 500 31.5%	Precious Metals 25.6%
Precious Metals 18.9%	Developed International 39.3%	REITS 24.2%	Commodities 21.4%	REITS 29.7%	Precious Metals 26.0%	Global IG Bonds 4.8%	Global HY Bonds 59.4%	REITS 26.8%	REITS 6.1%	REITS 19.0%	Developed International 23.4%	S&P 500 13.7%	S&P 500 1.4%	S&P 500 12.0%	Developed International 25.7%	US Treasuries 0.9%	REITS 28.9%	Emerging Markets 18.8%
Global IG Bonds 16.5%	Global HY Bonds 32.4%	Developed International 20.8%	Precious Metals 20.4%	Precious Metals 27.1%	Commodities 16.2%	Cash 2.9%	Developed International 32.6%	Emerging Markets 19.2%	Global IG Bonds 5.6%	Emerging Markets 18.6%	Global HY Bonds 7.3%	US Treasuries 5.1%	US Treasuries 0.8%	Commodities 11.8%	S&P 500 21.8%	Global IG Bonds -1.2%	Developed International 22.8%	S&P 500 18.4%
US Treasuries 11.8%	S&P 500 28.7%	Global HY Bonds 13.2%	Developed International 14.1%	Developed International 27.0%	Developed International 11.7%	Precious Metals -4.1%	Precious Metals 29.2%	Commodities 16.8%	Precious Metals 4.6%	Developed International 18.0%	REITS 1.8%	Global IG Bonds 0.6%	Cash 0.1%	Emerging Markets 11.8%	Precious Metals 10.9%	REITS -4.0%	Emerging Markets 18.6%	Global IG Bonds 9.2%
Global HY Bonds 4.1%	REITS 28.4%	S&P 500 10.9%	S&P 500 4.9%	S&P 500 15.8%	Global IG Bonds 9.5%	Global HY Bonds -26.9%	S&P 500 26.4%	S&P 500 15.1%	Global HY Bonds 3.1%	S&P 500 16.0%	Cash 0.1%	Cash 0.1%	Developed International -0.3%	Precious Metals 9.0%	Global HY Bonds 10.4%	Global HY Bonds -4.1%	Precious Metals 17.0%	Developed International 8.4%
Cash 2.0%	Commodities 23.9%	Global IG Bonds 9.3%	REITS 4.1%	Global HY Bonds 13.7%	US Treasuries 9.0%	Commodities -35.6%	REITS 25.4%	Global HY Bonds 14.8%	S&P 500 2.1%	Precious Metals 6.3%	Emerging Markets -2.3%	Global HY Bonds 0.0%	Global HY Bonds -2.7%	REITS 7.6%	REITS 9.8%	S&P 500 4.4%	Global HY Bonds 12.6%	US Treasuries 8.0%
REITS -3.0%	Precious Metals 20.3%	Commodities 9.1%	Global HY Bonds 3.6%	Global IG Bonds 6.6%	S&P 500 5.6%	S&P 500 -37.0%	Commodities 18.9%	Developed International 8.3%	Cash 0.2%	Global IG Bonds 4.3%	Global IG Bonds -2.6%	Emerging Markets 2.0%	Global IG Bonds -3.2%	Global IG Bonds 2.1%	Global IG Bonds 7.4%	Precious Metals -4.6%	Commodities 7.7%	Global HY Bonds 7.0%
Emerging Markets -5.9%	Global IG Bonds 12.5%	Precious Metals 7.4%	Cash 2.9%	Cash 4.7%	Cash 5.2%	Developed International -43.0%	Global IG Bonds 6.9%	US Treasuries 5.9%	Developed International -11.7%	US Treasuries 2.0%	US Treasuries -2.7%	Developed International -4.3%	Precious Metals -11.5%	Developed International 1.6%	US Treasuries 2.3%	Commodities -11.2%	US Treasuries 6.9%	Cash 1.0%
Developed International -15.6%	US Treasuries 2.2%	US Treasuries 3.5%	US Treasuries 2.8%	US Treasuries 3.1%	Global HY Bonds 3.2%	REITS -43.4%	Cash 0.4%	Global IG Bonds 5.5%	Commodities -13.3%	Cash 0.2%	Commodities -9.5%	Precious Metals -6.7%	Emerging Markets -14.6%	US Treasuries 1.0%	Commodities 1.7%	Developed International -13.3%	Global IG Bonds 6.8%	Commodities -4.1%
S&P 500 -22.1%	Cash 1.2%	Cash 1.2%	Global IG Bonds -4.5%	Commodities 2.1%	REITS -21.7%	Emerging Markets -53.2%	US Treasuries -3.6%	Cash 0.3%	Emerging Markets -18.2%	Commodities -1.1%	Precious Metals -30.8%	Commodities -17.0%	Commodities -24.7%	Cash 0.5%	Cash 0.8%	Emerging Markets -14.5%	Cash 2.5%	REITS -5.3%

Commodities	US Treasuries	REITS	Cash	Global IG	Precious Metals	Global HY	S&P 500	Developed International	Emerging Markets
Bloomberg Commodity Index Total Return	Bloomberg Barclays US Treasury Total Return Unhedged USD	Dow Jones US Real Estate Index	Bloomberg Barclays Short Treasury Total Return Index Value Unhedged USD	Bloomberg Barclays Global-Aggregate Total Return Index Value Unhedged USD	Bloomberg Precious Metals Subindex Total Return	Bloomberg Barclays Global High Yield Total Return Index Value Unhedged USD	S&P 500	MSCI EAFE	MSCI EM

Source: Bloomberg as of 4/29/2021. Data is as of calendar-year end for each of the stated years.

Past performance does not guarantee future results. The referenced indices are shown for informational purposes only and are not meant to represent the Fund. Investors cannot directly invest in an index.

EMERGING MARKETS FROM 2019 THROUGH 2022

Globally, the coronavirus pandemic that started to greatly impact the U.S. by March of 2020 upended the positive momentum of 2019 across all regions temporarily before showing a strong bounce back in the second half of 2020. As shown below, in 2019, emerging markets (measured by the MSCI EM Index) had returned nearly 19%, which is impressive given that it was the worst performer in 2018, with a -14.5% return (in a rough calendar year for equities globally). Even after a strong performance in 2020, emerging markets could be poised for a continued dramatic recovery as we look to the next 12 to 18 months.

GROWTH OPPORTUNITIES IN EMERGING MARKETS, PARTICULARLY ASIA

Looking at International Monetary Fund (IMF) growth projections, it is easy to see why there are reasons to be optimistic going forward – even as the pandemic continues to wreak havoc in many developing nations. Economic growth projections for 2021 across "Emerging Markets and Developing Economies" come in at 6.3% for real GDP (inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year) and stand at 5.0% for 2022. The IMF estimates that "Advanced Economies" will generate growth of 4.3% this year and 3.1% in 2022. The MSCI Emerging Markets index has a near 80% allocation to Asia, and a nearly 40% weight to China alone. Growth in China, which has managed the pandemic very well domestically, is estimated to be 8.1% in 2021 and 5.6% in 2022, well above rates of developed economies. India, which has suffered terribly in successive pandemic waves, is also a standout, with 2021 projected growth of 11.5%[1] and 6.8% for 2022.

	Estimate	Projections	
	2020	2021	2022
WORLD OUTPUT	–3.5	5.5	4.2
ADVANCED ECONOMIES	–4.9	4.3	3.1
United States	–3.4	5.1	2.5
Euro Area	–7.2	4.2	3.6
Germany	–5.4	3.5	3.1
France	–9.0	5.5	4.1
Italy	–9.2	3.0	3.6
Spain	–11.1	5.9	4.7
Japan	–5.1	3.1	2.4
United Kingdom	–10.0	4.5	5.0
Canada	–5.5	3.6	4.1
Other Advanced Economies	–2.5	3.6	3.1
EMERGING MARKET AND DEVELOPING ECONOMIES	–2.4	6.3	5.0
Emerging and Developing Asia	–1.1	8.3	5.9
China	2.3	8.1	5.6
India	–8.0	11.5	6.8
ASEAN-5	–3.7	5.2	6.0

(CONTINUED)	Estimate	Projections	
	2020	2021	2022
Emerging and Developing Europe	–2.8	4.0	3.9
Russia	–3.6	3.0	3.9
Latin America and the Caribbean	–7.4	4.1	2.9
Brazil	–4.5	3.6	2.6
Mexico	–8.5	4.3	2.5
Middle East and Central Asia	–3.2	3.0	4.2
Saudi Arabia	–3.9	2.6	4.0
Sub-Saharan Africa	–2.6	3.2	3.9
Nigeria	–3.2	1.5	2.5
South Africa	–7.5	2.8	1.4

Source: IMF, World Economic Outlook, January 2021

Using data from the IMF and Organisation for Economic Co-Operation and Development (OECD), value-oriented firm Research Affiliates also predicts higher growth coming from emerging markets. The firm pays attention overall to valuation characteristics and has consistently been an enthusiastic supporter of emerging markets as an asset class. That said, its estimates are lower than those projected by the IMF. In the table below, the growth rate for China forecasted by Research Affiliates is 8.0% for 2021.

PROJECTED 2021 AND 2022 GDP GROWTH BY COUNTRIES/REGIONS

	Projected Real GDP Growth Rates	
Country/Region	2021	2022
United States	3.2%	3.5%
Australia	3.2%	3.1%
Japan	2.3%	1.5%
France	6.0%	3.3%
Italy	4.3%	3.2%
Germany	2.8%	3.3%
EURO AREA*	**3.7%**	**3.3%**
India	7.9%	4.8%
Mexico	3.6%	3.4%
South Africa	3.1%	2.5%
Brazil	2.6%	2.2%
Saudi Arabia	3.2%	3.6%
Russia	2.8%	2.2%
Indonesia	4.0%	5.1%
Turkey	2.9%	3.2%
South Korea	2.8%	3.4%
China	8.0%	4.9%
EM**	**5.7%**	**4.2%**
United Kingdom	4.2%	4.1%

*Projected real GDP growth for the euro area is a GDP-weighted average (using 2019 GDP) across the 19 EU countries.

**Projected real GDP growth for EM nations is a GDP-weighted average (using 2019 GDP) across the 26 countries as defines using the MSCI classification (excluding Taiwan, becuase data are not reported separately for Taiwan).

Source: Research Affiliates, LLC using data from OECD (2020) and International Monetary Fund.

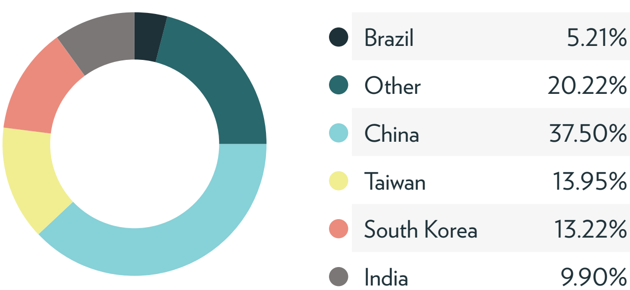
The above charts are for informational purposes only. Forecasts are inherently limited and cannot be relied upon. Potential economic growth or decline is not guaranteed and does not represent the performance of any investments.

Why is the projected growth in emerging markets, and Asia in particular, the highest in the world? Matthews Capital Management, an asset manager specializing in Asian investing, recently noted that the increased buying power of the Asian consumer continues to be a driver of future growth, and this is leading to innovation in areas such as communication services, IT, healthcare, and industrials.

POTENTIAL NEAR-TERM CHALLENGES AND VOLATILITY IN EMERGING MARKETS

It is important to recognize, however, that despite higher growth estimates in the near term with surging demand from a global market hungry for materials and energy and an optimistic medium-to-long-term outlook for emerging markets, in the short-term, there may be restraints to that growth, as well as volatility, due to the continued COVID-19 pandemic. While China, Taiwan, and South Korea -- three of the largest country exposures in the MSCI Emerging Markets index -- have at least outwardly gotten the coronavirus pandemic under relative control, in India and Brazil, the threat of variants that are especially contagious and deadly are materially impacting society and hampering operations at many companies.

COUNTRY WEIGHTS



Source: MSCI. Data as of 6/30/2021.

The contraction in the short term is likely to affect the services industries more than goods, which intuitively makes sense, given further city lockdowns, less movement, and person-to-person interaction. The services industry, which accounts for approximately 30% of the employed population, is comprised of informal jobs, including those held by migrant workers, day laborers, and small traders.

We acknowledge that while there may be short-term drags on growth, and the potential for episodes of volatility, we believe that emerging markets will continue to rebound in 2022, and importantly, remain a compelling area in which to maintain, if not grow, allocations over the mid- to longer-term.

MACRO FACTORS IN THE WEST IMPACTING EMERGING MARKETS

Interest rates rising in the U.S. are often thought to pressure emerging markets, as they increase debt burdens, trigger capital outflows, and generally cause a tightening of financial conditions that can lead to financial crises, according to the Federal Reserve (Fed). But such is not always the case. According to the IMF and the Fed, the *reason* for an increase in rates is key to understanding whether the impact on emerging markets will be negative or not.

If the reason for rising U.S. interest rates is a growing economy as evidenced by a recovery in U.S. employment after the successful rollout of the Covid-19 vaccine, this may: 1) drive up demand for emerging markets exports, 2) increase economic activity in emerging markets, and 3) lift domestic interest rates in these countries. The overall effect, however, is expected to be **fairly minimal**.

As we've seen recently, the uptick in inflation in the U.S. has **not materially affected** emerging markets. Initially this may be due to the fact that have inflation expectations been effectively communicated and priced into the markets, but also because most of the increase is due to expectations of a fast U.S. economic rebound, which in turn benefits the world economy more generally. Maintaining a moderate inflation rate of 2% over the long run is consistent with the Fed's mandate of maximum employment and price stability.

An IMF study published in April 2021 based on the average expected policy rates calculated at the 5-year maturity for emerging economies, suggested that if higher interest rates were driven by a more hawkish view from the Fed or further concerns about rising inflation, this would tend to have a more **negative effect** on emerging markets. Precisely, the IMF identified that each percentage point increase in U.S. interest rates corresponded to a 1/3 percentage point rise on average in the long-term interest rates of emerging-market economies and 2/3 percentage points for emerging market countries with a speculative-grade credit rating. Unfortunately, what tended to follow is investment outflows from the region, currency depreciation against the dollar, and widening spreads on dollar-denominated emerging markets debt.

IMPACT OF HIGHER U.S. INTEREST RATES ON EMERGING MARKETS

REASON FOR U.S. INTEREST RATE INCREASES	EFFECT ON INTEREST RATES IN EMERGING MARKET NATIONS	OVERALL EFFECT ON EMERGING MARKET ECONOMIES
U.S. Employment Recovery	↑	Neutral
Successful Covid-19 Rollout in U.S.	↑	Neutral
Moderately Higher U.S. Inflation (~2%)	—	Neutral
Higher-than-expected inflation	↑	Negative
Hawkish Fed view	↑	Negative

The U.S. dollar has historically been inversely correlated to emerging market equities. Recent weakness in the U.S. dollar has also been a boon to emerging markets stocks as these equities have become more highly valued to U.S. investors in their local currency. In the event of more U.S. dollar downside, this could further benefit emerging market equities. Caution may be warranted, however, as the dollar is now at its lowest level since 2018.

U.S. DOLLAR HAS HISTORICALLY HAD AN IMPACT ON EMERGING MARKETS STOCKS

MXEF Index: MSCI Emerging Markets Index

BBDXY Index: Bloomberg Dollar Spot Index : tracks the performance of a basket of ten leading global currencies versus the U.S. Dollar. Each currency in the basket and their weight is determined annually based on their share of international trade and FX liquidity.

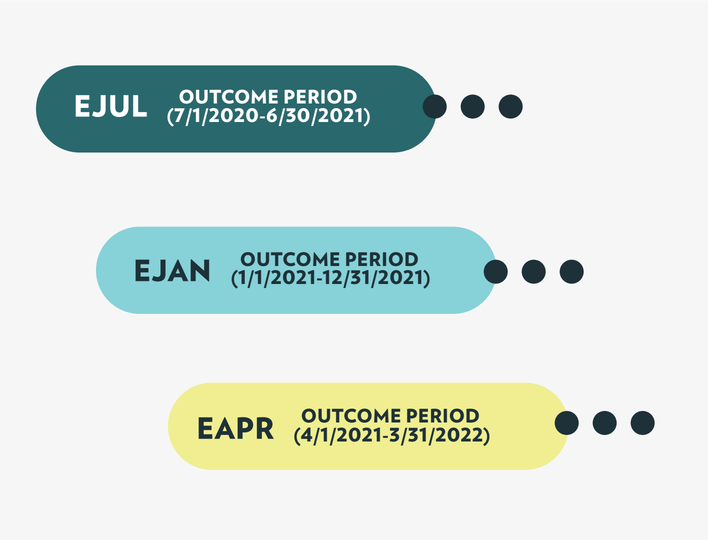
Source: Bloomberg L.P. from 2016 to May 2021

Corporate taxes in the U.S. are widely expected to increase under President Joe Biden. President Biden and congressional policymakers have proposed several changes to the corporate income tax, including raising the rate from 21 percent to 28 percent and imposing a 15 percent minimum tax on book income of large corporations. The proposals are being considered to raise revenue for recent fiscal stimulus and new spending programs and they would repeal changes to the corporate tax code made by the Tax Cuts and Jobs Act (TCJA) in late 2017. If implemented as proposed, the U.S. tax rate may swell to the highest in the OECD and among the Group of Seven (G7) countries, potentially reducing long-run economic output by 0.8%, ultimately benefiting non-U.S. competitors. Washington insiders see the proposed rate being negotiated lower, but an increase in the corporate tax rate would likely aid prospects for businesses in emerging markets and capital flows.

WHY USE AN INNOVATOR MSCI EM POWER BUFFER ETF?

Again, while the mid- and long-term prospects for emerging markets are positive, we believe that near-term challenges present a unique opportunity for investment. The Innovator MSCI Emerging Markets Power Buffer ETFs may allow advisors to address lingering volatility and covid-related challenges in the coming year.

The MSCI EM Power Buffer ETFs track the return of the iShares MSCI EM ETF (EEM), up to a predetermined cap, while buffering investors against the first 15% of losses in EEM over an annual outcome period. Currently, there are three series available: the January (EJAN), April (EAPR), and July (EJUL) series. The outcome periods of these ETFs are illustrated below:



*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 ETFs can be held indefinitely, with automatic resets annually. Further, these ETFs are expected to be as cost-efficient* as traditional stock and bond ETFs, which we believe is a significant benefit to investors compared to emerging market mutual funds, which can distribute capital gains. In 2020, according to Morningstar, approximately 51 out of 229 (22%) actively managed emerging markets mutual funds had a capital gains distribution (only institutional shares class were used to avoid double counting).

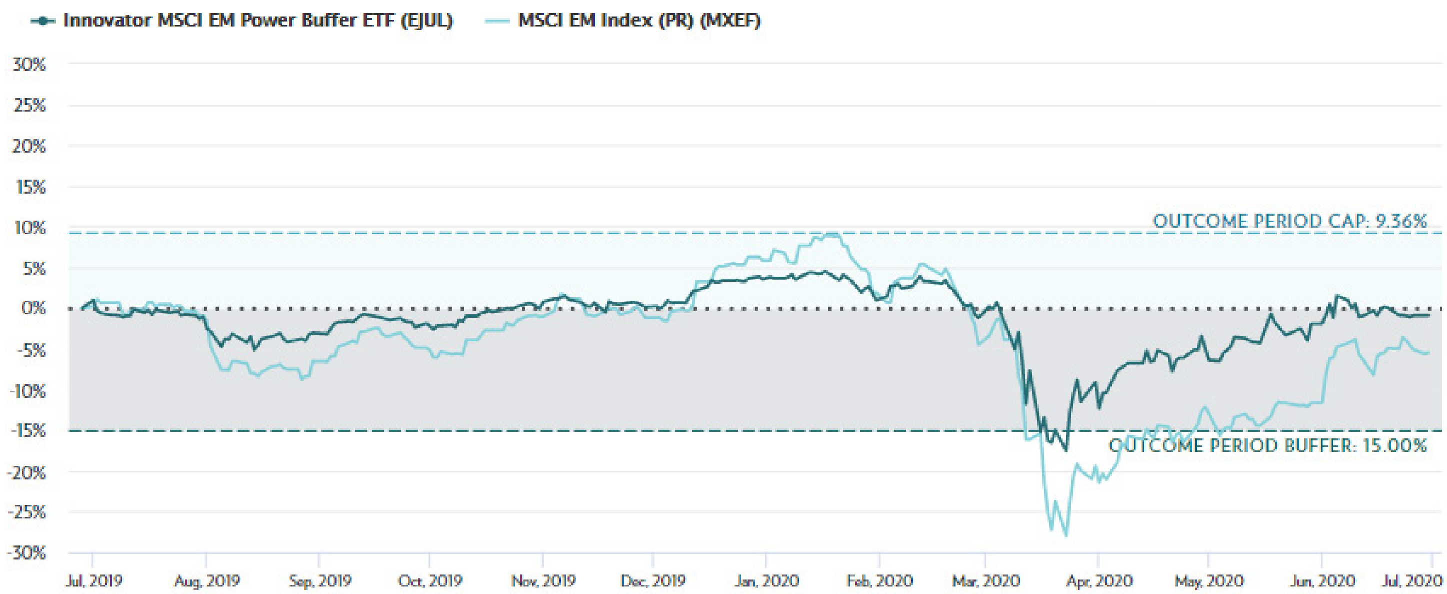
To address additional volatility in the emerging markets asset class over the past decade, an advisor may have tried implementing their own options strategy, or dipped into structured notes and certain insurance products to provide a more customized payoff profile to clients. Attempting to build a proprietary options model may seem appealing but an advisor could find it prohibitively costly, due to poor economies of scale on executing options trades and dealing with taxes, as outside of the ETF structure each options trade triggers a taxable event. The Innovator Buffer ETF™ is designed to harness the benefits of defined outcome products, but through the ETF vehicle, which can help overcome some of the challenges faced by advisors with existing structures including high fees, illiquidity, lack of transparency, and credit risk.

Innovator issues the MSCI EM Power Buffer ETF quarterly. A helpful tool to consider before investing is the Potential Outcome Analyzer. It is important to note that parameters change by the minute of each trading day.

CASE STUDY: EM POWER BUFFER ETFS IN ACTION

The MSCI EM Power Buffer ETF-July series (EJUL) incepted on July 1, 2019. As we can see below, EJUL ended its first outcome period on June 30, 2020, and successfully buffered investors against the underlying loss. Just as compelling is that EJUL worked exactly as expected in one of the most volatile markets in recent memory due to COVID-19, and experienced lower volatility[2] and drawdowns.[3]

	EJUL	MSCI EM INDEX
RETURN[4]	-0.90% (net of fees and expenses)	-5.49%
VOLATILITY	19.57%	22.53%
MAX DRAWDOWN	-21.11%	-33.89%



CURRENT OUTCOME PERIOD VALUES (CURRENT/NET) — **AS OF 6/30/2020**

Fund Price	Fund Return	MXEF Return	Remaining Cap[5]	Remaining Buffer[6]	Downside Before Buffer[7]	Remaining Outcome Period[8]
$24.89	-0.90%	-5.49%	9.47% / 9.47%	10.17% / 10.17%	0.00% / 0.00%	0 days

OUTCOME PERIOD VALUES (CURRENT/NET) — **AS OF 6/28/2019**

Fund Price	Fund Return	MXEF Return	Cap[9]	Buffer[10]	Downside Before Buffer	Outcome Period[11]
$25.28	0.00%	0.00%	9.36% / 8.56%	15.00% / 14.20%	0.00% / -0.80%	368 days

IMPLEMENTATION IDEAS

An optimal way to use the Innovator MSCI EM Buffer ETF is to pair it with a client's existing emerging markets holdings. Taking a look at a traditional model portfolio allocation, there is often anywhere from a 0-20% allocation to this region.

TRADITIONAL MODEL PORTFOLIO ALLOCATION

Equity and FI	85%
Emerging Markets (Equity and Bonds)	15%

Slicing the emerging markets exposure more granularly, a typical client may have an even split between their active and passive emerging markets holdings, with the balance in emerging markets debt.

EMERGING MARKETS EXPOSURE BREAKDOWN

EM Active	40%
EM Passive	40%
EM Debt	20%

A way for clients to potentially capture the estimated higher growth expected over the long-term in emerging markets is to take half of the active and passive emerging markets equity exposure and allocate this portion to the Innovator MSCI EM Power Buffer ETF. Even with a buffer, investors have the potential to receive the upside return of the market, up to a cap. Similarly, a client could split the emerging markets debt allocation with the MSCI EM Power Buffer ETF. This could help to further reduce the volatility and decrease the drawdowns experienced over the short-term, thanks to the risk management mechanism of the buffer. Additionally, the ETF's defined outcome structure seeks to add a level of certainty to a less certain area of the market, which may help reduce risk and better manage client expectations.

PROPOSED EMERGING MARKETS EXPOSURE BREAKDOWN

Innovator MSCI EM Buffer ETF	50%
EM Active	20%
EM Passive	20%
EM Debt	10%

CONCLUSION

In our view, combining the Innovator MSCI EM Power Buffer ETF with a client's existing emerging markets holdings (equity and bond allocations) offers "the best of both worlds," providing exposure to the relatively attractive upside potential of emerging markets compared to lower-growth stocks in the developed world, up to a cap, while also offering a buffer to reduce the downside risk.

STANDARDIZED PERFORMANCE			NAV			MARKET PRICE			
	TICKER	EXPENSE RATIO	YTD	1 YEAR	INCEPTION	YTD	1 YEAR	INCEPTION	INCEPTION DATE
Innovator MSCI EM Power Buffer ETF	EJUL	0.89%	1.73%	7.60%	3.25%	2.10%	8.28%	3.33%	6/28/2019
MSCI Emerging Markets (PR) Index	-	-	6.46%	38.14%	14.11%	-	-	-	-

Data as of 6/30/2021. 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. Visit innovatoretfs.com/define for current month-end performance. One cannot invest directly in an index.

1. This is in part due to its fiscal year starting in April 2020. On a calendar-year basis, India's growth projections in 2020 stand at -7.6% and 11.0% in 2021. This relatively minor adjustment still shows a couple of the country heavyweights in EM with impressive growth figures in 2021.

2. Volatility: A statistical measure of the dispersion of returns for a given security or market index.

3. Max drawdown: The maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained

4. Fund return: The current NAV return of the Fund, after fees and expenses, since the start of the Outcome Period.

5. Remaining Cap: The cumulative maximum potential return available at the ETF's current price if held to the end of the current Outcome Period.

6. Remaining Buffer: The current amount of downside protection the fund seeks to provide if held to the end of the Outcome Period.

7. Downside Before Buffer: The amount of loss a Fund will incur before seeking protection from the remaining buffer.

8. Remaining Outcome Period: The amount of days remaining until the last day of the Outcome Period.

9. Cap: The starting maximum potential return if held to end of the current Outcome Period.

10. Buffer: The starting amount of downside protection the fund seeks to provide if held to the end of the Outcome Period.

11. Outcome Period: The intended length of time over which the defined outcomes are sought.

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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.

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 EEM 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.

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