

SECOND QUARTER 2020 UPDATE

Quarterly Index Provider Commentary

In our last quarterly update, we addressed the cash-raising component of the ETF. Despite a sharp decline in the overall stock market due to the Covid crisis, no cash-raising rules were triggered. This is as designed. The second quarter of 2020 is another proof point as to how cash raising could have gone awry.

Raising cash too early in most situations can cause a signal that triggers too frequently. Another potential risk is that small pullbacks could lead to reduced exposure and non-participation in the subsequent recoveries. Raising cash too late risks locking in the downside and limiting your upside participation.

March of 2020 provided a strong case study for this point. While most investors expected a sharp recovery, few could have predicted the speed in which it unfolded. The decline in the general stock market came in just over one month's time from the February 19 top to the March 23 low. Fast forward just over two months to June 5 and the Nasdaq composite was back at all-time highs while the S&P 500 was 85% of the way there. Raising cash would have most likely led to a lack of participation in the recovery.

Full exposure to stocks means that as sharp corrections shake things up, time is required for the leaders to reveal and assert themselves. That usually leads to some underperformance in the IBD 50 in the early part of a recovery from a significant decline. That said, we didn't get the expected underperformance this time. An interesting divergence was in play.

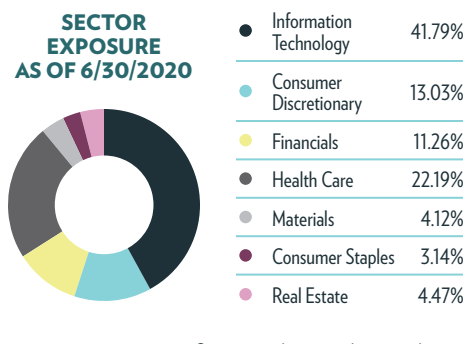
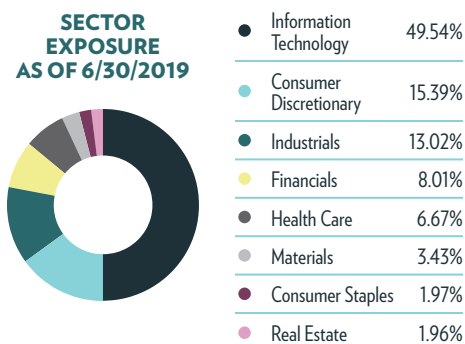
On the one hand you had the "real economy" stocks that were hardest hit and faced the most uncertainty with the coronavirus shutdown. Sectors such as transportation, retail, and energy took devastating hits. While some areas saw rapid rises from their bottoms on optimism of the economy opening up, they recovered only a fraction of their declines. Many of these areas were already in decline and were naturally avoided by the IBD 50.

There were also entire groups that saw muted effects. With millions of workers staying home, technology remained in demand or even saw increased demand from a stay-at-home economy. The more speculative names with just a story and no earnings history wouldn't have made the IBD 50. But there were plenty of stocks like Zoom Video Communications, Nvidia Corp, and Veeva Systems Inc with powerful stocks moves captured by the IBD 50.

Some sector rotation occurred midway through the quarter with small-caps and mid-caps trying to assert themselves at one point. It was short-lived, however, and the weekly rebalance of the IBD 50 put it in a position to participate should that trend have continued. When it didn't materialize, the IBD 50's focus on strength kept it from riding that trend down in June.

The best case scenario is for the recovery to continue and trends to establish themselves. However, there is still the uncertain economic future and fears of a second coronavirus wave that continue to be a risk for the market as a whole.

SECTOR TRANSITION



Sector weights are subject to change

TOP 10 FFTY HOLDINGS as of 6/30/2020

1	Chegg Inc	3.62%
2	NVIDIA Corp	3.55%
3	Fortinet Inc	3.53%
4	Palomar Holdings Inc	3.52%
5	Adobe Systems Inc	3.48%
6	Advanced Micro Devices Inc	3.46%
7	Veeva Systems Inc	3.45%
8	PennyMac Financial Services In	3.45%
9	Vertex Pharmaceuticals Inc	3.44%
10	Netflix Inc	3.43%

Holdings are subject to change

STANDARDIZED PERFORMANCE

	QTR	YTD	1YR	3YR	5YR	10YR	INCEPTION
Innovator IBD 50 ETF (NAV)	23.20%	-0.91%	0.39%	8.44%	6.61%	-	6.36%
Innovator IBD 50 ETF (Closing Price)	22.97%	-0.89%	0.38%	8.23%	6.55%	-	6.34%
IBD® 50 Index	23.45%	-1.17%	0.60%	9.64%	7.71%	-	-
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	10.73%	-	10.14%

As of 6/30/2020. Expense ratio: 0.80%. 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/FFTY for current month-end performance. One cannot invest directly in an index. FFTY's model-driven weekly rebalances will result in a significant turnover ratio. The fund began tracking the IBD® 50 Index on Nov 20, 2017. The index inception on 10/27/2017.



Market Disruptions Resulting from COVID-19. The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund.

Investing involves Risks. Principal loss is possible. Along with general market risks, an ETF that concentrates its investments in the securities of a particular industry, market, sector, or geographic area may be more volatile than a fund that invests in a broader range of industries. Additionally, the Innovator IBD® 50 ETF may invest in securities that have additional risks. Foreign companies can be more volatile, less liquid, and subject to the risk of currency fluctuations. This risk is greater for emerging markets. Small and mid-cap companies can have limited liquidity and greater volatility than large-cap companies. Also, ETFs face numerous market trading risks, including the potential lack of an active market for Fund shares, losses from trading in secondary markets, periods of high volatility and disruption in the creation/redemption process of the Fund. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. ETFs are bought and sold at market price and not individually redeemed from the fund. Brokerage commissions will reduce returns.

The CAN SLIM® Investing Methodology is a system for selecting stocks created by Investor's Business Daily founder William J. O'Neil.

The "IBD®" mark and logo have been licensed to the Adviser by Investor's Business Daily, Inc. ("IBD") for use in connection with the Fund under certain circumstances. The Fund is not sponsored, endorsed or sold by IBD. IBD makes no representation regarding the advisability of investing in the Fund. Additionally, while the Fund will generally hold all of the companies included in the IBD® 50 Index it will not invest in these companies in the same proportion as reflected in the Index. Performance will deviate from the performance of the IBD® 50 Index, and the active management of the Fund may not produce the desired results. Investor's Business Daily® mark and associated logos are used with permission by IBD.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information, and may be obtained by calling 800.208.5212 or visiting innovatoretfs.com. Read it carefully before investing.

Innovator ETFs are distributed by Foreside Fund Services, LLC.

Copyright © 2020 Innovator Capital Management, LLC