



Define Your Future®

INVESTOR GUIDE

# Innovator Managed Floor ETFs®



## What Are Managed Floor ETFs®?

Innovator Managed Floor ETFs® are designed to provide core equity exposure with a built-in floor to help manage downside risk. The funds are structured to tolerate shallow declines, but step in with protection when markets begin to fall more sharply. These funds seek to reduce portfolio volatility and limit drawdowns while maintaining meaningful upside potential.

While each fund targets a unique asset class, they are unified by a consistent, risk-managed investment approach

### SFLR

**Large-Cap U.S. Equities**  
(Target 8-12% Annual Max Loss)

### QFLR

**Nasdaq-100® Equities**  
(Target 7-15% Annual Max Loss)

### RFLR

**Small-Cap U.S. Equities**  
(Target 8-12% Annual Max Loss)

### IFLR

**International Developed Equities**  
(Target 8-12% Annual Max Loss)

### ► Parametric

The Innovator Equity Managed Floor ETF® is sub-advised by **Parametric**, a leader in providing institutional-quality implementation of options-based strategies. Parametric has guided client portfolios across multiple market cycles and through every type of environment for decades.



**\$665 B**

Assets Under Management<sup>1</sup>



**30+ YEARS**

Helping Investors



**208**

Investment Professionals



**108**

CFA Charterholders



**11**

PhDs

<sup>1</sup>This figure has been approximated as of 9/30/2025. It includes overlay exposure and both discretionary and non-discretionary assets of Parametric Portfolio Associates, LLC.



## Why Managed Floor ETFs®?

Investors face a dilemma: stay fully invested and accept large drawdowns, or reduce exposure and risk missing out on gains. Managed Floor ETFs® offer a third way:



### MITIGATE RISK WITHOUT ABANDONING EQUITIES

The fund's built-in downside protection is designed to limit the impact of severe market declines—aiming to reduce the risk of emotionally driven decisions like exiting the market at the wrong time. By maintaining equity exposure with a protective floor, investors can seek to remain invested while still participating in approximately 70% to 80% of the market's upside.



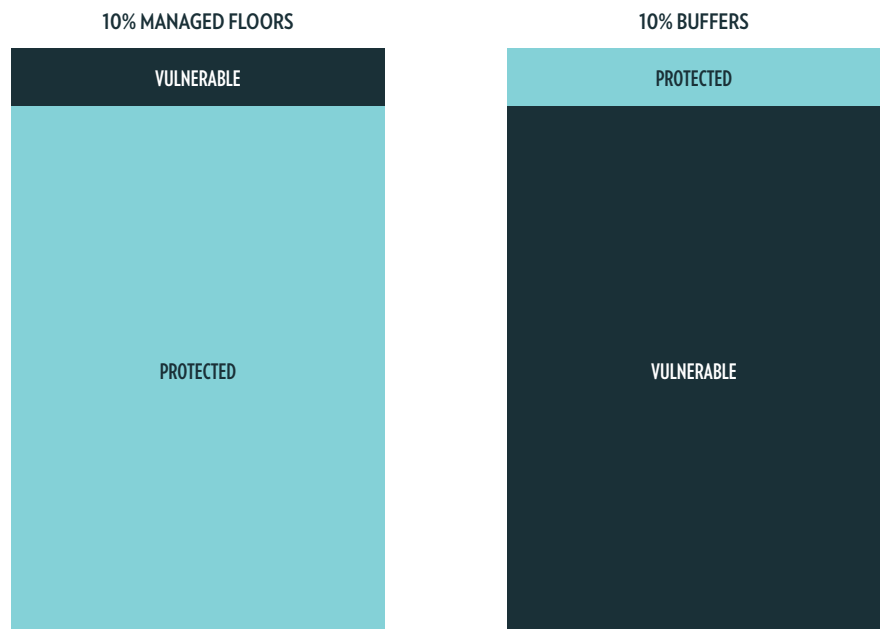
### SMOOTHER RETURN PATH

Managed Floor ETFs® are built to deliver roughly two-thirds the volatility of their respective reference indices. This reduced volatility helps create a more stable investment experience – dampening the psychological impact of market swings and potentially supporting more disciplined financial planning.



### PROTECT YOUR GAINS

Managed Floor strategies are designed to offer a distinct advantage over buffer strategies when it comes to protecting gains in severe market downturns. While buffer strategies shield against the initial portion of losses, they generally provide no protection beyond the buffer level—leaving investors exposed in a deep sell-off. In contrast, Managed Floor ETFs® have exposure to the first layer of losses (typically around 10%), but then pursue tail-risk protection beyond that floor. This structure is designed to better preserve accumulated gains and provide a more durable defense during sharp market declines.



*For illustrative purposes only.*



## How Do Managed Floor ETFs® Work?

The Managed Floor ETFs® combine traditional equity holdings with a structured risk management overlay. Protective puts are purchased to help limit the impact of severe market drawdowns. To help defray the cost of this protection, the funds also write short-dated call options. Each component of the strategy is described in more detail to the right:



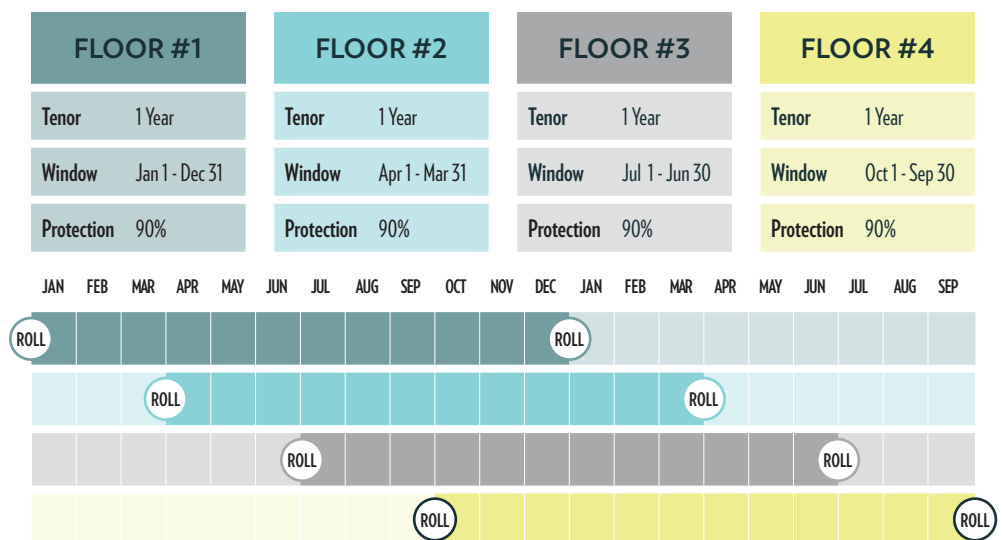
### ① EQUITY BASKET

A diversified sampling of equities from the fund's respective index. The sample portfolio is meant to track the respective index while allowing for tax-loss harvesting opportunities.



### ② PUT PROTECTION

Each fund holds a series of 10% out-of-the-money put options, laddered out quarterly. The put protection acts as a “floor” beneath the portfolio, helping to blunt the impact of deep market declines. Investors seeking to safeguard 90% of their capital may find this to be an effective and transparent solution for managing tail-risk and limiting losses in deep drawdowns. The illustration below helps demonstrate how this dynamic floor protection works in practice.



*For illustrative purposes only. While the laddered put option contracts implement the 10% floor, the Fund targets an annual maximum loss of approximately 8% to 12%, which is not guaranteed.*



### ③ CALL WRITING

Call writing has dual functions. Its objective is to fund the cost of downside protection while also acting as a form of risk mitigation. During heightened market volatility, the premium earned from call writing may be more elevated than normal, potentially contributing meaningfully to drawdown risk mitigation efforts. The funds write short-dated, bi-weekly call options. These are dynamically chosen with the intention of having a low probability of finishing in-the-money, possibly limiting their impact on returns in upward moving markets.



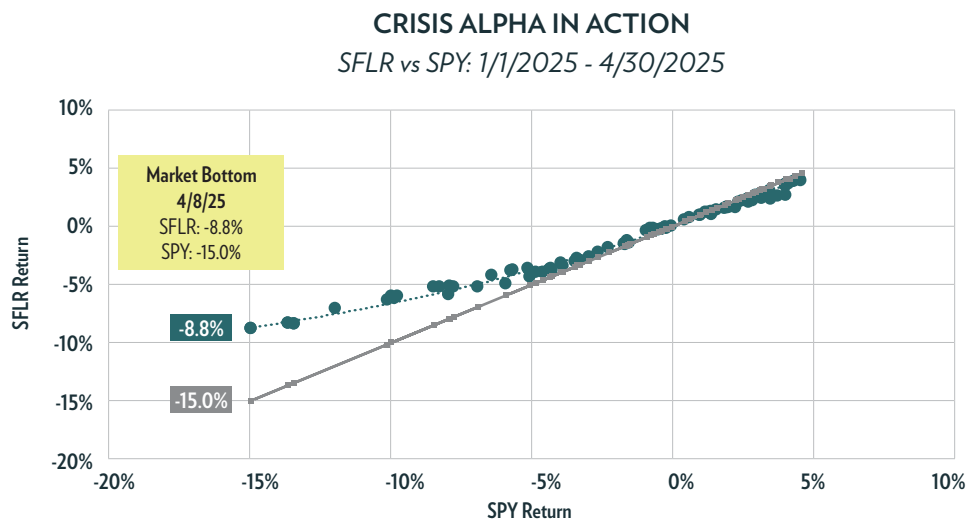
## What To Expect

The table to the right highlights each of the fund's targeted exposure and potential performance characteristics under the Managed Floor framework:

*There is no guarantee that the Funds will meet these strategy goals.*

	SFLR	QFLR	RFLR	IFLR
Target Exposure	Large-Cap Equities	Nasdaq-100 Equities	Small-Cap Equities	International Equities
Upside Participation	70-80%	70-80%	70-80%	70-80%
Target Annual Max Loss	8%-12%	7%-15%	8%-12%	8-12%
Volatility	2/3 of Index	2/3 of Index	2/3 of Index	2/3 of Index

Investors new to the strategy often ask how the floor protection functions during periods of market stress. The figure to the right illustrates the fund's loss-dampening profile over the period from January 1 to April 30, 2025—a span that included a significant equity market sell-off beginning on February 20. This environment provided a clear opportunity to demonstrate the value of the strategy and confirm that the fund is performing as intended. Consistent with its design, the Innovator Equity Managed Floor ETF® (SFLR) began to decouple from the broader equity index as market losses intensified, with downside participation becoming increasingly limited. This behavior—where the fund demonstrates notable resilience during sharp drawdowns—is what we refer to as “crisis alpha”.



Source: Bloomberg, Innovator. This scatter plot shows daily performance of SFLR (via teal dots) against corresponding daily performance of the SPY ETF (via gray trendline). 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/SFLR](https://innovatoretfs.com/SFLR) for current month-end and standardized performance.

The table to the right provides a helpful summary of how a Managed Floor strategy is expected to respond in different market environments. Because the Managed Floor strategy targets 70% to 80% upside participation, we use a hypothetical portfolio of 75% U.S. Equity and 25% Cash as a comparative baseline to highlight the value of this approach. While the expected upside performance appears similar between the two, the key distinction lies in downside behavior. The equity/cash proxy lowers market exposure to reduce risk, whereas the Managed Floor strategy actively establishes a floor in aiming to limit losses—providing a more targeted form of downside protection.

U.S. Equities	-80%	-60%	-40%	-20%	0%	20%	40%	60%	80%
75% U.S. Equity and 25% Cash	-59%	-44%	-25%	-14%	1%	16%	31%	46%	61%
Managed Floor	-8% to -12%				0%	15%	30%	45%	60%

*For illustrative purposes only. Not representative of any actual investment. This chart is hypothetical and is intended to merely illustrate the results sought-after by the Managed Floor strategy in accordance with the U.S. Equity performance assumptions, stated in the top row, over one year. Cash uses an assumed rate of return of 4%. The Managed Floor strategy assumes a participation rate of 75% with U.S. Equity performance, which is the simple average of the sought-after upside participation rate of 70% to 80%. The performance shown herein is based upon assumptions and is not guaranteed.*



# How to Use Managed Floor ETFs® in a Portfolio

Managed Floor ETFs® may serve multiple roles:



## CORE EQUITY HOLDING

Replace a portion of traditional equity exposure to reduce overall portfolio volatility.



## ENHANCING EQUITY EXPOSURE WITH BUILT-IN PROTECTION

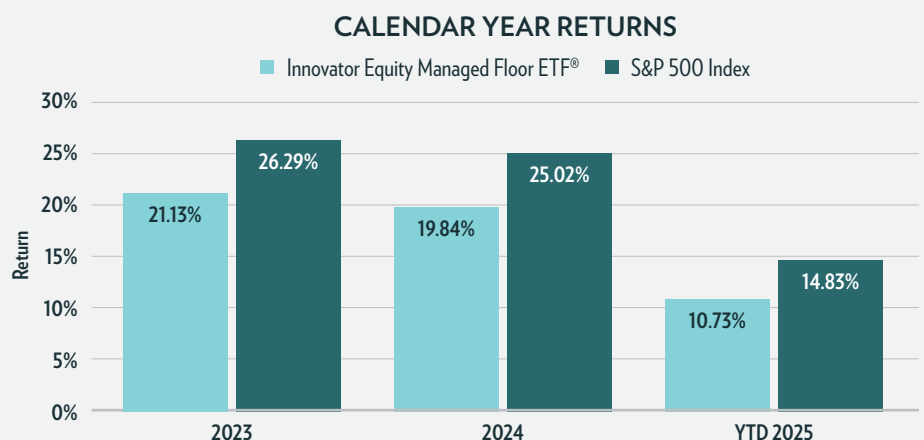
Managed Floor ETFs® can be a valuable tool for investors looking to modestly increase equity allocations. By embedding a tail-hedging mechanism through protective puts, the strategy may help cushion against severe market losses—*providing a potential pathway to boost equity exposure while maintaining a risk profile aligned with long-term objectives.*



## DRAWDOWN MANAGEMENT TOOL FOR PRE-RETIREEES/RETIREEES

We believe that Managed Floor ETFs® can be well-suited for risk-averse investors, or those nearing retirement who want to stay invested in equities while reducing exposure to sharp losses. One of the most critical risks for investors as they approach or enter the distribution phase of the investor lifecycle is **sequence-of-returns risk**—the potential for large early losses to negatively affect long-term retirement outcomes. *By limiting the severity of drawdowns, the Managed Floor suite is designed to help mitigate this risk and potentially support more stable retirement planning.*

## Performance



Source: Bloomberg, Innovator. Data from 12/31/2022 - 9/30/2025. Performance quoted represents past performance, which is no guarantee of future results.

	2023	2024	YTD 2025
SFLR: % of Market Return Captured	80%	79%	72%





STANDARDIZED PERFORMANCE	YTD	1 YEAR	3 YEAR	5 YEAR	INCEPTION
SFLR NAV	10.73%	13.87%	-	-	17.91%
SFLR Closing Price	10.68%	13.73%	-	-	17.94%

As of 9/30/2025. SFLR Expense Ratio: 0.89%; Inception Date: 11/8/2022. Fund returns shown in this presentation are based upon NAV. Returns for periods of less than one year are cumulative.

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/SFLR](http://innovatoretfs.com/SFLR) for current month-end and standardized performance.

Shares are bought and sold at market price, not net asset value (NAV), and are not individually redeemable from the fund. NAV represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day. Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where fund shares are listed.

**SFLR, QFLR, & RFLR Risk.** The Funds seek to provide risk-managed investment exposure to the equity securities represented by the Solactive GBS U.S. 500 Index, Nasdaq-100® Index, Solactive U.S. 2000 Index, and the Solactive GBS Developed Markets ex North America Large & Mid Cap Index (collectively, the "Indices") respectively, through their hedging strategy. There is no guarantee that the Funds will be successful in implementing their strategy to provide a hedge against overall market exposure.

The Funds seek to achieve their investment objective by purchasing a series of four, one-year Flex Options packages with "laddered" expiration dates that are 3 months apart. The Funds will also systemically sell short dated call option contracts, which have an expiration date of approximately two weeks, with an objective of generating incremental returns above and beyond the premium outlay of the protective put option contracts. The Funds do not provide principal protection or non-principal protection, and an investor may experience significant losses on their investment. In a market environment where the Indices are generally appreciating, the Funds may underperform the indices and/or similarly situated funds.

The Sub-Adviser will seek to "ladder" the Funds' option contracts by entering into new purchased put option contracts packages every three-months. After such put option contracts expire, the Funds will enter into new put option contracts with one-year expiration dates that are staggered every three months.

As a result of the Funds' laddered investment approach, on an ongoing basis the Funds will experience investment floors that are expected to be greater or less than the 10% floor provided by an individual options portfolio.

The Funds seek to provide capital appreciation while seeking to limit the amount of losses experienced by investors.

As the Funds ladder their option contracts, each Fund's put option contracts will have different terms (including expiration dates). The different tranches of put option contracts may produce different returns, the effect of which may be to reduce each Fund's sought-after protection. Therefore, at any given moment the Funds may not receive the benefit of their sought-after protection on losses that could be available from an options portfolio with a single expiration date.

**Small Cap Risk.** Small cap companies may be more volatile and susceptible to adverse developments than their mid and large cap counterpart. In addition, the small cap companies may be less liquid than larger companies.

**Information Technology Companies Risk.** Companies in the technology sector are often smaller and can be characterized by relatively higher volatility in price performance when compared to other economic sectors. They can face intense competition which may have an adverse effect on profit margins.

**Non-U.S. Securities Risk.** Non-U.S. securities 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 Funds 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 Funds could suffer significant losses. Additionally, FLEX Options may be less liquid than standard options. In a less liquid market for the FLEX Options, the Funds 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 hypothetical performance in this material does not represent the results of any actual account or trading and has been provided for illustrative purposes only and should not be relied upon for investment purposes. There are certain limitations inherent in hypothetical performance results, which include, among others, that hypothetical performance: (a) does not reflect the impact that material economic and market factors may have had on an adviser's decision-making had an adviser actually been managing client funds, (b) assumes that the securities used in the hypothetical results were sufficiently liquid to permit the trading used, and (c) do not consider potential cash flows into and out of an account, all of which can adversely affect actual trading results and performance. None of Innovator Capital Management, LLC (Innovator), its affiliates, and Foreside Fund Services, LLC accept any responsibility for losses arising from the use of the information herein. Be sure to first consult with a qualified financial adviser and tax professional before implementing any strategy.

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*The Funds' investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus and summary prospectus contain 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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