

# How Barrier ETFs™ Work

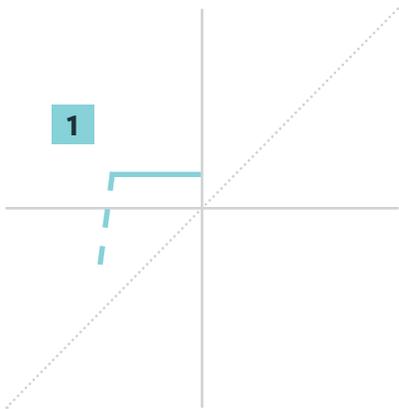
Barrier ETFs™ consist of a package of S&P 500 options and U.S. Treasuries. Barrier refers to a type of Defined Outcome which seeks to provide current income with a built-in barrier against loss. After the level is breached, the investor takes on the full downside of the reference asset.

LAYER	POSITION	FUNCTION	STRIKE PRICE
1	Purchased Put Options	Barrier	79%
	Sold Put Options		80%
2	Sold Put Option	1:1 Downside	80%
3	Purchased U.S. Treasuries	Income	-

## HOW TO BUILD A 20% BARRIER ETF™:

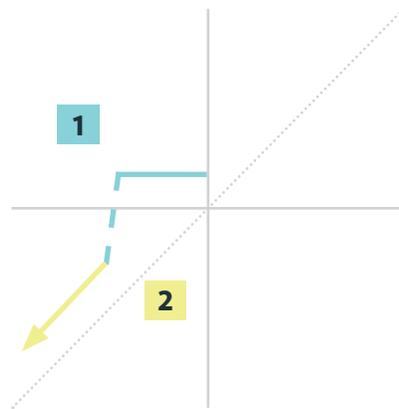
### LAYER 1:

Sell 1% put spreads and receive option premium.



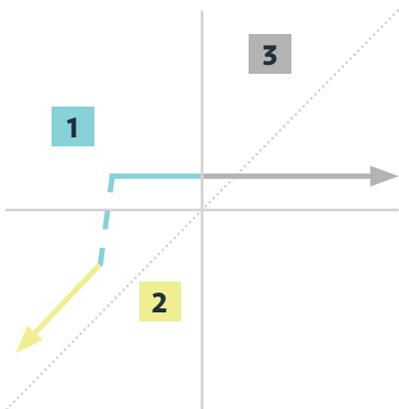
### LAYER 2:

Sell an additional put to create 1:1 exposure below the barrier.



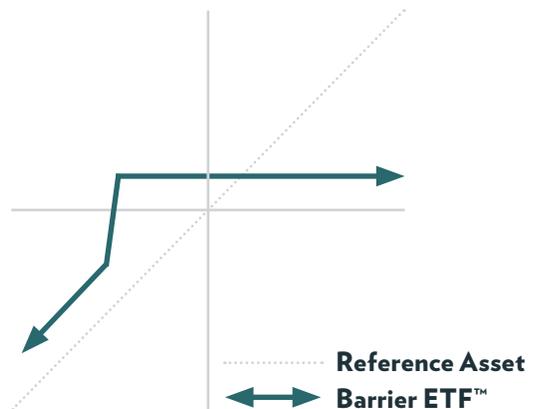
### LAYER 3:

Invest principal and option premium in short-term U.S. Treasuries.



### RESULTING ETF PAYOFF PROFILE

A “re-shaped” return profile, relative to the reference asset.



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.

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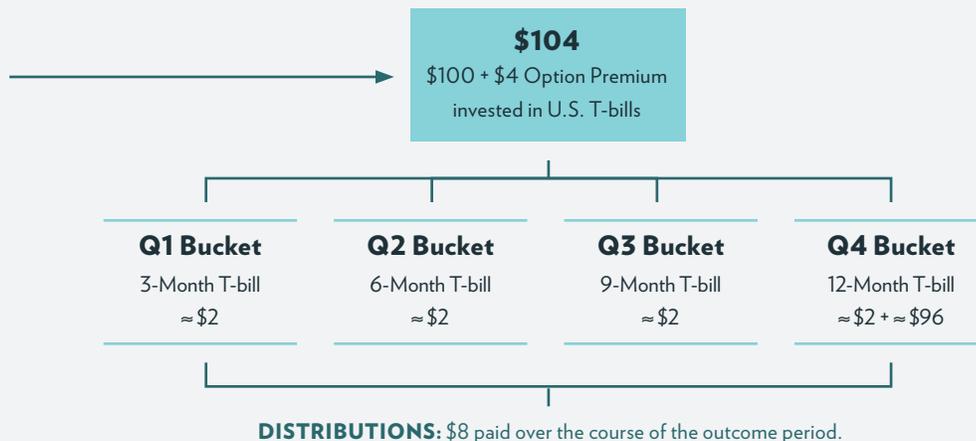
## HOW PREMIUM INCOME BARRIER ETFs™ WORK

### Illustrative Example

**OUTCOME PERIOD:** 1 Year  
**INVESTMENT:** \$100  
**DISTRIBUTION RATE:** 8%  
 (4% Option Premium + 4% U.S. T-bills)  
**DISTRIBUTION FREQUENCY:** Quarterly

If the index finishes above the barrier, the fund NAV is designed to finish the period at \$100.

If the index finishes below the barrier, the fund NAV is designed to match the return of reference asset.



*For illustrative purposes only. Does not represent actual fund performance. The distribution rate is not guaranteed and will vary based on the fund and outcome period.*

**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.**

Barrier ETFs seek to provide shareholders who hold shares of the Fund (“Shares”) for an approximately one-year pre-determined period (the “Outcome Period”) with a high level of income through periodic distribution payments (the “Fund Distributions”) based upon a distribution rate that is comprised of the yield generated by the U.S. Treasuries and the premiums received from the Fund selling FLEX Options (the “Distribution rate”).

Over each Outcome Period, shareholders will also be subject to U.S. Equity Index losses that are based upon an investment “barrier,” which is an investment strategy whereby a payoff depends on whether an underlying asset has breached a predetermined performance level. The Funds seek to provide a pre-determined barrier at [respectively 10, 20, 30, or 40]% of U.S. Equity Index losses for each Outcome Period (the “Barrier”) by selling FLEX Options that reference the U.S. Equity Index for each Outcome Period (the “Barrier Options”). **There is no guarantee that the Fund will be successful in its attempt to implement the Barrier.** At the commencement of the new Outcome Period, the Fund will sell new Barrier Options with an expiration date of approximately one year and invest in U.S. Treasuries with a maturity date that aligns with the expiration of the new Outcome Period.

Fund shareholders also will be subject to all losses experienced by the U.S. Equity Index if the U.S. Equity Index experiences losses that exceed the Barrier at the end of the Outcome Period. If at the end of the Outcome Period the U.S. Equity Index has experienced a positive price return, or price return losses that are less than the Barrier, the Fund is designed to provide returns that equal the Distribution rate. However, if the U.S. Equity Index has decreased in value below the Barrier at the end of the Outcome Period, the Fund’s investments will generate Outcomes that equal the Distribution rate less the entirety of the U.S. Equity Index’s losses over the course of the Outcome Period. The Fund will not benefit from any increases in the U.S. Equity Index over the course of an Outcome Period but is subject to the possibility of significant losses experienced by the U.S. Equity Index if the value of the U.S. Equity Index drops below the Barrier at the end of the Outcome Period. An investor could lose its entire investment. The Fund will not receive or benefit from any dividend payments made by the constituents of the U.S. Equity Index.

**A shareholder may lose its entire investment.** In the event an investor purchases Shares after the commencement of the Outcome Period or sells Shares prior to the expiration of the Outcome Period, the Barrier that the Fund seeks to provide may not be available. In addition, the operability of the Barrier is such that the Fund may experience dramatic changes in value of its NAV at the end of the Outcome Period, even if the changes in the U.S. Equity Index are minimal. If the U.S. Equity Index’s value is at or near the Barrier at the end of the Outcome Period, small changes in the value of the U.S. Equity Index could result in dramatic changes in the value of the Barrier Options and therefore the

Fund’s NAV. Investors should understand these risks before investing in the Fund.

**The Outcomes may only be realized by investors who continuously hold Shares from the commencement of the Outcome Period until its conclusion. Investors who purchase Shares after the Outcome Period has begun or sell Shares prior to the Outcome Period’s conclusion may experience investment returns very different from those that the Fund seeks to provide.**

*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 Fund uses its net assets (including the premiums received by selling Barrier Options) to purchase U.S. Treasuries that expire at the end of the Outcome Period. The U.S. Treasuries are entitled to an interest rate, which when added to the premiums received for selling Barrier Options, produce the Distribution rate. The Distribution rate is distributed to shareholders in Fund Distributions. The amount of the Fund Distributions is dependent, in part, upon the income received from the U.S. Treasuries, which is not guaranteed. If the U.S. Treasuries fail to pay income or pay less income than anticipated, the Distribution rate will not be obtained, and a Fund Distribution will be less than anticipated.

**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.

The following marks: Accelerated ETFs®, Accelerated Plus ETF®, Accelerated Return ETFs®, Barrier ETF®, Buffer ETF®, Defined Outcome Bond ETF®, Defined Outcome ETFs™, Defined Protection ETF®, Define Your Future®, Enhanced ETF®, Floor ETF®, Innovator ETFs®, Leading The Defined Outcome ETF Revolution™, Managed Buffer ETFs®, Managed Outcome ETFs®, Step-Up™, Step-Up ETFs™, Target Protection ETF™ and all related names, logos, product and service names, designs, and slogans are the trademarks of Innovator Capital Management, LLC, its affiliates or licensors. Use of these terms is strictly prohibited without proper written authorization.

*The Funds’ investment objectives, risks, charges and expenses should be considered carefully 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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