INNOVATOR

Leading the Defined Outcome ETF Revolution™

2024 INVESTMENT OUTLOOK

GOING NOWHERE FAST

EXECUTIVE SUMMARY

While fears of a recession in 2023 proved premature, the market continues to underestimate the likelihood and impact of the Federal Reserve keeping rates higher for longer. Heading into a new year, we think the economy can still grow but acknowledge that the odds of a recession remain high. In our 2024 outlook, we outline our analysis of the conditions driving markets:

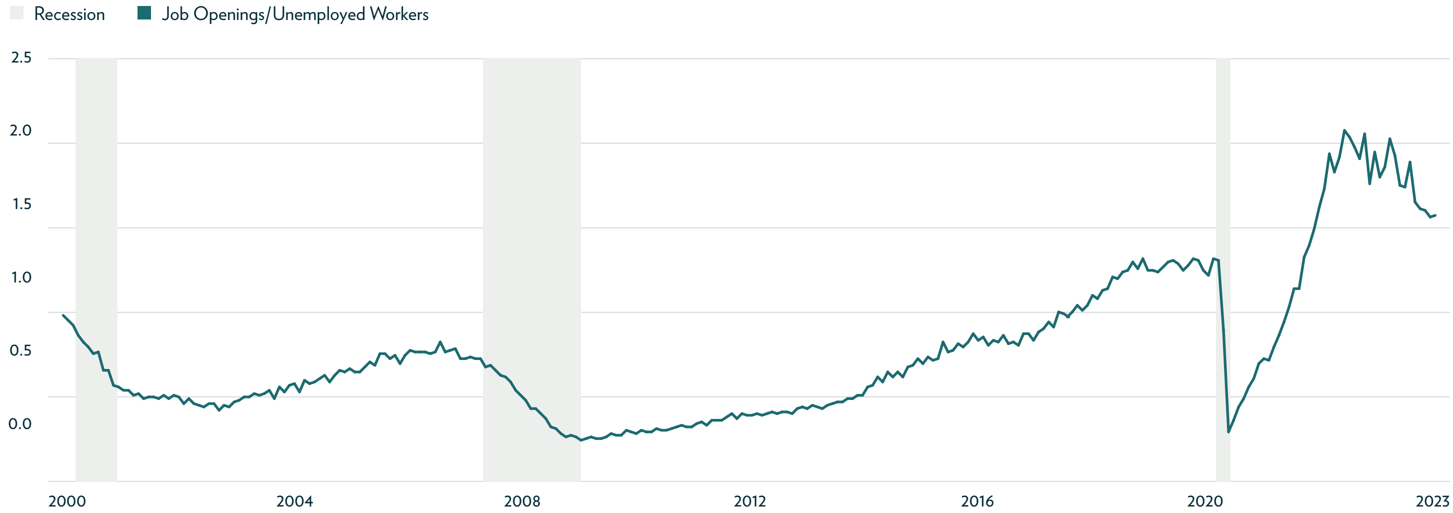
- The market is already pricing in four anticipated rate cuts starting early next year, but the risks of cutting before there is a sustained decrease in inflation, or spike in unemployment, are too great. The excess slack in the labor market still needs time to work its way out.
- Investors appear to be overly focused on AI's deflationary impacts while ignoring the clear trend toward deglobalization and shifting U.S. labor market demographics.
- Equity markets are likely to be choppy and deliver low positive returns driven by below-consensus earnings growth.
- Small caps appear to be appropriately discounting higher rates and macro headwinds and are trading at a meaningful discount to large caps. We see this discount as an opportunity to cautiously establish a position for the next bull market.
- Credit markets have shown great resilience to date, but a more attractive entry point is likely once rising default risks are better appreciated.

How to play it all? Strategies with built-in risk management and upside acceleration can help investors maintain diversification and stay cautiously invested without potentially missing out on short-term gains in the equity market.

THE LONG PAUSE

When it comes to the Federal Reserve, the most important question is not if we will see another rate hike, but rather how long will rates stay at their current restrictive level. There is a strong case to be made that the Fed is done raising rates and will hold at the current 5.25% to 5.5% range, letting the hikes of the past two years do the work that is already underway. Albeit slowly, the tightening cycle is beginning to impact economic data. The labor market is softening; hikes just need more time to work given the unique starting point shaped by all the excesses created during the pandemic. Even now after the recent softening, we still have more job openings than we do unemployed workers.

Job Openings per Unemployed Workers

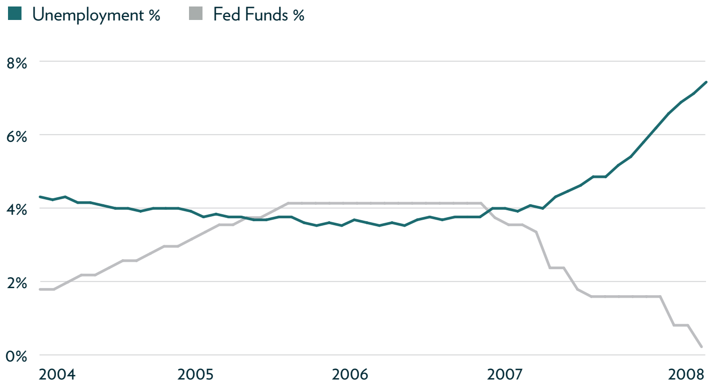


Source: Bloomberg LP, U.S. Job Openings by Industry Total SA Index, U.S. Unemployment Unemployed Workers Total in Labor Force SA, as of 12/31/2000 – 9/30/2023

This excess will take time to work its way out, rendering an extended pause necessary. A good roadmap for the current path of interest rates is what we saw in 2006 and 2007. In June of 2006, the Fed hit the brakes on its two-year hike cycle, which saw the discount rate rise from 1% to 5.25%. Unemployment remained low, and the Fed went on hold for about 15 months, leaving treasury yields to drift sideways.

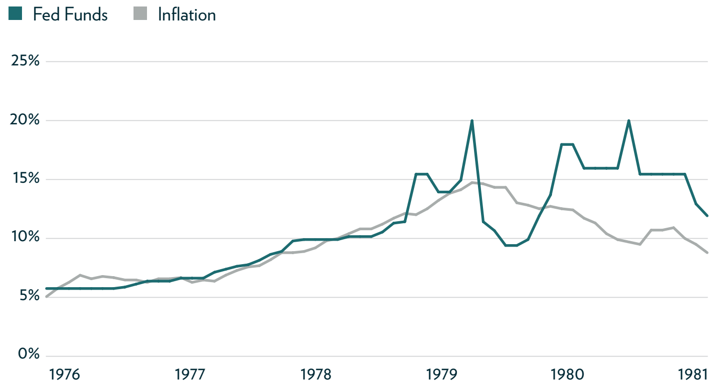
As was the case in 2023, the market is once again pricing in multiple anticipated rate cuts in 2024. At present, the expectation is four 0.25% cuts beginning in the first quarter. Once again, we would disagree with that course of action. The risks of cutting too early are far too great, and the Fed has made this catastrophic mistake twice before, in 1966 and 1980. In both scenarios, inflation rose aggressively, ~4-5%.

Unemployment and the Extended Fed Pause in 2006 & 2007



Source: Bloomberg LP, U-3 U.S. Unemployment Rate Total in Labor Force Seasonally Adjusted, Federal Funds Target Rate – Upper Bound, as of 12/31/2004 – 12/31/2008

The Post-Cut Inflation Spike of 1980



Source: Bloomberg LP, Federal Funds Target Rate – Upper Bound, U.S. CPI Urban Consumers YoY NSA Index, as of 12/31/1978 – 12/31/1982

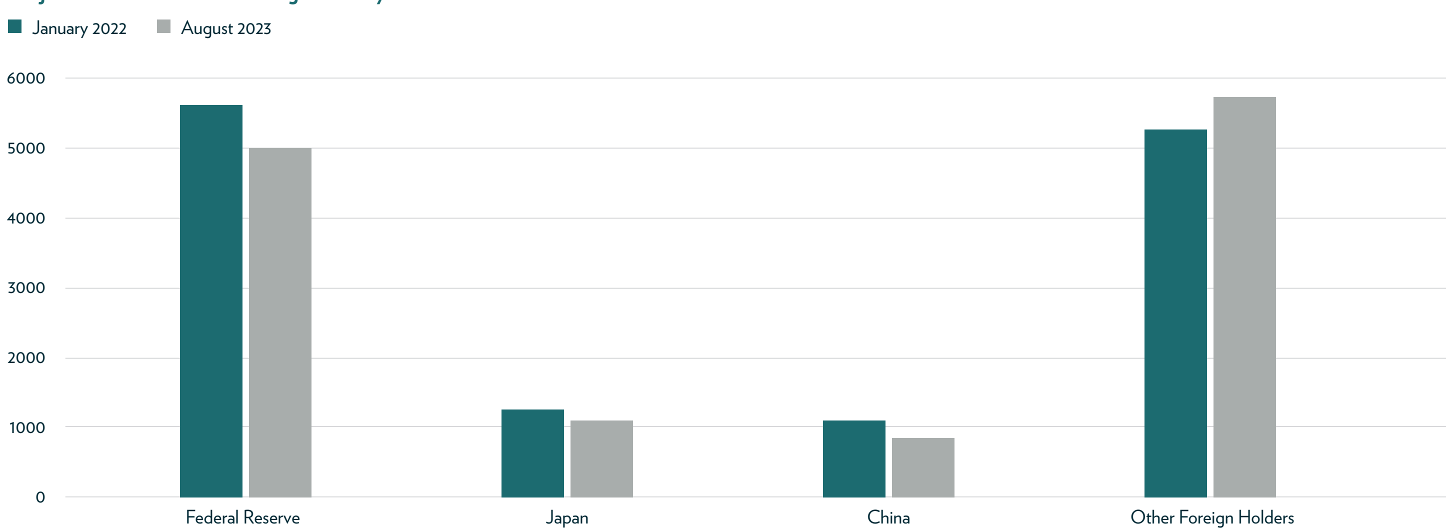
We also think investors may be overly focused on the deflationary impacts from Artificial Intelligence while ignoring the clear trend toward deglobalization and the shifting labor market demographics in the U.S. Geopolitical tensions are running hot and only getting hotter, and the critical need to reduce supply chains' reliance on foreign nations has become clear. This trend is just beginning and may push prices, and thus base inflation, higher.

In addition to supply chain shifts, the average age of U.S. workers has increased from 39.9 to 42 over the last 20 years. The workforce is contracting, and this should keep wage pressures elevated. Both of these dynamics have the potential to keep inflation above target and force the Fed to keep interest rates higher for longer.

IT'S ABOUT MORE THAN JUST THE FED

While longer-term rates are likely nearing their cyclical peak, bond volatility may stay high in the new year. Why? For one, the supply-demand imbalance in the Treasury market is real. This is a theme highlighted in our 2023 Investment Outlook that we expect to continue. Deficit spending is out of control and forcing the Treasury to issue a tremendous amount of debt. At the same time, the biggest buyers historically (i.e., the Fed, foreign buyers) are stepping back. This has become such a concern, in fact, that Treasury auctions have been significantly impacting equity markets, with the S&P 500 moving roughly 1% in either direction on auction days since the start of 2022.

Major Holders are Decreasing Treasury Positions



Source: Bloomberg LP, United States Auction Results Treasury Bill Weekly, as of 12/31/2021 – 10/31/2023

HEDGE INTEREST RATE VOLATILITY

OCTJ

Innovator Premium Income 30 Barrier ETF

An equity-based strategy for high income. Built to provide a Defined Distribution Rate of 7.4% over four quarterly payments, while providing a 30% barrier against losses on U.S. equities.

BALT

Innovator Defined Wealth Shield ETF

Built to track 1:1 with the S&P 500 ETF, to a cap, with a 20% buffer against losses every calendar quarter.

The S&P 500 Index is a market-cap weighted index comprised of large cap U.S. equities. The S&P SmallCap 600 Index measures the small-cap segment of U.S. equities.

CAUTIOUSLY ESTABLISH OR ADD TO A POSITION IN SMALL-CAPS

KJAN

Innovator US Small Cap Power

Built to track 1:1 with the Russel 2000 ETF (IWM), to a cap of 21.54%, with a buffer for the first 15% of IWM losses.

HEDGE VOLATILITY, REMAIN IN EQUITIES

TJUL

Innovator Equity Defined Protection ETF

Built to track 1:1 with the S&P 500 ETF (SPY), up to a cap of 16.6%, with a 100% buffer against losses, over a 2-year outcome period.

And this dynamic is unlikely to change anytime soon. Supply is going to be heavy; the projected $1.8T budget deficit in 2024 tells us that. The real question is what rate investors will require.

Long duration bonds may continue to struggle as a hedge against equity market drawdowns, especially as yields remain a key driver of equity prices. Income strategies with built-in risk management may continue to serve as an important complement to traditional fixed income portfolios in maintaining adequate diversification.

	Bear Case	Base Case	Bull Case
Fed Funds Upper Bound	5.5%-6%	5%-5.5%	4.0%-4.75%
10 Yr Treasury Yield	4.75%-5.5%	4.0%-4.75%	3.25%-4.0%

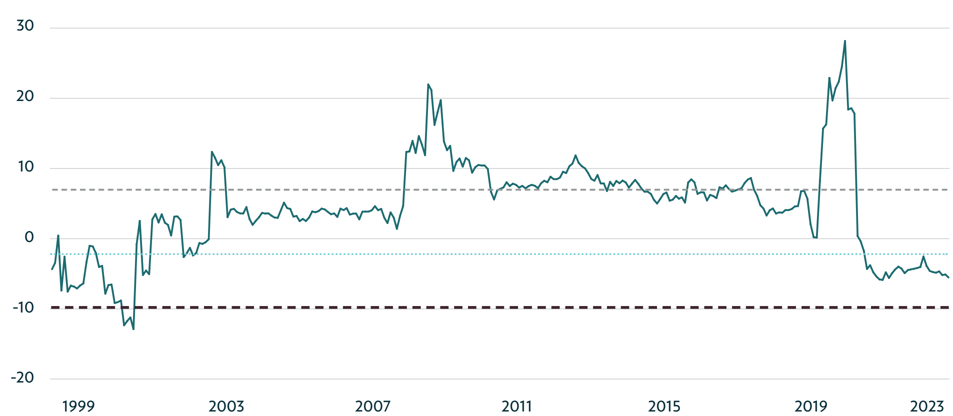
Per the fund's objective, the Defined Distribution Rate is not guaranteed and is applicable only to those investors who hold Shares for an entire Outcome Period.

VOLATILE, CHOPPY, AND GOING NOWHERE FAST

If rates do stay higher, equities may also be in for a choppy ride. Looking at the move in 2023, 100% of the return in the S&P 500 Index and 83% of the move in the Nasdaq 100 Index have been driven by valuation expansion. In our view, this highlights that investors see the spike in yields as temporary. Current yields imply a price-to-earnings ratio of 20.7X, 5% lower than where we are as of the end of November.

While the effects of higher rates will be felt across the board, the impact on small caps should be greater. Roughly 40% of small-cap debt is floating rate, four times that of large-cap debt. That said, small caps are already pricing in much of this risk and trading at a significant discount. On a price-to-earnings basis, small caps are 1.5 standard deviations cheaper relative to their traditional premium to large-caps. We see this discount as an opportunity to cautiously establish or add to a position for the next bull market.

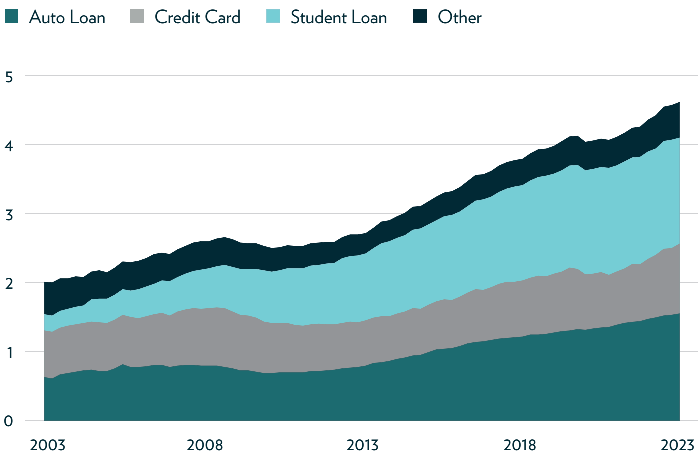
Historical Price-to-Earnings Spread: Small Caps vs. Large Caps



Source: Bloomberg LP, S&P 500 Index, S&P Small Cap 600 Index, as of 12/31/1999 – 10/31/2023

As for earnings, consensus sees 12% earnings growth in 2024 and 12% in 2025. We do not see the catalyst to push growth to this level currently. With labor market conditions deteriorating, excess consumer savings running dry, and consumer debt ex-housing consistently hitting new records, consumers are going to have less spending power, which will have an impact on topline earnings growth.

Consumer Debt on the Rise ($T)



Source: New York Fed, as of 3/31/2003 – 9/30/2023

Personal Savings as Percentage of Disposable Income

Source: Bloomberg LP, U.S. Personal Saving as a % of Disposable Income, as of 10/31/2000 – 9/30/2023

ACCELERATE LOW RETURNS

XBJA

Innovator U.S. Equity Accelerated 9 Buffer ETF Enhanced exposure to the S&P 500 ETF — built to deliver twice the index's upside, to a cap of 18.2%, with a downside buffer for the first 9% of SPY losses.

CAPITALIZE ON SHORTER-TERM MOVES HIGHER

EALT

Innovator U.S. Equity 5 to 15 Buffer ETF

Constructed to track 1:1 with the S&P 500 ETF, to a cap, with a buffer against losses between -5% and -15% every calendar quarter.

The Consumer Price Index (CPI) is a measure of the average prices paid by urban consumers for a market basket of consumer goods and services.

Also as a result of this dynamic, margins are becoming more difficult to defend. The price insensitivity that corporations have enjoyed from their customers with the run-up in inflation will be hard-pressed to continue. We are already seeing major companies such as Tesla and Disney slashing prices to help maintain demand. Earnings should still be able to grow in this environment, but not likely to the magnitude of current projections. Should the slack in the labor market work out quicker than we anticipate, and recession risks materialize in the new year, downside-to-earnings may be significant. As a reference, the typical recessionary pullback in earnings is 15%.

With contracting valuations and slow earnings growth, high equity returns may be hard to come by in the new year. We acknowledge equities may at times accelerate as investors become excited by good inflation data and the end of interest rate hikes. This has happened consistently throughout history near the end of the hike cycle and is one of the reasons why remaining cautiously invested is important. Overall we anticipate equities to be volatile but still deliver low positive returns in the new year. As such, we find value in strategies that can capitalize on shorter-term moves higher in equities, enhance lower positive returns, and hedge the potential for downside recessionary risks.

RANGE OF EQUITY MARKET OUTCOMES

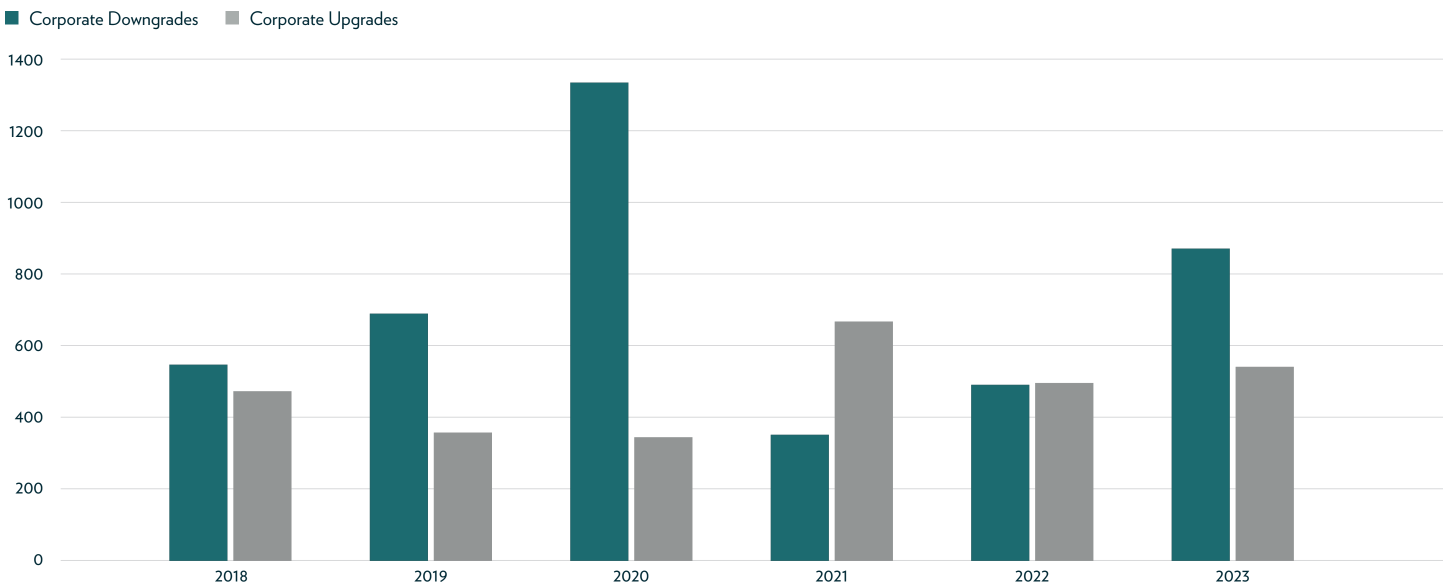
	Current	Bear Case	Base Case	Bull Case
Rationale		Labor market conditions deteriorate, rapidly pushing the U.S. into a recession. Earnings and valuations contract.	Interest rates stay range-bound, labor market conditions deteriorate at a slow pace, economic growth remains firm.	Inflation cools aggressively, interest rates come down, economic growth accelerates.
S&P 500 Price Level	4547	3271	4753	5388
Price-to-Earnings Ratio	21.8	17.4	20.7	21.8
Earnings Per Share	221	188	230	248
Dividend	1.6	1.6	1.6	1.6

SPREADING OUT: THE IMPACT OF RISING RECESSIONARY RISKS ON CREDIT

Up to this point, credit markets have been resilient. Investment grade corporate spreads have remained flat since the start of 2023, while high yield spreads have actually contracted 7%. Both remain firmly below their long-term historical averages.

With lending standards tightening, unemployment trending upwards, and risks to corporate earnings looming, default expectations may begin to trend upward, particularly towards the end of the year. As shown in the chart below, we are already seeing corporate downgrades outpace upgrades, and given where we are at in the cycle, this trend does not look to be changing anytime soon. Spreads appear to be priced to perfection.

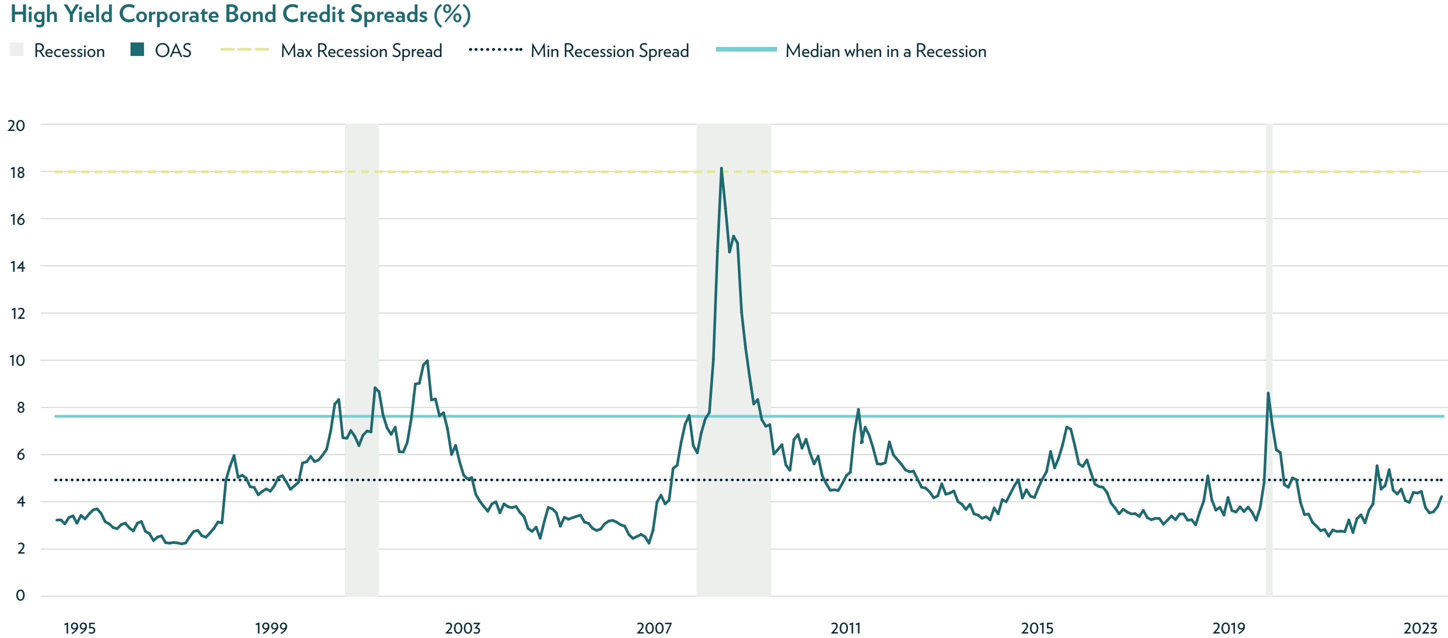
Corporate Downgrades Are Outpacing Upgrades



Source: Bloomberg LP, Innovator Research & Investment Strategy, as of 1/1/2018 – 10/31/2023

We believe investors need to proceed with caution when it comes to high yield bonds, as spreads may be particularly vulnerable. While we think economic conditions may take longer to deteriorate than many believe, thanks to excessive fiscal spending and excess slack in the labor market, odds of a recession in 2024 are still high and should not be ignored. At present, spreads do not appear to be appreciating those risks. As of the end of November, high yield spreads were 43% below the average recessionary spread—and still 14% below the lowest spreads we have ever seen at recession onset.

High Yield Corporate Bond Credit Spreads (%)



Source: Bloomberg LP, Bloomberg U.S. Corporate High Yield Total Return Index Value Unhedged USD, as of 2/28/1994 – 10/31/2023

GENERATE HIGH YIELD WITH BUILT-IN RISK MANAGEMENT

OCTH

Innovator Premium Income 20 Barrier ETF

Built to provide a Defined Distribution Rate of 8.6% over four quarterly payments, while providing a 20% barrier against losses on US equities.

LOCT

Innovator Premium Income 15 Buffer ETF

Built to provide a Defined Distribution Rate of 7.5% over 12 monthly payments, while providing a 15% buffer against losses on the S&P 500 ETF.

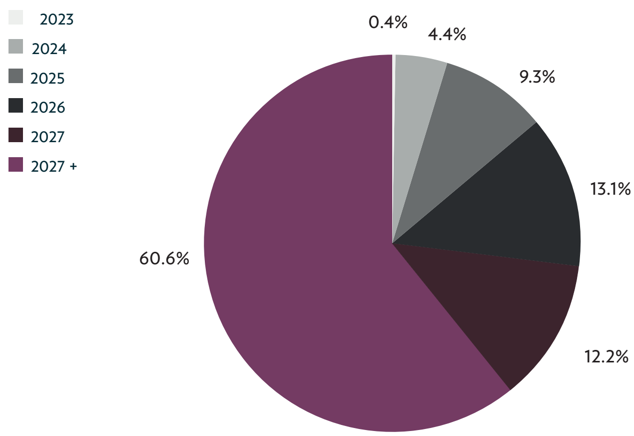
Industry Total SA Index is a monthly index of real output for all facilities located in the U.S. in manufactoring, mining, and electric and gas industries.
U.S. CPI Urban Consumers YOY NSA Index is a measure of prices paid by consumers for a market basket of consumer goods and services.

Discount Rate - the minimum interest rate set by the Federal Reserve for lending to other banks.
Treasury Securities - marketable, fixed-interest U.S. government debt
Yield - the return an investor expects to receive
Duration - a measure of a bonds interest rate risk
Fed Funds - the target interest rate set by the Fed
Credit Spread - the excess above the risk-free rate that investors require to take on the credit risk of the issuer
Standard Deviation - a quantity calculated to indicate the extent of deviation for a group as a whole
The Nasdaq 100 Index is a stock index of the 100 largest companies by modified market capitalization trading on Nasdaq exchanges.

High yield issuers will also face a significant headwind if rates stay elevated. Within the next five years, almost 40% of high yield debt will come due, and that debt is currently locked in at a weighted average yield of 5.87%. Should rates stay at these elevated levels, issuers will be forced to fund operations at a significantly higher cost, which will also add to default pressures. Overall, we do not believe investors are being appropriately compensated for taking on credit risk.

Given the backdrop, we find value in diversifying traditional corporate exposure with strategies that can generate income while maintaining built-in levels of risk management. Credit will likely present a more attractive entry point, once default risks are better appreciated.

High Yield Maturity Schedule



Source: Bloomberg LP, Innovator Research & Investment Strategy, as of 12/31/2022

IMPORTANT DEFINITIONS AND DISCLOSURES

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.

Diversification does not eliminate the risk of loss of principal.

OCTH, OCTJ, LOCT Risks: Investment Objective: The Funds seeks to provide investors, over a 1 year outcome period, with an investment that provides a high level of income through a Defined Distribution Rate with a 15% buffer on SPX losses (LOCT), or that is not subject to any losses experienced by the S&P 500 Price Return Index (U.S. Equity Index) that are at or below the respective Barrier and is subject to initial losses experienced by the U.S. Equity Index beginning at the Barrier and to the full extent of U.S. Equity Index losses on a one-to-one basis beginning after the barrier threshold has been crossed (OCTD, OCTJ).

The ETFs' distribution rate is based upon a rate that is comprised of the income generated by the U.S. Treasuries and the premiums received from the Fund selling FLEX Options.

OCTH, OCTJ: 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.

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 operationality 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, provides important Fund information as well as 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.

KJAN Risks: 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.

BALT, XBJA, EALT RISKS: The funds only seek to provide investment objective, which is not guaranteed, over the course of an entire outcome period. Investors who purchases shares after or sell shares before the end of an outcome period will experience very different outcomes than the funds seek to provide.

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. Investors purchasing shares after an outcome period has begun will be exposed to enhanced downside risk.

TJUL: There is no guarantee the Fund will be successful in providing the sought-after protection. If the Outcome Period has begun and the Underlying ETF has increased in value, any appreciation of the Fund by virtue of increases in the Underlying ETF since the commencement of the Outcome Period will not be protected by the Buffer, and an investor could experience losses until the Underlying ETF returns to the original price at the commencement of the Outcome Period.

BALT: Although the ETF targets a 20 % buffer, it may fall into a range of 15-20%; there is no guarantee that the buffer will be within this range or that the Fund will provide the buffer.

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.

The Funds are designed to provide point-to-point exposure to the price return of a 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. 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.

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 Funds only seek 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 pre-determined 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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