Seek to Manage Risk and Maintain Return in 2022

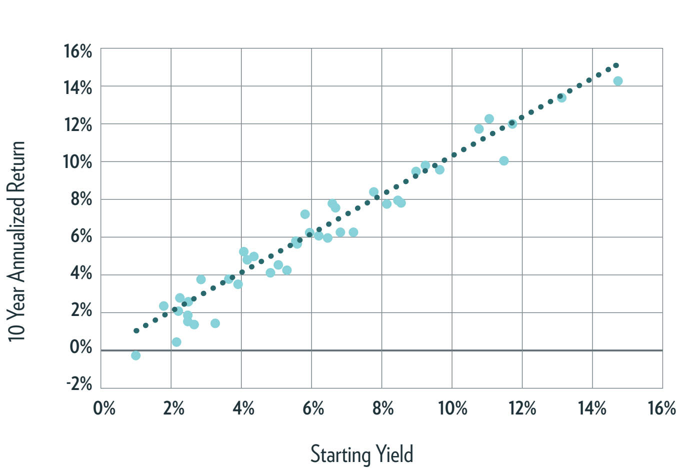
THINKING OUTSIDE OF THE 60/40 BOX

Aggregate bonds have played a key role within a well-diversified portfolio over the years, offering a low, often negative correlation to equities and protection in times of market stress. Today, however, many investors are questioning their allocation within a portfolio, and rightly so. Bond yields may be too low to be the equity market hedge they once were, and may challenge the ability of a multi-asset portfolio to provide an acceptable level of return in the years to come. We believe portfolio managers will need to seek alternative solutions, such as Buffer ETFs, to effectively manage portfolio risk and return characteristics moving forward.

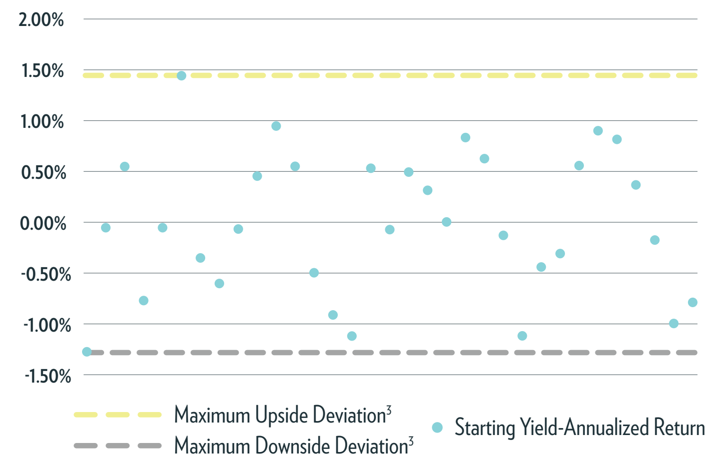
CORE BONDS: STARTING YIELD IS THE BIGGEST FACTOR

When it comes to core bonds, starting yield is the biggest factor. The chart below highlights the historical starting yield and subsequent ten-year annualized return of the Bloomberg US Aggregate Bond Index, each calendar year since 1980. Over this timeframe, starting yield explained over 95% of total returns, with a standard deviation[1] of just 0.69%. With the current yield[2] on the Bloomberg US Aggregate Bond Index at 1.77%, generating the mid-to-high single digit returns investors have become accustomed to in a traditional 60/40 framework, may be challenging.

THE IMPORTANCE OF STARTING YIELD



Source Bloomberg LP as of 12/31/2020. Data from 12/31/1979-12/31/2020, Bloomberg US Aggregate Bond Index, Yield to Worst, 10 Year Annualized Total return.



Source Bloomberg LP as of 12/31/2020. Data from 12/31/1979-12/31/2020, Bloomberg US Aggregate Bond Index, Yield to Worst, 10 Year Annualized Total return.

HIDDEN RISKS FOR "DIVERSIFIED" PORTFOLIOS

Not only may low bonds yields pose a problem for long term returns, but current yields may also decrease the effectiveness of core bonds as an equity market hedge and diversifier in a multi-asset portfolio. Yields do not have much room to fall in the event of a market correction.

Looking at this in a historical context, throughout the last four major equity market sell-offs, peak to trough, as starting bond yields decreased and had less room to fall, the equity market buffer[4] also diminished. In the 2020 pandemic driven sell-off, yields fell just 0.10%, and bond returns were slightly negative.

Equity Market Peak	Equity Market Bottom	S&P 500 Total Return	Market Peak Bond Yield	Market Bottom Bond Yield	Drop in Yield	Core Bond Total Return
3/24/2000	9/21/2001	-35.62%	7.3%	5.4%	1.9%	18.4%
1/4/2002	10/9/2002	-32.94%	5.7%	4.3%	1.4%	7.6%
10/9/2007	3/9/2009	-55.22%	5.4%	4.5%	0.8%	7.2%
2/19/2020	3/23/2020	-33.92%	2.1%	2.0%	0.1%	-0.9%

Source: Bloomberg LP, S&P 500 Index, Bloomberg US Aggregate Bond Index, Yield Change and Total Return Measured Equity Market Peak to Through

Buffer ETFs 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.

RETHINKING THE 60/40

Can a portfolio still generate an acceptable return while appropriately hedging risk? We believe it can. By looking outside of traditional core bond exposure and turning to Buffer ETFs, we believe investors can achieve a higher return when the equity market is rising. Innovator offers a series of Buffer ETFs that provide various buffer levels on equity markets across the globe. The ETFs allow investors to easily customize risk and return characteristics based on the needs of each portfolio.

The case study below highlights two products, BALT, the Innovator Defined Wealth Shield ETF and UJAN, the Innovator U.S. Equity Ultra Buffer, and is intended to demonstrate how Buffer ETFs can be utilized as a complement or alternative to traditional core fixed income. BALT seeks to offer one-to-one exposure to SPY, the SPDR S&P 500 ETF Trust, up to a cap while seeking a 20% buffer against losses each quarter, while UJAN seeks to offers one-to-one exposure to the SPY up to a cap, while offering a 30% (-5% to 35%) buffer against losses over the annual outcome period.

	Reference Asset	Outcome Period	Buffer Level	Starting Caps
BALT	SPY	3 months	20%	0.90%
UJAN	SPY	12 months	30%	6.89%

Historically, BALT and UJAN have demonstrated similar beta[5] and volatility[6] characteristics to the Bloomberg US Aggregate Bond Index, potentially making them a good alternative to traditional core bond exposure.

	Equity Beta	Since Inception Volatility
BALT, Innovator Defined Wealth Shield ETF	0.07	2.26%
Bloomberg US Aggregate Bond Index	0.06	3.84%
S&P 500 Index	1.00	11.76%

Source Bloomberg LP, data from 6/30/2021 to 1/31/2022. Start date is the earliest common inception of the S&P 500 Index, Bloomberg US, Aggregate Bond Index, and the Innovator Defined Wealth Shield ETF.

*Note this is a small sample size given the limited history of Buffer ETFs not having a full market cycle of history. Investor's should consider potential risks before investing

	Equity Beta	Since Inception Volatility
UJAN, Innovator U.S. Equity Ultra Buffer ETF	0.35	4.01%
Bloomberg US Aggregate Bond Index	0.06	1.32%
S&P 500 Index	1.00	23.11%

Source Bloomberg LP, data from 1/2/2019 to 1/31/2022. Start date is the earliest common inception of the S&P 500 Index, Bloomberg US Aggregate Bond Index, and the Innovator U.S. Equity Ultra Buffer ETF.

By using BALT or UJAN in a multi-asset framework[7], we believe portfolio managers can increase exposure to equities and thus increase return expectations, while maintaining many of the characteristic's investors appreciate about core bonds. We also believe these tools may be particularly useful in 2022 to hedge against any normalization in interest rates.

BALT and UJAN are just two of the many options Innovator offers for portfolio construction. To view all Innovator Buffer ETFs, view our Product Table or contact your portfolio consultant for more information.

» https://www.innovatoretfs.com/define/etfs

An Important Note about Buffer ETFs and Bonds

BALT seeks to track the return of the SPDR S&P 500 ETF Trust (SPY), to a cap, while targeting a 20% buffer against losses over the quarterly outcome period. UJAN seeks to track the return of SPY, to a cap, while buffering against 30% (-5% to -35%) of losses over the outcome period. Both strategies use FLEX options to gain exposure. Buffer ETFs carry equity risk, which has historically been greater than bond risk. In order to produce a positive return, BALT and UJAN need equities to rise. If the equities fall more than the predetermined buffer, investors risk a loss. Unlike bonds, Defined Outcome ETFs will not rise when equities fall.

Unlike equities, bonds pay coupons and their returns are not directly tied to the equity market. The price of a bond does not need to increase for an investor to profit. In addition, the price of a bond can also be affected by supply and demand. As a result bonds price have historically risen when equities have fallen as investors seek safety outside of equities.. Bonds have maturity dates at which point principal must be repaid or a default occurs. Bonds are higher in the capital structure than equities and therefore carry significantly lower risk of loss.

In addition, Buffer ETFs do not seek to provide income which is the typical investment objective of bond funds. Options provide exposure to the price return of the respective reference asset and therefore investors do not receive dividends or investment income through an investment in a Buffer ETF.

Definitions

1. Standard Deviation: The measure of dispersion around the mean

2. Current Yield: Yield to worst, the lowest yield of the yield to maturity or yield to call. Yield as of 12/31/2021

3. Maximum Upside Deviation: The highest and lowest return in relation to the starting yield over the test period.

4. Equity Market Returns: The buffer for a portfolio that holds both stocks and bonds. when equities have fallen, bond prices have increased, offering protection or a buffer

5. Beta: The sensitivity of an asset relative to a specified benchmark.

6. Volatility: The dispersion of returns from the mean.

7. Multi-asset Framework: A portfolio consisting of different financial assets.

The Bloomberg US Aggregate Bond Index serves as a proxy for core bonds

Note Buffer ETFs carry equity risk and their performance is tied to the equity market. To achieve a positive return, equity markets must be positive.

Opinions and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided is reliable but should not be assumed to be accurate or complete. Buffer ETFs may not be suitable for all investors.

The funds only seek to provide their investment objective, which is not guaranteed, over the course of an entire outcome period. Investors who purchase shares after or sell shares before the end of an outcome period will experience very different outcomes than the funds seek to provide. There is no guarantee the funds' will achieve their investment objective.

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.

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.

BALT is designed to provide point-to-point exposure to the price return of the reference asset via a basket of Flex Options. As a result, the ETFs are not expected to move directly in line with the reference asset 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 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 Fund only seeks to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against reference asset losses 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 predetermined 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 Fund's 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. Read it carefully before investing.

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