

Ticker	EPRF
Launch date	5/24/2016
Expense ratio	0.47%
Dividend frequency	Monthly
Index	S&P U.S. High Quality Preferred Stock Index

## WHY A HIGH QUALITY PREFERRED STOCK ETF?

- » Manage preferred risk
- » Seek to improve your underlying preferred stock credit quality
- » Low overlap to existing preferred ETFs

“Preferred stocks rank lower in the capital structure than other forms of debt, so credit risk is higher than senior debt. This is of particular concern in environments where default risk is high.”

—S&P Dow Jones Indices

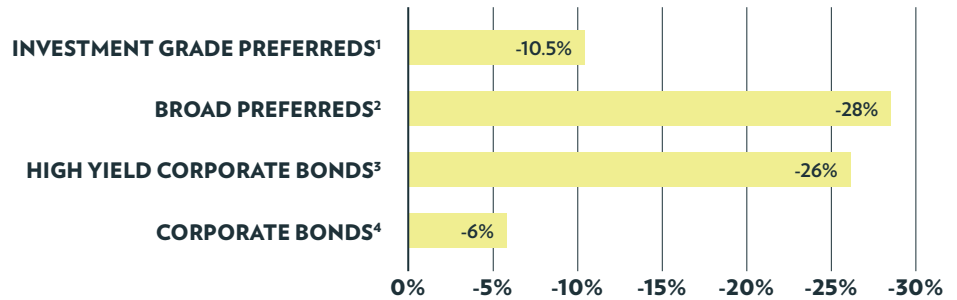
## INDEX METHODOLOGY

- » S&P U.S. Preferred Stock Index
- » Select investment grade preferreds (BBB- or better)
- » Equal-weight by issuer
- » Rebalance Quarterly

The Innovator S&P Investment Grade Preferred ETF is the only ETF that only holds investment grade preferred stocks. EPRF seeks to track the S&P U.S. High Quality Preferred Stock Index, which selects fixed, floating or variable investment grade preferred issues (BBB- or higher) from U.S. listed preferred stocks.

The 2008 recession demonstrated the importance of credit ratings within preferreds and the ability of investment grade preferreds to mitigate risk in rising credit risk environments. Many broad preferred ETFs have significant exposure to junk rated preferreds, exposing investors to increased levels of credit risk.

## 2008 TOTAL RETURN OF PREFERRED STOCK AND CORPORATE BOND INDICES

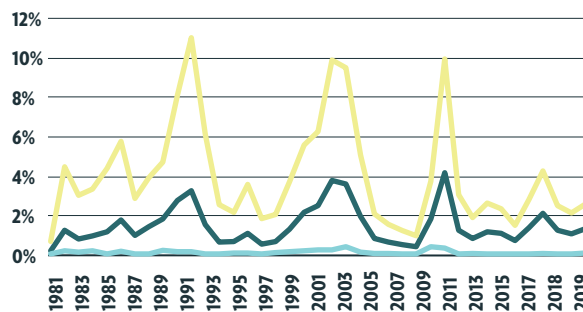


Source: Bloomberg. Data reflects calendar year 2008. Past performance is not indicative of future results. You cannot invest directly in an index.

During the recession, investment grade preferred indices performed significantly better than both broad preferred indexes and high yield bonds. Historically, EPRF has provided exposure to the preferred space with a near-identical yield, while holding only investment grade preferred stocks.

Default and downgrade risk impacts not only credit instruments but also preferred stock. Preferred stock's lower position in the capital structure puts it at higher risk than senior debt. Therefore, considering the credit quality of your preferred portfolio is of greater importance. Historically, investment grade rated issuers rarely default, and their ratings tend to remain consistent throughout turbulent market conditions. A portfolio of investment grade preferreds may mitigate credit risk generally found in preferred stock ETFs.

## GLOBAL CORPORATE DEFAULT RATES: INVESTMENT GRADE VS. SPECULATIVE GRADE



- Overall
- Investment grade default rate
- Speculative grade default rate

Source: S&P Global Ratings Research and S&P Global Market Intelligence's CreditPro®  
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Data reflects calendar years from 1981-2019.

## CREDIT QUALITY EXPOSURE

	S&P U.S. High Quality Preferred Stock Index	S&P U.S. Preferred Stock Index
A+	5.2%	0.2%
BBB+	10.2%	3.2%
BBB	35.9%	9.4%
BBB-	46.4%	21.6%
BB+	2.3%	27.0%
BB	-	11.3%
BB-	-	1.1%
B+	-	3.5%
B	-	0.6%
B-	-	0.7%
CCC	-	0.1%
NR	-	21.4%

Source: S&P Dow Jones Indices. As of 9/30/2020.



EPRF holds a combination of fixed and floating rate investment grade preferreds providing a unique opportunity to obtain broad preferred stock exposure, in an effort to mitigate credit risk and offer competitive yields.

FIXED	85.0%
FLOATING	6.0%
VARIABLE	8.9%
<b>GRAND TOTAL</b>	<b>100.0%</b>

As of 9/30/2020

## INDEX PERFORMANCE

	1 M	QTD	YTD	1 Yr	3 Yr
S&P U.S. High Quality Preferred Stock Index	-0.39%	5.94%	3.96%	5.65%	6.01%
S&P U.S. Preferred Stock Index	-0.41%	7.11%	0.97%	3.25%	4.41%

Source: S&P Dow Jones Indices as of 9/30/2020

	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Innovator S&P Investment Grade Preferred ETF (NAV)	3.69%	5.21%	5.51%	-	-	4.54%
Innovator S&P Investment Grade Preferred ETF (Closing Price)	3.84%	5.34%	5.68%	-	-	4.55%
S&P U.S. High Quality Preferred Index	3.96%	5.65%	6.01%	-	-	5.11%
S&P U.S. Preferred Stock Index	0.97%	3.25%	4.41%	-	-	4.77%

As of 9/30/2020. 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. For the most recent month-end returns go to [innovatoretfs.com/eprf](http://innovatoretfs.com/eprf).

- Investment grade preferreds are represented by the S&P U.S. High Quality Preferred Stock Index.
- The Broad Preferred space is represented by the S&P Preferred Stock Index.
- High yield corporate bonds are represented by the S&P High Yield Corporate Bond Index.
- Corporate bonds are represented by the IBOX Corporate Bond Index.
- Weighted Avg Discount to Par: Discount to par is the amount by which a preferred stock is trading above or below its par price. Instead of using equal weights to calculate the average discount to par, the weighted average discount to par is calculated using the weight of each preferred stock in the portfolio.
- % Trading below par: The percentage of the preferreds in the portfolio that currently have a price below their par price.
- QDI stands for qualified dividend income. QDI is taxed at the same rate as are capital gains, while ordinary dividend income is taxed at standard federal income tax rates.
- Cumulative Preferreds are distinguished by their accrual feature. If a cumulative preferred misses its dividend payment, the dividend accrues until it is fully paid.
- SEC 30 Day Yield is a standard yield calculation developed by the Securities and Exchange Commission. It is based on the most recent 30-day period. It is calculated by dividing the net investment income (less expenses) per share over a 30-day period by the current maximum offering price.

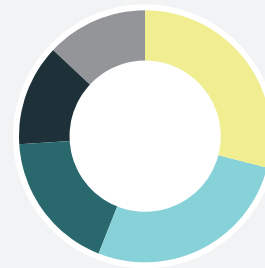
The S&P 500® Index is an unmanaged index considered representative of the U.S. stock market. The S&P U.S. Preferred Stock Index represents the US preferred stock market.

Investing involves risk including possible loss of principal. Preferred securities combine some of the characteristics of both common stocks and bonds. Preferred securities are typically subordinated to bonds and other debt securities in a company's capital structure in terms of priority to corporate income, subjecting them to greater credit risk than those debt securities. An increase in interest rates may cause the value of securities held by the Fund to decline. Generally, holders of preferred securities have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may obtain limited rights. In certain circumstances, an issuer of preferred securities may defer payment on the securities and, in some cases, redeem the securities prior to a specified date. Preferred securities may also be substantially less liquid than other securities, including common stock.

Wtd. Avg. Discount to Par <sup>5</sup>	-0.70
% Trading Below Par <sup>6</sup>	5.49%
% Investment Grade	100%
QDI Eligible <sup>7</sup>	62.24%
Cumulative Preferreds <sup>8</sup>	22.98%
SEC 30 Day Yield <sup>9</sup>	4.79%

As of 9/30/2020. Subject to change.

## INDUSTRY WEIGHTS



Insurance	28.62%
Banks	27.08%
Other-Financials	17.72%
Real Estate	13.15%
Utilities	12.67%

Source: Bloomberg L.P. as of 9/30/2020. Subject to change.

S&P and Moody's study the financial condition of an entity to ascertain its creditworthiness. The credit ratings reflect the rating agency's opinion of the holdings financial condition and histories. For information on the rating agencies methodology, visit <http://www.standardandpoors.com> or <https://www.moody.com>.

**The Fund's 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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